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INCOME SUPPORT FOR ATLANTIC FISHERMEN: APPROACHES AND OPTIONS

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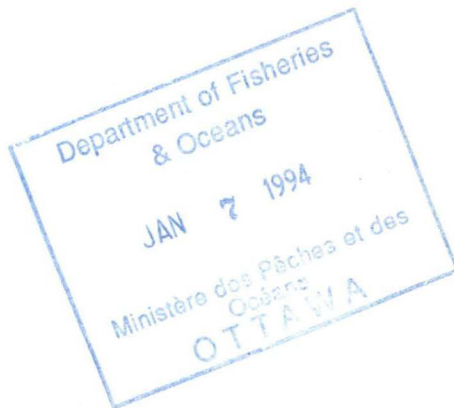
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**Income Support for Atlantic Fishermen:
Approaches and Options**

by

**Heather Robertson
Global Economics**



September, 1993

The views expressed in this paper are the responsibility of the author and do not necessarily reflect the views of the Task Force or the Government of Canada.

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RESUME

Cette étude examine comment améliorer le régime de soutien du revenu des pêcheurs de l'Atlantique afin de répondre, à long terme, aux besoins de ces derniers.

Elle débute par l'examen du régime de soutien en place, particulièrement des conditions d'admissibilité à l'assurance-chômage ordinaire, à l'assurance-chômage des pêcheurs saisonniers et à l'assurance-chômage des pêcheurs à longueur d'année. Elle fait ressortir un certain nombre de lacunes dans ce domaine, notamment l'absence de définition d'un groupe cible (c'est-à-dire, les pêcheurs professionnels) et le fait que l'assurance-chômage ne stabilise pas les revenus. De plus, elle montre que l'information échangée entre divers ministères n'est pas harmonisée pour permettre une application efficace du programme.

Avant de présenter des façons d'améliorer l'assurance-chômage des pêcheurs, l'étude passe en revue des études antérieures sur le soutien du revenu. La réforme du régime actuel est axée sur un groupe cible bien défini et sur d'autres conditions d'admissibilité, comme un effort et un revenu minimaux. L'adoption de la notion de revenu saisonnier total, qui remplace la notion de revenu hebdomadaire actuellement utilisée, constitue un autre changement important.

Dans la section suivante, les auteurs se penchent sur la stabilisation des revenus, premièrement par la modification de l'assurance-chômage des pêcheurs actuelle. Les bonnes années, des crédits seraient accumulés pour servir en cas d'échec de la pêche. On pourrait stabiliser davantage les revenus au moyen de comptes d'épargne d'entreprise de pêche conçus sur le modèle des programmes de stabilisation du revenu des agriculteurs. À cela pourrait venir s'ajouter un régime d'assurance des prises des entreprises.

L'exécution et l'administration de tels programmes exigent de l'information exacte, opportune et uniforme. Les auteurs proposent donc la création d'un système intégré d'enregistrement et d'établissement de rapports qui assure une base solide à l'administration et serve tous les participants à la pêche.

Enfin, les auteurs examinent le problème du soutien des revenus des travailleurs d'usine. Le programme d'assurance-chômage ordinaire comporte certains facteurs de dissuasion qui affectent le travail des travailleurs en cas de «petites semaines» résultant d'approvisionnements intermittents. Pour résoudre ce problème, ils proposent de se baser sur le calcul des heures saisonnières totales plutôt que celui de semaine assurable.

PREFACE

The Task Force on Incomes and Adjustment in the Atlantic Fishery was established in March 1992 to advise the Government on a long-term strategy on incomes and adjustment in the Atlantic fishery. The purpose of this paper is to lay out some approaches and options for income supplementation and stabilization for commercial Atlantic fishermen. It provides the analysis and the substantiation of issues regarding income support as background to the Task Force's final report.

The issues of income support were initially outlined in a Task Force *Discussion Paper* in late 1992, which formed the basis for the approaches and options on income support for Atlantic fishermen. They evolved under the guidance of the Task Force and in May, 1993 preliminary proposals were spelled out in a Task Force consultation paper entitled *An Income Support System for Atlantic Fishermen*. The consultation paper was discussed extensively with fishermen, industry groups, and government experts at the policy and operational level.

Three main elements to an improved income support system for fishermen are presented in this paper. They deal with an improved design of Fishermen's Unemployment Insurance to target full-time professional fishermen and reflect the circumstances in which they work; income stabilization for fishermen and their enterprises; and an improved administration of fishermen's programs -- for better information flows and more efficient delivery of programs. The approaches taken in this paper do not rule out, nor do they depend on, future changes to the overall system of Unemployment Insurance in Canada. They stand as ways, in themselves, to make long run improvements to income support for Atlantic fishermen.

This paper does not address the issues relating to income support for those affected by the recent grave declines in groundfish stocks in the Atlantic. The adjustment issues relating to the groundfish crisis are discussed in detail in the Task Force's final report.

Significant contributions to refining the income support options were made by fishermen, industry groups and government. Other consultants' research should also be mentioned. In particular, GTA Consultants' work presented in *Income Stabilization Project for Fish Plant Employees* formed the basis for the discussion on income support for fish plant workers presented in Part Seven of this paper. And, expertise and advice on policy issues and on data sources and concepts, was provided on an ongoing basis by the Task Force Secretariat.

1. INTRODUCTION

A primary consideration of the Task Force on Incomes and Adjustment in the Atlantic Fishery was to examine how the system of income support for Atlantic fishermen could be improved to meet their needs over the long-term.

This paper presents three main elements to an improved income support system for fishermen.

The first is to *improve the design of Fishermen's Unemployment Insurance* so that it works better for fishermen and safeguards against potential misuse of the program. To this end, Fishermen's Unemployment Insurance can be targeted more directly to the full-time professional fisherman, so as to limit access for those who have only a marginal attachment to the fishery, or who do not fish at all. And, it can be tailored more closely to the way fishermen work, so as not to interfere with productive effort in the fishery.

The second is to provide an element of *income stabilization* to fishermen's income support. Fishermen's Unemployment Insurance provides a buffer to the seasonal variations in fishermen's incomes, but not for the variations during the season that often occur because of catch failure, poor weather, or ice conditions. Less than adequate coverage from Fishermen's Unemployment Insurance during cyclical downturns in the fishery has led to the creation of make-work and emergency assistance programs, that do not address systematically the problem of instability of incomes in the fishery, and that fishermen often do not benefit from.

Two classes of stabilization programs are presented in this paper:

- income stabilization for all professional, full-time fishermen, and provided through a modified Fishermen's Unemployment Insurance program, and
- enterprise revenue stabilization for enterprise owners, provided in a program separate from Fishermen's Unemployment Insurance.

The third element of an improved income support system deals with the *administration of fishermen's programs*, with concrete ways to improve information flows and to cut unnecessary duplication of effort in delivering programs. Better administration begins with a sound, integrated registration and reporting system, which will be outlined in this paper.

The parallels are then drawn between the circumstances of fish plant workers and

Income Support for Atlantic Fishermen

The parallels are then drawn between the circumstances of fish plant workers and fishermen, and approaches to improving *income support for fish plant workers* presented.

The income support options discussed in this paper take into account other policy directions related to the fishery that have a direct bearing on the long-term strategy for more adequate and stable incomes for fishermen. For example, the effective regulation of access to the resource, and the recognition of the status of the professional fisherman, are key elements to improving management of the resource and the incomes that fishermen can earn from the resource.

Emphasis is on the importance of the interplay between the policies that determine access to the resource for the full-time professional fisherman, and the policies that direct income support to these fishermen.

The link is made between the processes that determine who has access to the resource and who has access to fishermen's income support programs. At this time, the link is weak; the two are administered by different departments -- Fisheries and Oceans, and Employment and Immigration Canada -- each with different definitions of who is a fisherman, and with separate systems for reporting their activity in the fishery. What the processes have in common is that they are too open-ended, and allow access to those who have only a marginal attachment to the fishery, or no attachment at all.

An improved process of registration at the beginning of each fishing season will be the channel for controlling access to the resource now, and with the development of new professional standards and limits on the number of licences, for shaping the fishery of the future. And, it is argued, this same process of registration determines who has access to income support for fishermen. Simply put, income support should be targeted to the full-time professional fisherman, based on standards to be met at the time of registration, as well as effort demonstrated during the season.

An important implication of using the registration process as the channel for access to income support is that cooperation between the two departments and the streamlining of their administration is crucial to make it work. Throughout this paper, the potential gains from the coordination between departments are emphasized.

2. THE EXISTING SYSTEM OF INCOME SUPPORT FOR FISHERMEN

In this part of the paper, the existing system of income support -- primarily Unemployment Insurance programs -- is described, and its shortcomings are discussed. A discussion of the trend toward fishermen accessing regular Unemployment Insurance illustrates some of the features and shortcomings of the current system.

2.1 Unemployment Insurance

Fishermen have access to Unemployment Insurance because, like other workers in the Canadian economy they are provided income protection when they experience an interruption in earnings. Fishermen may qualify for one of three categories of unemployment insurance, depending on how they are paid and when they work: for Regular Unemployment Insurance benefits if they are paid a wage, or for year-round Fishermen's Unemployment Insurance, or seasonal Fishermen's Unemployment Insurance if they are paid a share of the catch. Most fishermen qualify for seasonal fishing benefits, based on their work during the summer fishing season.

Regular benefits are available to those who work under contract of service arrangements and are paid a wage or a salary. To qualify, fishermen need to have accumulated 10-20 weeks of insured earnings in their qualifying period, depending on the unemployment rate in their region. The qualifying period spans the last 52 weeks, or the time since the last claim was made, whichever is the more recent. Benefits can be paid up to a maximum of 50 weeks. Claimants can draw regular benefits at any time of the year.

Year-round fishing benefits are provided to fishermen who worked on a year-round fishing vessel and who do not qualify for regular benefits. To qualify for year-round fishing benefits, fishermen must have a minimum of 20 weeks of insured employment in the qualifying period, and at least six weeks of insurable employment in fishing in three consecutive calendar quarters in the last four quarters. To qualify for benefits, they also must be laid off. Year-round benefits can last up to 50 weeks. Few fishermen claim year-round fishing benefits, perhaps because the qualifying conditions are quite restrictive compared to other types of benefits.

Seasonal fishing benefits are provided to fishermen who do not qualify for either year-round fishing benefits, or regular benefits. The qualifying conditions are less restrictive, but the timing and duration of the qualifying and benefit periods more restrictive, for seasonal fishing benefits than for other types of benefits. To qualify for benefits fishermen must have at least 10 weeks of insurable employment during the qualifying period, 6 of which are from fishing. Fishermen may claim seasonal benefits in one of two intervals: from the week of November 1 to the week of May 15 if they fished the summer season, or the week of May 1 to the week of November 15 if they fished the winter season. The qualifying periods begin the week of March 31 for summer fishermen and October 1 for winter fishermen, and end the week in which the initial claim for benefits is made.

Regular, year-round fishing and seasonal fishing claimants are paid the same rate of weekly insurable earnings -- 57 per cent of insurable earnings, and insurable earnings cannot exceed \$745 in 1993. The weeks that count toward insurable earnings differ, however. Regular claimants have the 57 % applied to the average of the last 20 weeks of insured earnings. Seasonal fishing claimants have the 57% applied to the 10 best weeks of insurable earnings, if they have more than 15 insurable weeks of earnings, and the average of insurable earnings if they have 10-14 weeks of insurable earnings.

The calculation of the duration of benefits differs somewhat for regular claimants and fishing claimants. Under Bill C-21, which came into effect in 1990, the three-phase benefits structure -- initial phase, labour force phase and regional extended phase -- was eliminated for regular claimants. Benefits for regular claimants are now paid in a single phase, depending on the regional unemployment rate.

