

ATLANTIC  
FISHERIES  
RESTRUCTURING  
ACT

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*ANNUAL REPORT*

**1992 - 1993**

MAR 22 '94



Fisheries  
and Oceans

Pêches  
et Océans

Canada

REPORT TO PARLIAMENT

BY THE

MINISTER OF FISHERIES AND OCEANS

*Respecting the Administration of the*

ATLANTIC FISHERIES RESTRUCTURING ACT

*for fiscal year 1992-93*

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Minister of  
Fisheries and Oceans



Ministre des  
Pêches et des Océans

JAN 11 1994

His Excellency the Right Honourable  
Ramon Hnatyshyn, P.C., C.C., C.M.M., C.D., Q.C.  
Governor General of Canada  
Rideau Hall  
Ottawa, Ontario  
K1A 0A1

May it please your Excellency:

I have the honour herewith, for the information of your Excellency and the Parliament of Canada, to present the Annual Report with respect to the Administration of the Atlantic Fisheries Restructuring Act for the fiscal year ended March 31, 1993.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Tobin".

Brian Tobin



Fisheries  
and Oceans

Pêches  
et Océans

Deputy Minister

Sous-ministre

The Honourable Brian Tobin, P.C., M.P.  
Minister of Fisheries and Oceans  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Minister:

I have the honour to submit the Annual Report on the  
administration of the Atlantic Fisheries Restructuring Act  
for the fiscal year ended March 31, 1993.

Respectfully submitted,

Bruce Rawson

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I. INTRODUCTION

The Atlantic Fisheries Restructuring Act was passed on November 30, 1983. The Act authorizes the Minister of Fisheries and Oceans to invest in and provide financial assistance for the restructuring of Atlantic fishery enterprises, in order to facilitate the development of economically viable and competitive Atlantic fisheries. It also authorizes the Minister to acquire, to hold or dispose of or to otherwise deal with the shares, debentures or securities of any Atlantic fishery enterprise.

II. ACQUISITION, PLEDGE AND DISPOSAL OF SHARES DURING 1992-1993

No transactions authorized under Section 4 of the Act took place during the fiscal year 1992-1993.

Pursuant to subsection 4(1) of the Act, Canada held 3,105,952 Common shares in National Sea Products Limited (NatSea) during fiscal year 1992-93

Total holdings of the Government of Canada are:

<u>Security</u>	<u>Number of Shares</u>
NATIONAL SEA PRODUCTS <sup>1</sup>	
Common shares	3,105,952

<sup>1</sup> The Government of Canada has held these shares since December 22, 1987. In June 1991, all common and non-voting equity class shares were combined into one class of common shares, in accordance with NatSea's consolidation of its capital share structure.

### III. CONTRIBUTIONS, LOANS AND GUARANTEES

#### **Seafreez Loan Guarantee**

The loan guarantee given to Société Générale (Canada) in respect of a loan given to Seafreez Foods Incorporated (Seafreez) remained in effect in the fiscal year 1992-93. The Minister of Fisheries and Oceans, with the approval of the Governor in Council (P.C. 1990-2350 of November 2, 1990), was authorized to guarantee repayment of a portion of a loan given by Société Générale (Canada) to Seafreez Foods Incorporated (Seafreez), pursuant to subsection 6(1) of the Act. The Minister issued a guarantee for a maximum of 85% of the value of a secured loan of \$6 million.

The guarantee enabled Seafreez to reopen closed fish plants in Canso, Nova Scotia and Burgeo, Newfoundland. All payments have been made as required, with respect to the quarterly principal and monthly interest payments on the debt. The guarantee premiums, which are payable semi-annually to the Receiver General for Canada as per the loan guarantee agreement, have also been made on schedule. The principal balance outstanding as of March 31, 1993 was \$4,648,014.