The three-phase benefit structure remains in effect for claimants of fishing benefits. Fishermen receive five weeks of benefit for every six weeks worked during the initial benefit phase, and can, as well receive regionally extended benefits. The regionally extended benefits, when added to the initial benefits, often span the entire benefit period for fishermen, especially since fishermen typically work in regions with high unemployment rates.

The separate Unemployment Insurance program for fishermen was created in 1956. The distinction between Regular UI and seasonal Fishermen's UI remains an important one because of the unique circumstances under which fishermen work:

- Regular UI is available to employees who are paid under a contract of service, and not to self-employed workers. This rule applies because self-employed workers can decide when to work, and so might choose to be "unemployed" so as to gain access to UI.

Fishermen typically are not paid under a contract of service, and so do not meet the strict definition of an employee because of the way they are paid.

Income Support for Atlantic Fishermen

Yet, in every other sense most fishermen do work as employees for boat-owners or fish buyers, and as employees, do not have the control over when they can and cannot work, the way those who are truly self-employed do. Fishermen's UI recognizes the unique employer-employee relationship of fishermen.

- The interruption of earnings that fishermen experience has a seasonal element, when fishermen are unable to fish after the season closes, as well as a cyclical element, when, during the season, incomes may fluctuate significantly because of poor weather, ice conditions, or catch failure. Fishermen's Seasonal UI was designed to provide income support during seasonal interruptions in earnings.
- Fishermen tend to work in communities where incomes are low and off-season employment opportunities are few. This was a factor in the creation of a separate program for fishermen.

Yet a separate program for fishermen has not provided income support that is best suited to fishermen. It will be argued that Fishermen's seasonal Unemployment Insurance could be modified to better suit the unique circumstances under which fishermen work.

The discussion of ways to improve UI for fishermen will focus primarily on fishermen's seasonal UI because it is the program most fishermen have access to when they receive UI benefits.

In 1990, \$226 million in unemployment insurance benefits were paid to self-employed Atlantic fishermen and \$71 million to wage-earning harvesters. The \$297 paid to the Atlantic harvesting sector represents just under ten per cent of total UI payments to the Atlantic.

Fishing benefits provide an important level of support for fishermen; without UI, total employment income of Atlantic self-employed fishermen was only half of the average for all employees in the Atlantic region in 1990. With UI, the gap between incomes was considerably narrower: Atlantic fishermen's average total incomes were about 83% of the average for all Atlantic employees in 1990. And, because UI increases the level of fishermen's incomes, the variability of Atlantic fishermen's incomes as a percent of their mean income is considerably lower after UI payments are taken into account. (Fishing benefits do not, however, smooth out the peaks and troughs of fishermen's earnings from year to year, and so do not help to stabilize fishermen's incomes during cyclical downturns.)

Given the impact that this type of support has of fishermen, it is crucial that the program works effectively and directs support to fishermen when they need it most.

2.2 Shortcomings of the current system

Fishermen have a distinct system of income support in Fishermen's UI. Yet the system falls short of delivering an effective system of income support to fishermen during the off-season and during seasons when catch failure occurs. The shortcomings of Fishermen's UI in providing income support to fishermen will be discussed in this section.

- Fishermen's UI has *too broad a definition* of who gains access to fishing benefits and includes those who have only a marginal attachment to the fishery, or who do not fish at all.
- The *program design* does not reflect the conditions under which fishermen make a living:
 - measuring work effort in terms of insurable weeks does not capture the seasonal aspect of the fishery; and
 - the benefit and qualifying periods do not capture the wide variations in fishing season among regions and from year to year.
- Fishermen's Unemployment Insurance does not provide sufficient *income support during cyclical downturns*.
- The *administration* of Fishermen's UI at Employment and Immigration Canada is based on a delivery system and information base that is independent from other programs relating to the fishery and administered through other government departments. The information bases and reporting systems are not harmonized so as to ensure the integrity of the UI program and to control administrative costs.

THE TARGET GROUP

The Fishermen's Unemployment Insurance regulations define a fisherman as a self-employed person engaged in making or handling a catch other than under a contract of service or for sport, where a catch is "any natural product or by-product of the sea or any other body of water, caught or taken by a crew" including a fresh catch, a cured catch, Irish moss, kelp, clams, oysters, squids, etc. Handling or making the catch includes loading, unloading, transporting, or curing; preparing, repairing, dismantling, or laying up the fishing vessel, or gear; and, construction of the fishing vessel. The catch is measured as the value of whatever is delivered to the buyer. The catch, and those who participated in the catch, is recorded at the time of delivery, based on a declaration to the buyer or the buyer's agent. The declaration does not have to be made in writing.

Thus, the determination of who is a fisherman and his participation in the fishery, is made on the basis of a declaration to the buyer that he participated in some way in providing whatever product is delivered to the buyer. He does not have to be registered as a fisherman, or have worked on a fishing vessel, or have harvested a licensed 'product of the sea'. In effect, he does not have to be a full-time professional fisherman.

The way in which a fisherman is defined for the purposes of UI has allowed people who are not full-time professional fishermen to have access to Fishermen's UI. Some have only a marginal attachment to the fishery, and fish only to receive benefits, even though they cannot make a viable living in the fishery. Some who are not fishermen at all take advantage of the program, and create the misperception that all fishermen abuse the system.

One of the keys to improving Fishermen's Unemployment Insurance is to target the full-time professional fisherman. To do this, eligibility must be determined on the basis of who has met the standards for registration at the beginning of the fishing season, and who has established a verifiable measure of fishing effort during the season.

PROGRAM DESIGN

The Unemployment Insurance Act states that Fishermen's Unemployment Insurance regulations "may, with respect to any matter, be different from the provision of that act relating to that matter", that is, Fishermen's UI regulations may be tailored specifically to fishermen. Indeed, Fisherman's Seasonal Unemployment Insurance does have design features that have been modified somewhat to the circumstances of fishermen, although the parallels to Regular Unemployment Insurance remain strong:

Comparison of Design Features of Fishermen's and Regular Unemployment Insurance

	Fishermen's Unemployment Insurance (seasonal)	Regular Unemployment Insurance
Measure of work effort	Based on an insurable week Require 10-14 weeks insured employment, 6 from fishing.	Based on an insurable week. Require 10-20 weeks of insured employment to qualify.
Qualifying period	Summer: March 31-Nov. 1 Winter: Oct. 1 - May 1	The 52 week period prior to the establishment of the claim, or the period since the previous claim
Benefit period	Summer: Nov. 1-May 15 Winter: May 1 - Nov. 15	Any time during the year when an interruption of earnings occurs
Benefit rate	57 per cent of insured earnings	57 per cent of insured earnings
Benefit duration	Initial benefits plus regional extended benefits up to a maximum 26-27 weeks in the 29 week benefit period Initial benefits phase lasts 5/6 of claimants' insurable week Regional extended benefits payable only until benefit period ends	Maximum 50 weeks, in one phase, depending on regional unemployment rate.

Source: *Unemployment Insurance and Fishing*, Employment and Immigration Canada, Cat. no. LU2-118/1991
Fishermen and Unemployment Insurance Revenue Canada Taxation, T4005 (Rev.91)

Measuring work effort

Both Regular and Fishermen's Unemployment Insurance determine benefits on the basis of weeks of insurable employment. Seasonal fishermen require at least 10 weeks of insured employment, six of which must come from fishing, to establish a claim. If fishermen have ten to fourteen weeks of insurable employment, their level of benefit payments are based on the average insured earnings; if they have fifteen or more weeks of insurable employment, then their level of benefit payments are based on the best ten weeks of insured earnings. Claimants of regular benefits have their benefits calculated on the basis of the average earnings over the last 20 weeks of insured earnings.

The maximum weekly insurable earnings for all claimants is \$745 in 1993.

To be eligible for regular or fishing benefits, one must have worked in insurable employment for a certain number of weeks during the qualifying period, where insurable employment means that one has worked at least 15 hours per week or earned a minimum amount of income per week (\$149 in 1993). Crew members applying for fishing benefits simply have to state they were "employed" for at least 15 hours during the calendar week, in which a fresh catch was delivered if they did not earn the minimum \$149. Their insurable earnings are their share of the catch, even when they earn less than the minimum.

Skippers who receive fishing benefits calculate their earnings as the gross returns of the catch, less 25 per cent, less payments to crew members, or 20 per cent of maximum weekly insurable earnings, (\$149), whichever is greater. Thus, if they earn less than \$149 when they make a sale, they will be credited with \$149 earnings for that particular sale. If skippers make more than one sale in a week, each under \$149, they can declare \$149 earnings for each of the sales they make.

Fishermen's working patterns do not fall neatly into "insurable weeks" and so weekly insurable earnings may not be an accurate reflection of fishermen's seasonal income, or of the effort they expended over the season. Fishermen's effort and income may be higher in certain parts of the season, when the fish is more plentiful. And, the unpredictability of the weather and the migratory patterns of fish, mean that earnings are unpredictable even when fishermen work consistently through the season.

Fishermen may actually change the way they operate their enterprise, so as to conform to the insurable week. For example, they may decide to embark on a fishing trip even when they know it will not be profitable for their enterprise, so that their crew will be able to claim insurable earnings for that week.

The less stringent eligibility requirements regarding fishermen's weekly insurable earnings are a recognition that fishermen's incomes fluctuate significantly from week to week. Regulations for Fishermen's UI also allow fishermen, under some circumstances, to average their earnings over two or more weeks if they settle their accounts with the buyer less often than once a week.

Although these modifications to regulations have gone partway to accommodate the fluctuations in fishermen's incomes through the season, they have also left the program open to misuse. Some may be tempted to report the timing or the value of the sale of a catch so as to maximize their insurable earnings in a week. Or, some may use the provision that skippers' declared earnings will not fall below \$149, to split a small catch into even smaller parts, sell each part to different buyers and in this way obtain maximum "stamps".

Rather than measuring work effort for fishermen on the basis of weeks of insurable employment the design of Fishermen's Unemployment Insurance could be improved by measuring work effort in a way that better reflected the work patterns in fishing -- the seasonality of the fishery, and the considerable fluctuation in earnings that occurs even when fishermen work the full season.

The benefit and qualifying periods

Seasonal fishing benefits can be paid on the basis of the summer fishing season or the winter fishing season. Each type of benefit has a specified qualifying period, in which fishermen can count their earnings as insurable, and a benefit period, in which fishermen can receive fishing benefits. The qualifying period overlaps the end of the benefit period by six weeks; during this time fishermen can begin fishing (and accumulating insurable earnings) or they can continue to collect fishing benefits.

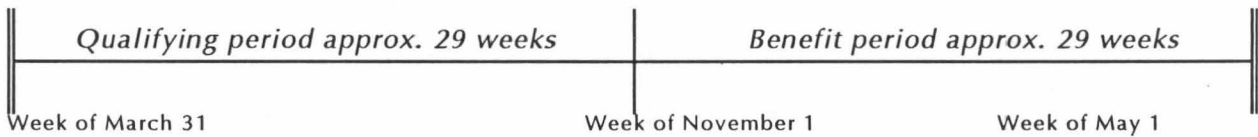
During the benefit period, fishermen can earn up to 25 per cent of their weekly benefits and still receive full benefits. Earnings over 25 per cent are deducted dollar-for-dollar from their benefits. Income earned outside the qualifying period does not count toward insurable earnings.

The qualifying and benefit periods were laid out to reflect the fishermen's summer and winter fishing seasons. However, the actual fishing seasons do not necessarily correspond to the ones laid out in the regulations for Fishermen's Unemployment Insurance, and can vary considerably among regions, species and gear types.

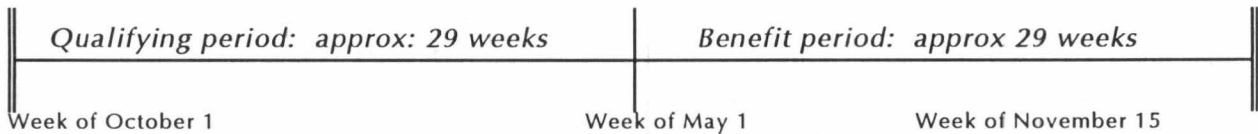
Income Support for Atlantic Fishermen

The benefit period and the qualifying periods should be adjusted so as accommodate the fishing seasons that fishermen actually work, and to encourage them to work during these seasons.

Summer Fishing Season



Winter Fishing Season



Thus the off-season defined in the UI rules does not necessarily match the fisherman's true off-season. There may be long gaps between the end of the fisherman's season and the beginning of the benefit period, when fishermen have no income at all. And, fishermen may be discouraged from fishing during the benefit period because they risk losing benefits and yet cannot claim the earnings during this period as insurable.

Income support during cyclical downturns

Fishermen's Seasonal UI provides income support to fishermen when interruptions to their earnings occur because the fishing season has ended. Benefits in the off-season are based on earnings that were made during the fishing season. The on-season, off-season structure of benefits for fishermen does not take into account, and may in fact, exacerbate, the fluctuation in incomes that occur in the fishery

from year to year as the result of catch failure, ice conditions, or bad weather. Those who have a bad season not only will experience lower fishing income, they may also have lower UI benefits because their insurable earnings are lower, and at a time when they need the support the most.

Fishermen's UI would provide more income protection during cyclical downturns if in the calculation of insurable earnings, earnings from past seasons were taken into account. If fishermen had several good years of fishing income, they would be eligible for benefits if they then had one bad season of fishing. Additional income stabilization for the fishing enterprise would also be necessary.

Administration

The Fishermen's UI program can be redesigned and supplemented to better target the full-time professional fishermen and reflect the seasonal and cyclical interruptions in their earnings, but to be effective these changes will also require an administration that is built on accurate and timely reporting of fishing activity in the industry.

The reporting systems now operated by Fisheries and Oceans, Employment and Immigration Canada and Revenue Canada have created duplicate and inconsistent reporting systems. The lack of consistent reporting systems has created opportunities for misreporting information and misusing government programs.

An integrated registration and reporting system should be created to streamline the information requirements of those directly involved in fishery policy. And, a one-stop government reporting system should be created so that those affected by fisheries programs -- the fishermen and the buyers -- do not have to deal with layers of government and fill out numerous government forms to have access to these programs. Integrating the registration and reporting systems will also make the interaction of fisheries-related polices more transparent, and ultimately, more complementary.

2.3 The trend toward regular Unemployment Insurance

Fishermen employed under a contract of service receive regular UI. Trawlermen who work on large fishing vessels that are owned by fish processing companies typically are covered under regular UI.

Income Support for Atlantic Fishermen

In addition to wage-earning trawlermen, there has been a shift toward wage-earning harvesters in the last decade. The number of wage-earning harvesters employed in the Atlantic region has increased from less than 5,000, just over one-tenth of all Atlantic harvesters in 1981, to about 12,000 or one-quarter of the total in 1990. The proportion of regular to total benefits has increased with the rise in the number of wage-earning harvesters.

**Total Unemployment Insurance Benefits for Wage-Earning Harvesters
dollars, and as a per cent of total benefits paid to the Harvesting Sector**

	1981	1984	1987	1990
Newfoundland	\$2 mill 4%	\$3 mill 4%	\$7 mill 7%	\$13 mill 11%
Prince Edward Island	\$2 mill 16%	\$4 mill 24%	\$8 mill 30%	\$10 mill 31%
Nova Scotia	\$2 mill 7%	\$5 mill 12%	\$10 mill 17%	\$17 mill 21%
New Brunswick	\$6 mill 36%	\$11 mill 39%	\$20 mill 46%	\$24 mill 53%
Quebec	\$1 mill 8%	\$3 mill 16%	\$6 mill 24%	\$8 mill 31%
Atlantic	\$11 mill 11%	\$26 mill 15%	\$50 mill 20%	\$71 mill 24%

Source: UI Status Vector Data (Total fishing Benefits), Taxfiler Data (Total UI Benefits by Sector)

Wage Earning harvesters include those who earn wages or salaries through employment with commercial fishing establishments but not from self-employed fishing and plant employment.

Harvesters include self-employed fishermen, plus wage-earning harvesters

Of the \$297 million in unemployment insurance benefits paid to the Atlantic harvesting sector in 1990, close to one-quarter were to wage-earning harvesters and the remainder to self-employed fishermen. Only about 10 per cent of benefits were paid to this group in the early eighties.

The shift toward wage earning in the fishery, and towards regular, as opposed to fishing benefits, began to escalate in the mid-eighties, in all provinces except Newfoundland. The number of wage-earners increased more slowly in Newfoundland, and the proportion of the total did not exceed 10 per cent by the end of the last decade. The largest proportion of wage-earners has remained in New Brunswick. The increase can be explained in part by the growth in aquaculture, a component of wage-earning harvesting.

Income Support for Atlantic Fishermen

Some fishermen may find it more convenient to work in a commercial arrangement in which they are paid a wage, and are covered by regular UI. However some may be working under a contract of service so as to obtain regular UI, because the design shortcomings of Fishermen's UI do not allow them adequate coverage during cyclical downturns in the industry.

In recent years the fishing season has been shorter in many areas. If the season is very short, fishermen can receive through Regular UI, more timely benefits for a longer duration. Regional offices of Employment and Immigration Canada report that fishermen have begun to change their working arrangements (by incorporating their enterprise, or by leasing to the buyer, for example) so as to obtain better coverage, at least temporarily, under Regular UI.

Regular UI will not provide the coverage best suited to fishermen in the long run, however. The bases for creating a separate Fishermen's UI in the first place -- the unique employer-employee relationships, the combination of seasonal and cyclical interruptions in earnings and the lack of alternative employment opportunities in the off-season -- are as much a part of the fishery now as they were thirty-five years ago.

3. PAST PROPOSALS TO IMPROVE INCOME SUPPORT FOR FISHERMEN

The drawbacks of Fishermen's UI -- that it is not well-suited to fishermen, that it does not provide stabilization from season to season, and that its administrative flaws have left the program difficult to monitor and open to abuse -- have been well-documented in other studies of income support for fishermen.

Many reached the conclusion that the existing system of Fishermen's UI was not the best way to provide the type of support that is really needed, and that the program should be replaced. This section discusses suggested replacements to Fishermen's UI that were intended to improve the income supplementation element of support; proposals to improve income stabilization are discussed in Section 5 of this paper.

In *Navigating Troubled Waters: a New Profile for Atlantic Fisheries (1982)* the Kirby Task Force stated that "a central function of the Fishermen's UI program is to supplement the incomes of a group of workers whose industry does not generate reasonable levels of income for many participants" (*Navigating Troubled Waters*, p.312) and that this function was not met through Fishermen's UI.

Kirby suggested two programs to replace UI. A Production Bonus, would allow fishermen to "earn" cash credits based on such factors as the gross value of their landings, fish quality, the season of the catch and gear used. And, a Gross Income Stabilization would smooth out gross incomes with payments from a general fund established through contributions made by fishermen and the federal government.

Kirby was well aware that his proposed programs had drawbacks: the production bonus might encourage over-fishing, or over-investment; an income stabilization would be difficult to administer and unaffordable by many, and that the two, if used concurrently, might come into conflict. Kirby maintained, though, that it would be even more difficult to work within the existing UI program, especially given the lack of integrity in its reporting system and the difficulty in monitoring and controlling the program.

The *Forget Commission of Inquiry on Unemployment Insurance (1986)*, focussed its criticisms on the design of Fishermen's UI: that it did not reflect the diversity of the fishery, it provided inadequate support for the poorest fishermen and their communities and that it was cumbersome to administer. Accordingly, the Commission recommended a phasing-out of UI over five years, to be replaced by an unspecified income supplement program.

Income Support for Atlantic Fishermen

The *Royal Commission of Employment and Unemployment in Newfoundland and Labrador (1986)* chaired by Douglas House suggested a New Income Security System, instead of UI, to be paid in the off-season, and calculated through the tax system. The income security system would provide to households:

- a Guaranteed Basic Income System (GBIS), of approximately equal value to Newfoundland's Social Assistance, that was reduced dollar-for-dollar with the household's earned income, plus
- an Earned Income Supplementation (EISS), with a variable rate that provided maximum benefits to households whose earned income was about \$11,000 in 1986 dollars and that taxed-back the earned supplement so that no EISS benefits were received by households that made over about \$27,000.

At the time the report was published, the details of the system had not been worked out fully, such as how best to combine the supplement rates and tax-backs in each part of the program, and how incomes would be stabilized when payments were made on the basis of the previous year's income tax statements.

House's New Income Security System represents two classes of income supplementation -- the Guaranteed Annual Income and a Low Income Supplement -- that have often been suggested as replacements for the income supplementation element of Unemployment Insurance in Canada. Many believe that with either or both of these programs in place, UI can revert to a self-financed insurance program, or can be replaced entirely.

A **Guaranteed Annual Income**, also known as a negative income tax, typically has the following elements:

- A basic support level for all citizens, at the family level.
- It would replace existing social assistance programs.
- Benefits would decline for every dollar earned. Unlike social assistance, the rate of benefit reduction typically would be considerably less than dollar - for-dollar, so as to encourage work effort by family members and provide relatively more assistance for the working poor.
- It would be delivered nationally through the income tax system.

The idea of a GAI became popular in Canada in the seventies, and then re-emerged in the mid-eighties with the publication of the *Macdonald Royal Commission*. At this time, attention had shifted towards integrating or harmonizing the myriad of social program provided to Canadians by federal, provincial and municipal governments.

The *MacDonald Royal Commission* (1985) recommended a Universal Income Security Program that would pay a basic income supplement to all Canadians, and be progressively reduced with increases in family income. The program would replace, and be self-financed by, program funds from the Guaranteed Income Supplement for the elderly, (but not Old Age Security), Family Allowances, Child Tax Credits, Married Exemptions, Child Exemptions, Federal Social Housing Programs, and Federal Contributions to the Canada Assistance Plan. The UISP was also seen as a substitute for a high minimum wage.

The UISP would not be a stand-alone program, but would be the first stage in an integrated income security system. Other elements would include a Revised Unemployment Insurance Program in which regional benefits were eliminated and benefits cut back considerably, and a Transitional Adjustment Assistance Program, that would provide adjustment assistance for those who did not have employment opportunities.

The Economic Council in the *New Face of Poverty* (1992) suggested a fundamental restructuring of income security with integrated programs somewhat similar to the ones proposed by the Macdonald Royal Commission. A continuum of support and employment related-services would be provided to working-age Canadians, beginning with a Guaranteed Annual Income for those unable to participate fully in the labour force -- those who were handicapped, injured or who had pre-school children. The emphasis would be to provide a dignified standard of living for Canadians across all provinces.

The Economic Council also proposed that Unemployment Insurance would continue to provide insurance against job loss, but with a substantial reduction in the benefit period. An Employment Transitions program would be available for those who were having difficulty finding permanent employment.