#### **PLANT WORKERS ADJUSTMENT PROGRAM (PWAP)**

PWAP was established under the umbrella of the Atlantic Fisheries Adjustment Program (AFAP) and the Quebec Federal Fisheries Development Program (QFFDP). The Department entered into agreements with the provinces of Newfoundland (August, 1991), New Brunswick (October, 1991) and Nova Scotia (June, 1992) for the purpose of establishing a federal/provincial income replacement program for older fish processing plant workers and trawlermen who were or will be permanently laid off as a result of structural changes in the Atlantic Fisheries. The Federal Minister executed these agreements on behalf of Canada under the Atlantic Fisheries Restructuring Act and Order in Council P.C. 1991-4/1212 of June 24, 1991 made pursuant to section 5 of the Department of Fisheries and Oceans Act. A total of \$11 million in payments were approved in fiscal year 1992-93, \$10.9 million was expended. This program is jointly administered by the Department of Fisheries and Oceans and the participating provinces in cooperation with Labour Canada.

### NORTHERN COD ADJUSTMENT AND RECOVERY PROGRAM (NCARP)

On July 2, 1992 the Minister of Fisheries and Oceans announced a two year moratorium on fishing for northern cod in NAFO fishing zones 2J3KL. The moratorium took effect at midnight on July 2, 1992 and will continue until May 15, 1994. The Northern Cod Adjustment and Recovery Program (NCARP), made pursuant to the Atlantic Fisheries Restructuring Act was put into place to provide for the development of a comprehensive plan for the recovery of the northern cod fishery. The following components were established as a part of NCARP in fiscal year 1992-93.

<u>Components</u>	<u>Approved</u> (\$ Millions)	<u>Expenditures</u> (\$ Millions)
Emergency Assistance	31.5	183.0
Northern Cod Income Replacement (132.5 + 23 million)	<u>155.5</u>	
Total Income Replacement	187.0	183.0
Vessel Support Program	<u>7.5</u>	<u>4.6</u>
TOTAL NCARP	194.5	187.6

The Northern Cod Emergency Assistance and the Northern Cod Income Replacement Program, involving respectively \$31.5 million and \$155.5 million, were approved during fiscal year 1992-93 to provide for payments to fishermen, plant workers and trawlermen whose employment has been curtailed by the moratorium on harvesting northern cod in fishing zones 2J3KL. The amounts approved under the Northern Cod Income Replacement Program for fiscal years 1993-94 and 1994-95 were \$204 million and \$34 million, respectively.

Another component of NCARP, the Vessel Support Program was developed in November, 1992 in consultation with the Fishermen, Food and Allied Workers Union and the Province of Newfoundland to assist vessel owners who have incurred costs in maintaining their boats during the northern cod moratorium. The \$15 million program was divided over two years (\$7.5 million for each fiscal year 1992-93 and 1993-94). The 1993-94 approval was subsequently

reduced by 10% to \$6.75 million as a result of the December 1992 economic statement. It is expected to assist more than 4,000 heads of enterprises. This assistance is intended to compensate vessel owners for costs such as storage, berthage, insurance and vessel and gear maintenance while they are unable to fish for northern cod.

Two other components of NCARP were developed and approved by Treasury Board in fiscal year 1992-93 for use in fiscal year 1993-94. They are:

- The Northern Cod Licence Retirement Program was implemented to provide licence retirement payments to eligible fishermen having an active inshore 2J3KL fixed gear groundfish licence. Its objective is to remove a significant number of active inshore fixed gear licences from the fishery. A total of \$40 million for use in fiscal year 1993-94 was approved.

- The Northern Cod Early Retirement Program (NCERP) was approved under the Atlantic Fisheries Restructuring Act and Order in Council P.C. 1993-287 of February 11, 1993 made pursuant to section 5 of the Department of Fisheries and Oceans Act. In March, 1993, the Minister of Fisheries and Oceans entered into an agreement with the Province of Newfoundland for the purpose of establishing a federal/provincial income replacement program for older fishermen, plant workers and trawlermen whose livelihood was adversely affected as a result of the moratorium on the northern cod. The amount approved under this program was \$15.9 million for use in fiscal year 1993-94 and a further \$91.4 million for use in future years extending through to 2002-03.

#### IV. APPROPRIATIONS

None have been appropriated with respect to the Seafreez Loan Guarantee.

Appropriations were made, as required, for other program elements.

#### V. FINANCIAL STATEMENTS

Audited statements for National Sea Products Limited are made public on an annual basis. Audited statements of Seafreez Foods Incorporated are provided to the Minister on an annual basis, in accordance with the loan guarantee agreement.