A Guaranteed Annual Income will not be considered in this paper as a replacement for the current system of Unemployment Insurance. Forget (1986) pointed out:

the basic dilemma of a guaranteed annual income, (that). ... funds are not sufficient. Therefore, either benefits would have to be inadequate or the tax rate on earnings would have to be so high that work incentives would suffer. Even if the program used all of the money in both income support and the supplement tiers of programs identified earlier, there would not be enough to provide an adequate income for all those Canadians who are without work. The attempt to do so would involve large shifts in benefits and not always in the desired direction. (p.116)

A **Low Income Supplement** typically has a benefit rate that provides an increasing supplement for those with low-to medium incomes, and then a decreasing supplement for those with high incomes. Both Kirby and House proposed a low income supplement for fishermen.

The rationale for a Low Income Supplement is that it would create stronger incentives for lower income fishermen to increase their work effort, and reduce benefits for those with higher incomes who do not really need them.

The current system of Regular and Fishermen's UI has an element of increasing supplementation in it already. In 1993, fishing and regular benefits are calculated on the basis of 57% of weekly insurable earnings. Therefore in areas where claimants qualify with 10 weeks of insurable employment, maximum benefits could be achieved with \$7,450 of insurable earnings, and those with insurable earnings less than \$7,450 would receive an increasing supplementation.

There is also a tax-back currently in place through the tax system. For UI claimants whose net income including UI is more than 1.5 times the maximum yearly insurable earnings, a portion of the benefits must be repaid at a rate of 30 per cent of: the income in excess of the maximum amount, or of the total benefits paid, whichever is less. The tax-back comes into effect at about \$58,000 net income.

The question is whether fishermen should have a *lower* rate of supplementation than now is in place for UI, and whether, through a direct tax-back on UI, they should have a *higher* rate of tax-back than the rest of Canadians have through the tax system. Would there be an effective way of encouraging work incentives and of directing benefits to those who really need them?

It is unlikely that if fishing benefit rates from regular rates, then fishermen would work harder, and program payments would be directed only to those who needed them the most because:

- Work effort and income are not as directly related in fishing as they are in wage earning sectors. Fishermen may expend the same effort in two different seasons, and receive very different incomes because of a poor catch, bad weather, or price fluctuations.
- Different sizes of enterprises have different earnings potential. An increasing supplementation might actually make some enterprises operate less efficiently so as to maximize their supplementation. Distortions in the level of investment would be created if enterprises changed the size of their operations solely to benefit from the increasing supplement.
- An increasing supplement is essentially a production bonus, and so might risk countervail.

Income Support for Atlantic Fishermen

- Fishermen's UI would become more destabilizing, so that in good years claimants would receive more benefits, not because of greater effort, but because there were more fish, while in bad years they would receive lower benefits.

Nor should there be a higher tax-back for fishing benefits than for regular benefits. For one thing, compliance with a higher tax-back would be difficult to enforce, given the ease with which family enterprises can split incomes. Also, it would be difficult to determine the appropriate income level when a tax-back should occur, given that there are so many different-sized enterprises, each with different earnings potential.

It is argued, however, that incentives should be put into place through an income stabilization program so that those who are not in need of benefits in a given year, will be encouraged to save those benefits for years when their incomes fall and they do need the benefits.

In conclusion, much can be done to improve the existing system without creating an entirely new one in which the alternatives are not likely to provide more effective income support to fishermen. New programs for specific types of income support, such as enterprise stabilization, are developed in addition to Fishermen's UI, when they are seen to work best outside the existing system.

4. AN IMPROVED FISHERMEN'S UI

This section lays out two essential ways to improve the design of Fishermen's Unemployment Insurance: to target benefits to full-time professional fishermen and to tailor the design of the program more closely to the way they work.

4.1 Targeting the full-time professional fisherman

Currently, anyone who claims to have six weeks of fishing income, based on loosely defined activities related to the catch, and four to eight weeks of other income, may be eligible for fishing benefits. The eligibility criteria are too open-ended, and for two reasons. First, the criteria are not tied in any way to the licensing and registration system created by Fisheries and Oceans as the channel to control access to the resource, and so registered professional fishermen who have access to the fishery are not necessarily the ones who have access to the programs designed specifically for them.

Second, the rules do not define precisely enough, what it means for a professional fisherman to have expended fishing effort during the fishing season. Accordingly, there are two requisites proposed to determine eligibility for fishing benefits:

- who is a professional fisherman, determined at the beginning of the fishing season through Fisheries and Ocean's licensing and registration system, and
- whether he has made a significant fishing effort during the fishing season, determined at the end of the fishing season and based on the fisherman's participation during the season.

THE REGISTERED FISHERMAN

The professional qualifications that the fisherman met when he registered at the beginning of the fishing season would be the basic requirements for access to fishing benefits. Registration would identify those with a legitimate attachment to a fishing enterprise that had the appropriate species licences and vessel registrations.

Basic Qualifications of Registered Professional Fishermen

Must be registered at the beginning of the fishing season to fish on an active, licensed fishing enterprise as a skipper, crew member or employee, or register during the season as a replacement worker.

If the skipper, must have an active species licence or vessel registration. The skipper would be designated as the seller of the fish.

Registered fishermen would fall into three categories, that identified their responsibilities and the way in which they were paid (and therefore the type of benefits for which they were eligible).

Categories of Registered Professional Fishermen

Skipper

- **responsible for the accurate registration of those who work on his vessel at the beginning of the season, and, where necessary, of replacement workers during the season**
- **the designated seller of the catch**
- **responsible for maintaining records of the sharing arrangement of the crew**
- **a professional fisherman eligible for Fishermen's Unemployment Insurance.**

Crew member

- **a partner or shareman working for the skipper as a self-employed fisherman**
- **eligible for Fisherman's Unemployment Insurance**

Employee

- **under contract of service to an enterprise owner**
- **eligible for regular UI**

The skipper would be designated as the seller of the catch. In this way, there would be a direct link established between the skipper's enterprise, and the sale to the buyer of the catch made by the enterprise. This direct link is important in establishing the connection between the registration, which is a record of which professional fishermen are associated with which enterprise, and the transaction, which is a record of activity on an enterprise during the fishing season.

If all fishermen eligible for fishing benefits registered at the beginning of the season with a particular enterprise, there would be a useful cross-check of whether the enterprise was supporting a reasonable number.

Program details:

TARGETING THE PROFESSIONAL FISHERMAN

1. **Skippers, crew members and employees register at the beginning of the fishing season. Their registration is confirmation of their professional status.**
2. **The names of all registered professional fishermen are entered into a Fish Landings Registry, where records of transactions are also maintained. Only those whose names are recorded in the registry are eligible for fishing benefits.**
3. **Any additions or subtractions to the crew during the fishing season would be registered as well, and their names entered into the registry. Those who registered mid-season as replacement workers would be subject to the same eligibility criteria for fishing benefits as those who registered at the beginning of the season.**
4. **At the time of the sale, a Fish Landings Registry would receive a record of the incomes and source deductions of all professional fishermen participating in the catch. In this way, fishing transactions during the season could be matched to the registered professional fishermen who participated in the catch.**
5. **At the end of the season, the Fish Landings Registry would provide a summary of fishing income and employment, as proof of professional status and activity during the fishing season.**

Those who do not meet the basic professional qualifications

The registration process would reserve fishing benefits for those who could establish their association with a fishery through their registration. There are, however, some groups who may be associated with a fishery, but who would not necessarily meet the proposed standards for eligibility for Fishermen's UI. These groups would, for various reasons, compromise the ability of the Fishermen's UI program to target the full-time professional fisherman.

- ***Land-based workers involved only in preparing for, or handling the catch eg. baiters, and on-shore processors.***

Typically land-based workers do not go out in the boat during the fishing season. They may or may not be registered fishermen.

Unless they are registered, it is difficult to determine how many are associated with each fishing enterprise.

- ***On-shore harvesters eg. clam diggers, oyster pickers, kelp and Irish moss harvesters.***

The 1988 Survey of Atlantic Fishermen provides some indication of the number of active fishermen who fished without commercial vessels as on-shore harvesters. These numbers include only those who are registered.

Fisheries and Oceans is in the process of licensing some of these on-shore products. The licensing and registration of on-shore harvesters would provide an indication of how many are working in this category. It would be difficult, however, to establish professional standards for on-shore harvesters.

- ***Land-based licence holders eg. shore skippers, those who rent their IQ's***

They would likely meet the professional qualifications when they registered at the beginning of the fishing season. However, they would likely be ineligible for fishing benefits because they would not be able to demonstrate that they had made a significant fishing effort during the fishing season, based on the criteria outlined below.

**Number of fishermen by species,
all active fishermen who fished without commercial vessels**

Species	DFO Analytical Area	Total Atlantic
Marine plant (dulse, Irish moss)	PEI: 330 S.W N.S: 92 Fundy N.B 59	494
Mussel/clam/quahog /oyster	Gulf N.B.: 268 PEI: 752 S.W.N.S.: 285 Fundy N.B.: 137	1,481
Eel	S.E. Nfld: 81 Gulf N.B. 52 PEI: 147 N.E. N.S: 40 S.W.N.S. 50	409
Other (gaspereau, smelt etc.)	Gulf N.B: 472 PEI: 95 Gulf N.S. 156 S.W. N.S. 222	1,214

Source: 1988 Survey of Atlantic Fishermen. More than one species might be fished

DETERMINING FISHING EFFORT

To qualify for seasonal fishing benefits, fishermen now need 10 to 14 weeks of insurable employment, (depending on the unemployment rate in their region), and at least six weeks of fishing employment. Crew members can count a week in which the catch was delivered as insurable, based on their statement that they were employed for 15 hours or more for that week. Skippers have no minimum income or effort requirement to be eligible for fishing benefits.

In addition to the requirement that only registered professional fishermen are eligible for Fishermen's UI, a meaningful measure of *fishing* effort over the fishing season needs to be developed to identify those who are full-time participants in the fishery.

The main difficulty in developing such a measure under the existing regulations has been that the program is designed to measure effort in terms insurable earnings in a week. Fishing effort within a week may not necessarily produce income during that week, and so a minimum of weekly earnings may not correspond to a minimum weekly effort.

The concept of the insurable week is one design feature that should be replaced, with a measure of fishing income over the fisherman's entire fishing season. With the conversion to seasonal earnings, a measure of fishing effort based on a minimum fishing income, and/or a minimum requirement based on time worked during the season, can be developed.

Because there is not a direct correspondence between effort and income within the fishery, the idea of having both a minimum income requirement -- a measure of fishing *output* -- and a minimum time worked -- a measure of fishing *input* -- will be considered.

Minimum seasonal fishing income

A *minimum seasonal fishing income* would provide a straightforward measure of a fisherman's minimum productive output. In establishing a minimum income, it is important to set the level so that those who had expend a reasonable fishing effort can achieve it.

The value of the catch can vary substantially depending on the type of gear used, the species fished, and the region. The table below demonstrates how a minimum income requirement could have significantly different impacts in different regions of the Atlantic. The numbers are based on gross fishing income according to tax-filer data.

Of the Atlantic fishermen who reported fishing income in 1990, close to 20 per cent had gross T1 fishing income of less than \$2,500, and close to 30 per cent had gross fishing incomes of less than \$5,000. In some of the Newfoundland areas, those with gross fishing incomes of less than \$5,000 approached, or exceeded 40 per cent of all fishermen in the area.

In 1990, the proportion of the very young Atlantic fishermen reporting less than \$5,000 in gross T1 fishing income was at least 20% *higher* than the proportion of older fishermen earning less than \$5,000. In all provinces except Nova Scotia, over half of those under 19 earned less than \$5,000 in gross fishing income.

Women were also in the lowest earning group. In all provinces, the proportion of women earning less than \$5,000 in gross fishing income was about twice the number of men. Sixty per cent of women in Newfoundland, and New Brunswick earned less than \$5,000 in gross fishing income.

Income Support for Atlantic Fishermen

**Distribution of Self-employed Fishermen
by Income Range and Analytical Area
Number of Fishermen (Cumulative per cent of Total), 1990**

DFO Analytical Area	Gross fishing income less than \$2,500	Gross fishing income \$2,500 to \$5,000
Area 1 Labrador-Northeastern Newfoundland (2,3K)	2,030 (30%)	970 (44%)
Area 2 Eastern Newfoundland (3LNO)	710 (15%)	410 (24%)
Area 3 South Coast Newfoundland (3PS)	510 (22%)	330 (37%)
Area 4 West Coast Newfoundland (3Pn, 4R)	460 (21%)	310 (35%)
Area 5 Quebec North Shore (4S)	180 (24%)	110 (39%)
Area 6 Gaspé Quebec (4T)	140 (12%)	90 (20%)
Area 7 Gulf New Brunswick (4T)	390 (17%)	170 (24%)
Area 8 Prince Edward Island (4T)	560 (17%)	280 (26%)
Area 9 Gulf Nova Scotia (4T)	140 (13%)	80 (20%)
Area 10 Northeastern Nova Scotia (4Vn)	160 (11%)	120 (19%)
Area 11 Eastern Shore Nova Scotia (4VsW)	260 (18%)	130 (28%)
Area 12 Western Nova Scotia (4X,5)	1,030 (14%)	550 (22%)
Area 13 Fundy New Brunswick (4X,5)	300 (23%)	130 (33%)
Area 14 Iles de la Madeleine (4T)	30 (7%)	* (*)
All Atlantic	6,900 (19%)	3,680 (29%)

Source: Statistics Canada, Task Force Special Tabulations, All Tax-filers (T1/T4 merged files)
* indicates confidential data

**Distribution of Self-employed Fishermen
with Gross Fishing Income less than \$5000, by Age Group and Gender
Atlantic provinces, 1990**

	Under 19	19 and up	Male	Female	Total
Newfoundland	53%	34%	31%	61%	36%
Prince Edward Island	57%	24%	21%	39%	26%
Nova Scotia	39%	20%	20%	39%	22%
New Brunswick	54%	26%	23%	61%	28%
Quebec	54%	23%	22%	53%	24%
Atlantic	48%	27%	25%	53%	29%

Source: Statistics Canada, Task Force Special Tabulations, All Tax-filers (T1/T4 merged files)

Program details:

MINIMUM SEASONAL FISHING INCOME

1. An initial level of \$2,500 would likely provide a practical and realistic criterion.
2. Over time, it would be important to set the minimum so that those who made only a marginal effort in the fishery during a good season would not be eligible for fishing benefits in the off-season.
3. The minimum could be increased gradually, in pre-announced \$500 increments for example, to a level considerably above \$2,500.
4. The long-term minimum level would reflect the impact of raising the minimum each year.

One way to account for the variation in income among regions, and still maintain a minimum income requirement, would be to have *different minimum requirements among regions*, similar to the different number of qualifying weeks and regional benefits that now exist among regions. It is worth noting, however, that the administration of such a system could pose considerable practical problems. The formula for determining the number of qualifying weeks in a region is based on a fixed relationship to the region's unemployment rate. A minimum income requirement that varied by region would be more difficult to establish through a set formula, given the many combinations of species, gear types, prices and cyclical fluctuations that can occur within, and among regions -- and therefore would be more open to dispute, and to manipulation.

The effect of setting a minimum income requirement would depend on the definition of income. Initially, the definition could be the same as the one now used for Fishermen's Unemployment Insurance: for the skipper, gross income less 25% for deductions, less the boat share and for the crew, the share of the catch.

One possible objection to a minimum income requirement would be that, during seasons when catch failure occurred, some might not be able to meet the minimum requirement just at the time when they needed fishing benefits the most. The section of this paper that discusses income stabilization within Fishermen's UI, deals with this issue. Under the income stabilization option proposed to operate within UI, eligibility would be determined over several seasons, so that when an interruption in earnings occurred because of a cyclical downturn in the fishery, fishermen would continue to be eligible for benefits based on their activity in past seasons.

Minimum based on time fished during the season

If the minimum income requirement were to be set low enough so as not to penalize arbitrarily those whose average fishing incomes were low because of where they lived, or what they fished, then an additional measure of fishing effort, based on inputs, would be required. A *minimum based on time fished during the season* is an important addition to the minimum income requirement, so that those whose catch is of typically high value also face a meaningful standard of fishing effort.

Program Details:

MINIMUM TIME FISHED DURING THE SEASON

Minimum number of landings of a minimum value, achieved over a period of ten weeks.

(eg. 1 landing in each of 10 weeks, total value \$1,000, or 1 landing in each of seven 10-day intervals, total value \$1,000.

This minimum time requirement would be in addition to a minimum income requirement established over the entire fishing season, because the latter would not in itself provide a comprehensive standard for fishing effort over the season. A landing does not represent the same fishing effort for all (indeed, some fishermen make a landing every day, while it varies for others). Nor do all have the opportunity to fish the same length of time during the season. The minimum value achieved over the ten week period could be increased over time in step with the increase in the minimum income requirement.

Employment and Immigration Canada does not compile statistics on the number of insurable fishing weeks. Therefore it is not possible to determine the impact of increasing the minimum fishing effort from six weeks to ten. It is worth noting, however, that in 1990 Atlantic self-employed fishermen worked an average of 15 total insurable weeks, and 34% worked the minimum 10 weeks. Not all weeks worked would have been in fishing.

Some would not satisfy the minimum requirement in years when the season opened late or closed early because of poor weather or ice conditions, or inadequate stocks. Rather than lowering the minimum time requirement to cover this contingency, a stabilizing element could be added to Fishermen's UI. This is discussed later in the paper.

4.2 Improving program design

This section presents some ways to improve program design for Fishermen's UI, by basing earnings on the entire season and by making the qualifying and the benefit periods more flexible.

EARNINGS BASED ON THE FISHING SEASON

Under the current UI regulations, fishing effort is measured in terms of the "insurable week". Benefits are based on weekly insurable earnings. The concept of the insurable week was borrowed from the regulations for regular benefits and really is more suitable for industries in which wages and salaries are paid, where earnings are more directly related to work effort, and where they can be measured by the weekly or bi-monthly pay-cheque.

Fishermen make fishing trips of different lengths throughout the season. Their earnings from each trip vary, depending on the weather and the availability of the fish; earnings also tend to peak in mid-season and trail off in the shoulders of the season.

A redesign that based earnings on the full season would afford to fishermen the opportunity to operate their enterprises on the basis of when and whether it was productive to fish, and not to worry about whether it was possible to achieve maximum weekly benefits.

If insurable earnings were calculated on the basis of the entire season, some design features that are now part of Fishermen's UI would no longer be necessary.

With the *averaging provision* fishermen can, when there are more than seven days between settlements (and when other conditions apply) allocate earnings between settlements. The artificial accounting that now occurs under averaging, so that fishermen can achieve maximum weekly insurable earnings, would not be necessary if earnings were calculated over the entire fishing season. Averaging would already take place. Fishermen would settle their accounts with buyers on the basis of the commercial transaction, rather than to fit the artificial concept of the insurable week.

Nor would the provision for *20 per cent minimum insurable earnings* be necessary. To allow some leeway for the fluctuations in weekly earnings, the UI rules now state that the insurable earnings of a skipper will be a minimum of 20 per cent of the maximum weekly insurable earnings in a particular year, if insurable earnings are lower than that. This provision has been important for those who, in a bad week, could count on achieving at least a minimum value of insurable earnings. However, the minimum earnings provision would no longer be necessary if all earnings, no matter how low, counted toward the season's earning.

Eliminating this provision would also eliminate some misuse of the program. In the past, it has been possible to make 5 nominal sales of fish in a week, and use the provision to parlay a few dollars of earnings maximum insurable earnings (and maximum benefits).

Program details:

INSURABLE EARNINGS CALCULATED OVER THE FISHING SEASON

1. **Unemployment insurance would be paid on the basis of the full season's fishing income, provided the eligibility requirements of a full-time, professional fisherman were met.**
2. **The level of benefits would be determined by a formula similar to Fishermen's UI, but calculated over the season rather than based on the concept of "insurable weeks". Maximum off-season benefits would equal the maximum benefits now provided for fishing benefits.**

The working example presented below shows how seasonal benefits might be calculated under the proposed system. In a typical Atlantic region, the current minimum number of weeks required for fishing is ten, and regionally extended benefits allow fishermen to collect benefits for 26 weeks in the benefit period.

Weekly insurable earnings could be determined by dividing seasonal earnings by ten. Benefits would then equal the weekly insurable earnings, times the benefit rate (.57 in 1993), times the number of weeks of eligible benefits (in this example, 26 weeks.)

Calculating benefits of the basis of seasonal earnings rather than weekly earnings would do three things.

1. Those who worked for longer in the season would receive higher benefits (up to the maximum amount) than those who earned the same per week, but who worked less.
2. Without the 20 per cent minimum there would be a more direct correspondence between actual earnings, insurable earnings and benefits. It would no longer be possible to achieve maximum benefits with a nominal fishing effort.
3. Those whose earnings fluctuated during the season would receive higher benefits when earnings were calculated over the entire season.

Income Support for Atlantic Fishermen

Current System: Fishing Benefits Based on Weekly Insurable Earnings

Weekly earnings	Weeks worked in fishing	Season's earnings	Weekly insurable earnings	Weekly benefits	Total off-season benefits
1. \$149*	10	\$1,490	\$745	\$425	\$11,050
2. \$500	10	\$5,000	\$500	\$285	\$7,410
3. \$750	10	\$7,500	\$745	\$425	\$11,050
4. \$500	25	\$12,500	\$500	\$285	\$7,410
5. 5@ \$750, 20@ \$300	25	\$9,750	\$525	\$299	\$7,780
6. \$750	25	\$18,750	\$745	\$425	\$11,050

Proposed System: Fishing Benefits Based on a Season's Insurable Earnings

Weekly earnings	Weeks worked in fishing	Season's earnings	Season's insurable earnings	Weekly benefits	Total off-season benefits
1. \$149	10	\$1,490	\$1,490	\$85	\$2,208
2. \$500	10	\$5,000	\$5,000	\$285	\$7,410
3. \$750	10	\$7,500	\$7,450	\$425	\$11,050
4. \$500	25	\$12,500	\$7,450	\$425	\$11,050
5. 5@ \$750, 20@ \$300	25	\$9,750	\$7,450	\$425	\$11,050
6. \$750	25	\$18,750	\$7,450	\$425	\$11,050

*Weekly insurable earnings assumed to increase to maximum when skipper add up several "minimum stamps". Weekly insurable earnings after 25% expense deduction. Maximum insurable earnings in 1993 = \$745. Maximum weekly benefits in 1993 = \$425 (\$745 x .57) Off-season = 26 weeks.

QUALIFYING AND BENEFIT PERIODS

In the existing design of Fishermen's Seasonal UI, the summer and winter "seasons" each have a set time when benefits can be paid, and when earnings qualify as insurable.

Changes to the design of the qualifying and benefit period can be made so as to provide greater flexibility in the timing of benefits, and at the same time recognize all fishing effort as insurable.

These changes would allow enterprises to operate on the basis of when it was productive to fish, with less concern about whether they conformed to the artificial "season" as now defined in Fishermen's UI.

Program details:

THE QUALIFYING AND BENEFIT PERIODS

1. Extend the benefit period by eight weeks (four on each end) to 37 weeks, or October 1 to June 15 for the summer fishery and April 1 to December 15 for the winter fishery.
2. Provide the option that fishermen could receive the *same* off-season benefits they would receive otherwise, but when it best suited them during the extended benefit period. Or, they could spread benefits over the longer period so that each payment was lower, but the total amount was the same.
3. Extend the qualifying period to span an entire year. Any earnings that were made after a fisherman began to receive off-season benefits would count as insurable toward the following fishing season.
4. As with regular UI, allow fishermen to earn income during the benefit period, up to a maximum of 25 per cent of their season's total benefits (or, approximately \$2,700 if they earned the maximum off-season benefits).

5. INCOME STABILIZATION FOR FISHERMEN

This section will explore two types of stabilization:

1. Income stabilization for individuals, to be provided through design changes to Fishermen's UI.
2. Individual enterprise stabilization, similar to farmer's programs and directed to enterprise owners. Enterprise stabilization would be administered separately from Fishermen's UI.

Critics of Fishermen's UI have often pointed to its inability to stabilize incomes from year to year, and have suggested that a separate stabilization program for fishermen be explored. Fishermen do not have in place stabilization programs, but instead rely during poor seasons on whatever support that is provided through fishing benefits, and from ad hoc programs

-- the 1991 Special Ice Compensation Program, for example.

Typically stabilization programs proposed for fishermen have been patterned after programs that were put in place for farmers, because of the similarities between farming and fishing enterprises:

- Farmers and fishermen both harvest a natural resource.
- They face fluctuations in prices and output that are the result of changes in international markets, climate and other natural forces.
- The cyclical patterns of individual enterprises may vary considerably, depending on the combination of what they harvest, where they work, and the technology they use.

Farmers have over the years benefited from various stabilization programs such as crop insurance, dairy subsidies, payments made under the Western Grain Stabilization Act, the Agriculture Stabilization Act, the National Tripartite Stabilization Program, and more recently, the Gross Revenue Insurance Program and the Net Income Stabilization Account.

Direct stabilization program payments to farmers, net of producers' premiums, were estimated to be \$2.6-\$3.3 billion in 1992, or an average of about \$13,000 for every

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farm in Canada. The total payments to 'benchmark' agricultural producers (hypothetical farms with a set of characteristics that would fall within the norm for their sector) demonstrate the degree of income stabilization these programs can provide; in some years, farmers might receive virtually no stabilization, while in others, they might receive \$50,000, or more. Indeed, in 1993, total government payments contributed in large part to net cash income for benchmark farms.

Recently the income stabilization programs for farmers have been revamped with the introduction of the Net Income Stabilization Account (NISA) Gross Revenue Insurance Program (GRIP). Both NISA and GRIP are designed for individual farm operations.

The NISA program focuses on an individual farmer's net income, rather than on the price or yield of his crops. NISA allows farmers to contribute to their own accounts when their incomes are above a long-term average and to make withdrawals when their incomes fall below a long-term average.

Farmers receive matching government contributions if to their own contributions that are less than two per cent of net eligible sales. Farmers can continue to contribute, up to a maximum, without further government contributions.

Farmers earn an interest bonus of three percentage points on the balance they contributed.

When an individual account reaches a ceiling of one and a half times the five-year average of net eligible sales no further contributions are allowed until the account balance falls below the cap.

Farmers can make a withdrawal when the gross margin of the farm falls below the previous five-year average or when the taxable income falls below a pre-determined level. The farmer can withdraw the larger of the two amounts, up to the value in the account.

The federal government provided additional transitional assistance to farmers to launch NISA. A two-year program, the Farm Support Adjustment Measures (FSAM), was introduced to encourage farmers and provincial governments to participate in NISA. Under this agreement, the federal government agreed to assist in paying provincial contributions, and offered added incentives to farmers.

GRIP is delivered through provincial crop insurance agencies via two components: Crop Insurance, that provides yield protection, and Revenue Protection, that provides price support.

**Gross Direct Program Payments and Producer Premiums
\$billions, projected 1992**

Gross Revenue Insurance Program (GRIP)	\$1.3-\$1.6
Crop Insurance	\$.4-\$.5
Net Income Stabilization Account (NISA)	\$.1-\$.2
FSAM 11	\$.6-\$.7
Others	\$1.1-\$1.3
Total Program Payments	\$3.5-\$4.3
Producer Premiums	\$.9-\$1.0

Source: Farm Income Financial Conditions and Government Expenditures Data Book, January 1993. Agriculture Canada Policy Branch.

Payments include gross payments directly paid to producers under statutory programs such as GRIP, NISA, NTSP, and WGSA, and various income stabilization programs such as special drought assistance and special Canadian Grain Programs.

Special adjustment measures offered under FSAM provide higher federal premiums for GRIP until the program is underway.

**Total Government Payments for Benchmark Agricultural Producers
Canada, 1987-1993**

	Total Government Payments							Net Cash Income
	1987	1988	1989	1990	1991	1992	1993	1993
Alberta farrow-to-finish benchmark farm								
	\$20,365	\$39,465	\$68,615	\$20,292	\$25,716	\$52,844	\$27,277	\$27,271
Ontario farrow-to-finish benchmark farm								
	\$348	\$240	\$44,503	\$7,011	\$9,139	\$22,943	\$5,852	\$27,791
Benchmark Saskatchewan grain farm								
	\$36,608	\$29,231	\$23,469	\$12,831	\$16,540	\$37,059	\$36,547	\$35,431
Benchmark Ontario cash crop farm								
	\$25,194	\$11,929	\$5,058	\$2,907	\$14,815	\$33,277	\$29,007	\$36,408

Source: Farm Income Financial Conditions and Government Expenditures Data Book, January 1993. Agriculture Canada Policy Branch. Gross payments are before producer premiums. Benchmark farms are based on a given set of characteristics that fall within the norm for the sectors.

GRIP payments are made when a farmer's market revenue in a year is less than the target revenue. The target revenue, is determined in the spring for each farmer's crop, and depends on the coverage level for that crop, historic yields for the farmer's land, and the crop's 15-year indexed moving average price.

Farmers who wish to opt out of GRIP must wait two years before re-enrolling. When they re-enrol, they pay full premiums, but must wait a few seasons until they are fully covered by the program.

Farmers can participate in other ad hoc programs while receiving GRIP payments.

The *Kirby Task Force (1982)* explored the feasibility of a catch insurance program for fishermen, in which individual enterprises, or groups of similar enterprises, would each have a risk rating, and payment made to them based on the risk rating and the deviation of their catch from a three to five year baseline average. Kirby concluded that catch insurance of this type would be impractical, given that it would entail high administrative costs and would likely be unaffordable for most fishermen. (In fact, several years earlier a pilot project of catch insurance for herring weir fishermen in the Bay of Fundy was abandoned for these reasons.)

The Kirby Task Force did, however, recommend a Gross Revenue Stabilization Fund, similar in many ways to the recently implemented GRIP program for farmers. Funding for the program would come jointly from the federal government and producers. If average gross revenues for an individual enterprise fell below a moving five year average, then program payments would be triggered. Kirby saw this as the most flexible way to administer a stabilization program and recommended a pilot project be developed after more detailed studies were done.

More detailed studies (see, for example, *Grady and MacLean's* study for Fisheries and Oceans entitled "An Income Stabilization Program for Fishermen: Its Need, Feasibility and Cost" (1989)), concluded, however, that stabilization programs similar to agricultural models would not work well for fishermen because their average incomes were much less variable than farmers, and so the need for stabilization was less. And, the real problems facing fishermen were that their incomes were too low, certainly too low to support a stabilization program.

This point was reinforced in the Power Committee Report (*Report of the Inshore Fishermen's Industrial Adjustment Services Committee on the Feasibility of a Catch Failure Program for the Inshore Fishery of Newfoundland and Labrador* (1991)). In a background report Frank Corbett designed a catch failure model for fixed gear cod, with similar characteristics to agricultural stabilization models, except that it was designed to identify catch failures in small geographic areas. Catch failure was defined as any catch of fixed gear cod within a DFO statistical section that fell below a three year moving average of past landings. The revenue loss from catch

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failure, calculated as the landings shortfall, multiplied by the average price for cod, would be paid. Individual premiums and benefits would be based on individuals' incomes.

The cost of Corbett's catch failure model, calculated over a ten year period from 1980 to 1989, was an average of \$12.2 million a year. If self-financed, the program would have required an average annual premium of about \$3,000, or 30 per cent of average net income, per fisherman. Corbett concluded that such a program would not be affordable for most and many would likely want to opt out.

On the basis of Corbett's work, the Power Committee recommended changes to the existing system of UI in order to provide some stabilization from year to year.

- In areas where catch failure has occurred, fishermen would qualify for Unemployment Insurance if they have expended reasonable work effort defined as earning a minimum of five insurable weeks from fishing. (It was estimated that, even in years with the most severe catch failures, most were able to fish for five weeks.)
- Catch failure would be deemed to have occurred with a 20 per cent decline in catch in the current year, compared to a five-year moving average of previous years' landings. Catches would be calculated in statistical sections, inshore and nearshore, and for all species. To qualify for the program, fishermen would have to show that they normally fished in the section and they normally obtained at least 25 per cent of gross incomes from the catch deemed to have failed.
- Additional modifications to Fishermen's UI would be required to ensure that the program provided adequate incentives to work.

To encourage work effort after five weeks of fishing, only 70 per cent of the maximum Unemployment Insurance benefit would be paid after five weeks. In each additional week, the benefits would increase on the basis of the following simple formula.

Increasing Rate of Benefits, Power Committee Recommendations

Insurable Weeks	5	6	7	8	9	10
% of UI benefit	70	75	80	85	90	100

- To encourage fishing after ten weeks, fishermen could claim the best ten weeks regardless of how many they had earned, and "bank" the rest to be used in times of catch failure. This would provide an incentive to work beyond 10 weeks, even if they expected end-of-season declines in income.

The Committee noted the importance of targeting professional fishermen when providing catch failure assistance. Governments would likely reject out of hand proposals for catch failure programs that applied to all fishermen, simply because they would be so costly.

To recap, previous studies have hesitated to endorse stabilization programs for fishermen outside of UI because:

1. ***Previous studies concluded that the real problem with fishermen's incomes is that they are too low, not that they are too unstable. Some studies showed that fishermen's average incomes are lower, but do not show as much instability as farmers' incomes do.***

Previous studies of the variability of fishermen's incomes had examined landed values by geographical area as well as incomes by province or by regions. The individual experience over time was not examined. A more recent analysis of individual fishermen's incomes by the Secretariat of the Task Force on Incomes and Adjustment in the Atlantic Fishery show them to be highly variable.

The Task Force Secretariat examined the degree of instability by constructing a special longitudinal population of individual Atlantic fishermen's incomes who worked in the fishery from 1981 to 1990, and compared their variability to other sectors in the Atlantic economy. Individual incomes were shown to be highly variable. The results are presented in a forthcoming Task Force Secretariat report entitled "Measuring Income Stability". A summary comparison of the variability of incomes for fishing and non-fishing individuals is presented in Table 20 of Appendix C to the Task Force's final report.

The variability of employment income, (as measured by the coefficient of variation) was 50 per cent of the mean, well over twice the average in the Atlantic region. Newfoundland and Quebec fishermen had the highest variability over the decade. The instability problem was particularly severe for fishermen, given their earnings in 1990 were only 60 per cent as high as all employees in the Atlantic.

Atlantic fishermen's unemployment insurance benefits helped to reduce the instability of their incomes considerably, to about 30 per cent of the mean, by adding to their income base. Unemployment Insurance did not moderate the size of the swings around the mean, however: the standard deviation of total incomes for Atlantic harvesters, at \$6,000, was slightly higher than the standard deviation of employment earnings. Even with the addition of UI income, the variation of fishermen's total incomes was higher than the variation in earnings without UI for all employees in the Atlantic.

Therefore an examination of individual fishermen's incomes over several years would seem to indicate that stabilization programs, either through a modified UI or through a new program for enterprises, is a crucial element of income support.

2. *Previous studies concluded that fishermen often cannot afford to pay the premiums necessary to support an actuarially sound stabilization program.*

In today's fishery, most fishermen likely cannot afford to pay premiums necessary to support a self-financed stabilization program. As with farmers' stabilization programs, fishermen's stabilization programs would likely need seed money for governments to launch them. They would become more affordable as cost savings were realized from improvements to the existing Fishermen's UI. Stabilization for fishermen could be phased in over several years. First modifications to Fishermen's UI could be made; then an enterprise savings account created; later, a Gross Revenue Insurance Program similar to the one used by farmers could be phased in over several years.

A key element to the affordability of stabilization programs for fishermen is how the target population is defined.

In the past, the systems of licensing and registration by Fisheries and Oceans and of defining fishermen for UI purposes have not effectively limited entry to the fishery, and so have not identified the core group who have a long-term attachment to the fishery. In order to maintain a sound revenue base and to control pay-outs, a stabilization program must be able to define and to limit the benefits to this core group.

It is important to reiterate the necessity of creating the link between access to the resource and access to income support programs, through stabilization programs as well as through UI. The eligibility requirements for Fishermen's UI -- registration at the beginning of the season and participation during the season -- can also be the basis for eligibility to fishermen's stabilization programs.

3. ***Previous studies concluded that detailed data on revenues and incomes in the fishery have not been recorded systematically, and so unlike farmers, fishermen do not have an accurate historical database on which to design a stabilization program and provide estimates of its cost.***

In the next section of this report, the administration of fishermen's income support programs through an integrated registration and reporting system will be presented. One of the many benefits of this system will be the collection of accurate data on fishing activity that can provide the sound basis for designing and evaluating income stabilization programs.

5.1 Stabilization within Fishermen's UI

Unemployment Insurance is intended to provide a stabilizing element to worker's incomes because benefits are paid when an interruption of work occurs. However, the design of Fishermen's UI is such that they benefit only from this stabilizing element when a *seasonal* interruption in earnings occurs. Fishermen do not benefit when an interruption or a severe decline in earnings occurs during the fishing season as the result of poor weather conditions, ice, or catch failure, because they will not have accumulated enough weeks in the off-season to qualify for UI.

Indeed, the on-season, off-season design of fishing benefits may work *against* fishermen during catch failure, and create a de-stabilizing influence; if the season is cut short, or the value of the catch is low, fishing benefits could well be reduced.

A stabilizing element can be provided by overlaying on the existing system of Fishermen's UI, a credit system based on the fisherman's long-term participation in the fishery. The credits would be accumulated over several good seasons and would be applied towards insurable earnings when catch failure occurred or when the season had been shortened because of ice or bad weather. (A similar idea, based on insurable weeks, was suggested in the Power Committee Report (1991)).

Program Details:

INCOME STABILIZATION WITHIN FISHERMEN'S UI

1. All full-time professional fishermen who were eligible for seasonal fishing benefits would be able to accumulate credits. The credits would be based on the season's fishing earnings from at least the past five seasons.
2. The credits would be recorded and carried over to the next year to be counted towards insurable earnings in the event of catch failure or a shortened season due to poor weather or bad ice conditions.
3. Each credit would equal a portion of the season's earnings (say, one-tenth). For example, if a season's earnings were \$20,000, the credits for that year would be 2,000.
4. There would be an annual cap and a total cap on the number of credits accumulated. Once this cap was reached, no additional credits would be added until the existing credits were drawn down in a bad year.
5. Catch failure would be determined on the basis of the proportional decline of landings below the long-term average for a particular species and a particular area. Those who worked on an enterprise that was identified to have experienced catch failure, or whose season had opened late or closed early, would be eligible to draw on their credits
6. Those who worked on an enterprise with multi-species licences could draw a portion of their past credits depending on how the catch failure had affected their enterprise. The portion would be determined by the proportional value of landings that species had contributed to previous' years' income.
7. The credits would be added to the season's insurable earnings if there was a shortfall during a season of catch failure.

Impact of adding a stabilizing element to Fishermen's UI

- A credit system would provide an incentive to continue to fish beyond the minimum needed to qualify for off-season benefits, because only with several years' credits would fishermen be eligible for the stabilizing component of Fishermen's UI. There would also be a greater incentive to report accurately all insurable earnings.

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- Program savings would occur if *ad hoc* programs that are now used to provide assistance when catch failure occurs, or when the season is shortened, were replaced by this stabilizing element. The savings would occur because stabilization would be provided only to those who had a long-term commitment to the fishery, and only on the basis of their past effort.
- With a stabilizing element to Fishermen's UI, those whose income declined temporarily would continue to qualify for benefits based on their long-term attachment to the industry, even if they could not meet the 'minimum income' and 'minimum time worked' requirements for the season.

An example of how a system of accumulating credits might work within Fishermen's UI

Season's earnings in each of past five years	Credits accumulated each year	Credits to draw on after five years	Season's insurable earnings during catch failure	Benefits before counting credits	Benefits after counting credits
\$5,000	500	2,500	\$2,500	\$3,705	\$7,410
\$7,500	750	3,750	\$2,500	\$3,705	\$9,260
\$12,500	1,250	6,250	\$2,500	\$3,705	\$11,040
\$18,750	1,875	9,375	\$2,500	\$3,705	\$11,040
\$38,000	3,000	15,000	\$2,500	\$3,705	\$11,040

A cap of about 3,000 credits in a year would encourage work effort beyond what was required to achieve maximum benefits in a year, and still require several years' attachment to the fishery before a sufficient buffer was built up to protect adequately a fisherman from catch failure.

A cap of about 15,000 total credits would give fishermen enough to make up about half the potential shortfall in insurable earnings for three consecutive years. It would take at least five good years of fishing or more to achieve the maximum. Therefore longer term attachment to the fishery would provide better coverage.

5.2 Enterprise stabilization

Stabilization provided through a modified Fishermen's UI is a way of moderating fluctuations in incomes. Stabilization is also necessary for the fishing enterprise. When enterprise revenues fluctuate from season to season, owners run the risk of not covering the cost of their enterprise, and of losing their operation entirely.

FISHERMAN'S ENTERPRISE SAVINGS ACCOUNT

A savings fund similar to the farmers' Net Income Stabilization Account could be created for fishermen's enterprises. Enterprise owners would have an account in which they could make contributions each year up to a maximum amount. The fund could be drawn on when the enterprise's net income fell below a long-term average.

A savings fund of this kind would be somewhat like an RRSP, with the added feature that it would be for the enterprise, and that it would have special savings-incentive features. It would differ from the credit system described earlier in the paper in that would stabilize enterprise incomes (as opposed to individual fishermen's incomes), and that it would require contributions by those who participated.

Enterprise owners could contribute to the program in the years their enterprise incomes were above their long-run average. Withdrawals would be based on the shortfall in their own long-term enterprise incomes, so payments would be suited to the size of their enterprises. And, knowing that the future balance was theirs, participants would likely draw only if they really needed to.

A similar program could also be put into effect for crew members. Crew members would have their own accounts, with similar savings-incentive features as the enterprise savings accounts, but with contributions and pay-out rules based on individual rather than enterprise incomes.

Program details:

FISHERMEN'S ENTERPRISE SAVINGS ACCOUNT

1. Enterprise owners would each have a personal enterprise savings account. They could make deposits to this account in any year, and make withdrawals when their enterprise incomes fell below a certain level, or during retirement. No tax would be paid on the fund's balance and other incentives such as interest premiums or government contributions could be provided.
2. Participants could contribute up to a maximum each year, and up to a maximum total amount. The maximum total amount in the account would be about enough to stabilize enterprise incomes for about three consecutive years of catch failure.
3. When the enterprise's income fell below its long run average or below a trigger level, the fisherman could draw from the fund, up to the difference between current and long-run average income.
4. The enterprise owner would have the option to draw less than the maximum if he wished to. The balance would remain in the account until retirement.
5. Those who decided to withdraw from the program would not be able to withdraw any government contributions from their fund, and would pay deferred taxes on the portion they had contributed.

ENTERPRISE CATCH INSURANCE PROGRAM

Catch insurance for fishermen could, like farmers' GRIP be based at the individual enterprise level, and, like the Fishermen's Enterprise Savings Account, would be administered separately from the UI program.

Enterprises, rather than individual fishermen, would be covered. Insurance would vary for each type of species, depending on the long-term average landings and the historic moving average price for that species.

Enterprise owners would pay premiums for the landings they insured. Coverage would vary depending on the historical variation in the landings.

The feasibility of an Enterprise Catch Insurance Program could be determined with a pilot project, carried out with a select group of Atlantic fishermen.

Over the long-term, the program would require a proper reporting system to record systematically information on landings by enterprise. The program could be phased in by introducing benchmark target revenues for enterprises, and then adjusting the targets as more accurate information became available.

It is worth noting that the administration of a catch insurance program would be complex -- more so than an enterprise savings account or a credit system within Fishermen's UI -- because of the detailed information required to determine an enterprise's long-run average landings, total premium payments, and coverage ratios.

The success of the program would depend on the long-term participation of enterprise owners, and on how many of these could afford to pay the premiums.

Program details:

FISHERMEN'S REVENUE INSURANCE PROGRAM

- 1. For each enterprise, a record would be kept of the value of landings by species. From this record, the long-term average value of landings, by species for each enterprise would be calculated, based on the last 10-15 years of the enterprise's history.**
- 2. At the beginning of the season, the owner would insure his catch. Premium payments would be determined by the average value of past landings. Premium payments would be shared by the owner and the government. Insurance coverage would be lower, the more variable were past landings.**
- 3. The owner's target revenue for each species would be the long-term average landings, times the coverage ratio.**
- 4. If the total value of landings for the enterprise fell below the total target revenue, enterprise owners would receive a payment equal to the difference between the total target revenue and the total value of the landings for that year.**
- 5. Fishermen could opt out of the program on three years' notice, and could opt in on two years' notice. During the waiting period, premiums would be paid.**

6. PROGRAM ADMINISTRATION

The foundation of a targeted income support system for fishermen is an accurate, timely, efficient and consistent system for reporting activity in the fishery. This section develops an outline of an integrated registration and reporting system for fishing activity. The basic thrust is to define and streamline information requirements, to provide an effective channel for the management and transmission of this information, and to create a system that, through increased efficiency and streamlining, reduces administrative costs.

This system is required for the proper administration of government programs relating to the fishery. Only when departments are able to harmonize and reconcile their information bases will the integrity of their programs (and the cost-control of administering these programs) be assured.

The system should be designed to monitor the two elements of eligibility for Fishermen's UI through the Fish Landings Registry:

- registration (who can fish, who can sell fish), and
 - reporting (what was landed, its value, and who caught it)
- The integration of the system would occur at three levels:
1. by linking registration to reporting, through a system that records who has registered, and what their activity in the fishery has been
 2. by reconciling the information provided by different participants in the fishery
 3. by providing consistent information to government agencies responsible for administering programs related to the fishery.

The integrated registration and reporting system would be administered through existing structures, and would reduce duplication in information gathering.

The following counts of fishermen provided by the various government departments are an indication of the inconsistent information now collected by each department, and the unnecessary waste and duplication of information collection that this must entail.

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In 1990 the number of fishermen estimated by different government departments varied by as much as 27,000, or over 70 per cent of the minimum estimate. The difference was not just a matter of scale; the patterns of the various series differed considerably over the decade, indicating that each series gives a different indication of the trends over the period.

**Comparison of estimates of the number of fishermen,
1981-1990**

Year	Fisheries and Oceans	Employment and Immigration Canada	Task Force on Incomes and Adjustment in the Atlantic Fishery		
	Registered Fishermen	Fishermen Making UI Contributions	Self-employed Fishermen	Wage-earning Harvesters	Total Harvesters
1981	53,894	46,220	35,850	4,570	40,420
1982	53,078	45,150	36,320	4,930	41,250
1983	57,042	43,580	35,240	5,240	40,480
1984	59,152	39,590	35,690	6,190	41,880
1985	58,402	38,650	34,620	8,370	42,990
1986	62,579	40,580	37,230	9,870	47,100
1987	66,843	42,450	38,440	9,880	48,320
1988	67,957	41,040	38,180	10,150	48,330
1989	66,751	40,270	37,120	11,300	48,420
1990	64,246	37,550	34,410	11,650	46,060

Sources: *Fisheries and Oceans* Registered fishermen include full-time, part-time, bona-fide, commercial and trawlermen. *Employment and Immigration Canada, Fishermen* estimated on a ten per cent sample of those making UI premium contributions as per T4F. *Task Force* Self-employed fishermen are all tax-filers reporting T1 fishing income. Harvesters are all wage or salary earners employed in fish harvesting business entities (including aquaculture).

A large part of the difference stems from the different ways in which a fisherman is defined by each of the government departments. If, as suggested in this paper, a fisherman is defined in a way that relates access to the resource, to access to income support programs, then the definition will be more consistent. Access to

the resource, and access to income support programs would be steered through the same administrative channel -- the system of licensing and registration at the beginning of the fishing season. The creation of this channel will be the first step to the creation of an integrated registration and reporting system.

6.1 An integrated registration and reporting system

An integrated reporting system should streamline the information requirements of those directly involved in the fishery and in fisheries-related policy:

- *Professional fishermen*, for their financial and employment records
- *Buyers*, for their records of input costs and source deductions
- *Fisheries and Oceans*, to manage the resource, license fishermen and develop professionalization programs
- *Employment and Immigration Canada*, to determine eligibility for Fishermen's UI, estimate program costs, and develop new programs, and
- *Revenue Canada* for taxation and to determine the insurability of work.

"One-stop government reporting"

More consistent and accurate reporting will come with the creation of one, verifiable information source.

- Fishermen and buyers would have a consistent system for settlements.
- The Departments of Fisheries and Oceans, Revenue Canada, and Employment and Immigration Canada would have a common information base for coordinating current and planning future policies.
- The private sector and governments would have a common interface.

Greater accuracy comes with a system where information can be reconciled between those who have an interest in over-reporting the information and those who have an interest in under-reporting the number. In this way, the tendency to under-report and to over-report will be balanced, and the information can be cross-checked. For example, consistent information would be required by those who might have an interest in under-reporting, or over-reporting fish landings.

Potential Reporting Biases of Fish Landings

Tendency to under-report	Tendency to over-report
<ul style="list-style-type: none"> • Fishermen and buyers to DFO, in order to bypass quotas • Fishermen to Revenue Canada to reduce income tax liabilities • For the determination of workmen's compensation payments and boat loan repayments to provincial governments 	<ul style="list-style-type: none"> • Fishermen to buyers to increase fishing income • Fishermen to Employment and Immigration Canada, to increase UI benefits • Buyers to Revenue Canada, for expense deductions for calculating income taxes

The potential for manipulating reporting of income so as to maximize UI benefits would be reduced considerably with an integrated system. For example, manipulating sharing arrangements to maximize UI benefits or selling the catch in others' names would show up in higher reported fishing incomes, and thus higher income tax liabilities.

One-stop government reporting can also improve the timeliness of information flows. The integrated system allows consistent information to be compiled more quickly; a common technology to be used for data input, storage and retrieval; and easier access of relevant data by those involved in the fishery and in fisheries policy.

The central information source could be the *Fish Landings Registry*. The Fish Landings Registry would be the reporting system for all transactions between fishermen and buyers -- landings, fish prices, income and employment. The registry could be located in Fisheries and Oceans area offices. In certain fisheries it might be appropriate to locate the registry in designated landing sites.

A single reporting system for landings, income and employment would transfer the record-keeping responsibilities from the many buyers to one Fish Landings Registry. Records of the transactions in each locale would be consolidated through the Registry.

The process for recording information in the Registry would link the registration at the beginning of the season and the transactions between the registered fishermen and buyers during the season.

Program details:

INTEGRATED REGISTRATION AND REPORTING SYSTEM

1. Fishermen would register at the beginning of the season. The name of those who were registered at the beginning of the season, and who were eligible to sell fish, would be provided to the Fish Landings Registry. This is a major change from the current system, in which anyone can sell to a local buyer. Having one registered seller per enterprise would provide consistent records of fishermen's incomes, buyers' input costs and fish landings.

During the season, the names of those who registered as replacement workers would also be provided to the Registry.

Skippers would record sharing arrangements on their enterprise at the beginning of the season, and make any changes during the season.

2. The Fish Landings Registry could create a consolidated information base from the Record of Transactions.

The *Record of Transactions* would have three parts.

- Enterprise information would include the value and volume of landings, the type of enterprise and registration/licensing information.
- Crew information would include names, addresses, and registration numbers of the entire crew, and their status on the enterprise.
- The sharing arrangement would indicate the shares of crew members of the catch, the gross earnings of each fisherman, payroll deductions such as UI, and, where applicable, CPP, or income taxes, net pay, and earnings eligible for Fishermen's UI.

The Record of Transactions would be signed and confirmed by whoever was responsible for direct payments to the crew. In some cases it would be the owner-operators, and in others, the fish buyer.

At the end of the season, the Registry would complete a summary of fishing income and activity that would serve as the basis for determining insurable income and T4F income.

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The first stage for the development of an integrated registration and reporting system would be the identification by government departments and the fisheries industry of their information requirements and the harmonization of the definitions of the key income and activity variables they need. The information requirements would then determine the appropriate information technology, the interface among users and the data verification techniques.

The Registry could be designed to be partially or entirely centralized and automated, depending on:

- whether the necessary checks and balances could be developed to ensure privacy of information for the industry
- the actual cost savings of time and dollars of moving to a more centralized, automated system
- the possibility of cooperation among government departments to harmonize the existing information systems
- the commitment by governments to invest in new technology and training of users
- the interest in fishermen and buyers of using the system to record and reconcile their own transactions.

Some of these issues were discussed in a background report for the Task Force by Price Waterhouse, entitled "Feasibility Analysis of an Integrated Registration and Reporting System."

7. INCOME SUPPORT FOR FISH PLANT EMPLOYEES

Previous sections of this paper suggested that Fishermen's Unemployment Insurance be modified to reflect the circumstances in which fishermen work. Fish plant employees face similar circumstances: their work is seasonal and their earnings typically are low and uncertain. Income support for fish plant employees is discussed separately in this section, because they receive Regular Unemployment Insurance, and so are part of the much larger system targeted to all wage-earning Canadians.

The material in this section is based on the background paper prepared on behalf of L'Association Cooperative des Pecheurs de L'ile Lteé by GTA Consultants (1993) entitled "Income Stabilization Project for Fish Plant Employees" and made available to the Task Force.

The two changes proposed in this section would have a significant impact on the activity, incomes and UI benefits of fish plant employees. A three year pilot project could be conducted within an Atlantic fish plant, to evaluate the changes and make necessary refinements before they were implemented in the Regular UI system.

7.1 The fish processing sector

Fish products are perishable, and must be processed quickly if their quality is to be assured. Therefore fish processing industries must tailor their operations to the availability of the resource, which is seasonal, and varies within the season.

Seasons vary by region and by species, and so a company that processes many species may have several peaks during the season. During the season, landings may fluctuate because of bad weather or unpredictable migrations of the catch.

To accommodate the fluctuations in the harvest, fish processing plants need a flexible work force, one that is willing to work overtime during peak periods, and still be prepared to work when the landings are much lower. During peak periods, it is not uncommon for workers's weekly hours to range from sixty hours at the beginning of the season, to twenty hours, or less, later in the season.

7.2 Shortcomings of the existing system

Some features of the current of Regular Unemployment Insurance program create disincentives for plant workers to work the full season and to accept all work that is offered them during the season:

- Benefits are based on a percentage (57% in 1993) of average wages during the last twenty insurable weeks. At the beginning of the season, workers are willing to work the overtime, so as to achieve the highest weekly insurable earnings possible. However, if they work during a "small week" their weekly wages will be lower than average, and workers risk lowering the weekly benefits they would receive during the off-season.

Once plant workers achieve the minimum qualifying period, which can be as low as ten weeks, they may stop working than risking lower benefits.

- All earnings over a 15 hour week are insurable, and all money earned over 25% of total benefits can be deducted dollar-for-dollar from benefits received.

Not only would a "small week" reduce average benefits, it could also reduce, dollar-for-dollar, benefits that would have been received during that week if employees had not worked at all.

The cost of working the "small weeks" is high for fish plant workers. Their wages typically are quite low, and so short weeks could well translate into benefits well below the maximum.

The current UI system has contributed to a work pattern in which employees are unwilling to work more than 15 hours unless they can be guaranteed a forty hour week. Attempts by plant employees to avoid working these small weeks have been manifested in high absenteeism rates, and high turnover of workers who have achieved the minimum number of "big weeks" necessary to qualify for Fishermen's UI. For employers, this means that more people need to be employed to process the same amount of fish.

The cost to plant employers of high absenteeism and high turnover is significant. Not only do companies face higher costs of recruiting and personnel, at times they may have to refuse to buy fish, or throw away fish because they cannot find enough people to do the processing. Fish plants become less productive, too: a workforce with high turnover cannot work to full capacity because the workers do not have the experience to do the job well, and employers are more reluctant to invest in training for them. The problem has become more severe with the decline in fish stocks in the past few years.

7.3 Approaches to improve Unemployment Insurance for plant workers

Changes to the current system of UI should:

1. encourage employees to work longer and to be available for brief work assignments, and ensure their income will be higher if they do.
2. encourage employers and employees to set up and participate in training programs to improve skills within the plant and provide career options outside the plant.
3. be simple to administer, without an increase in costs.

If all hours were counted as insurable, then fish plant workers would no longer be penalized for working "short weeks", and absenteeism and turnover would decline. Plants would be able to rationalize their workforce, with the accompanying productivity improvements. With a more committed workforce, employers would have a greater incentive to invest in training programs.

Such a change would not complicate the administration of UI; indeed, reporting would be simplified because it would be a closer parallel to payroll administration within a plant. With a smaller, more productive workforce, the UI benefits associated with each plant would likely decline.

Training would be more likely to succeed after the workforce within plants was rationalized and employers could be assured of a more committed work force; it would also be crucial in order to provide new skills for those who were no longer employed in fish processing after rationalization.

The change of UI design from insured weeks to the accumulation of hours, combined with a training program, could be evaluated with a three year pilot project, to be undertaken in an Atlantic fish plant.

The pilot project would not only lay the groundwork for improvements to income support for fish plant employees; it would also set an example for potential changes to be adopted for all seasonal workers who receive Regular Unemployment Insurance.

Program details

UNEMPLOYMENT INSURANCE FOR FISH PLANT EMPLOYEES

- 1. *Employees would be insured on the basis of the hours they worked during the season, rather than on the basis of the insured week.***

A similar change was proposed earlier in this paper for Fishermen's UI.

- 2. *Changes to UI would be reinforced by training programs.***

- *Basic education.*

Literacy and numeracy training would be a prerequisite to other forms of training. A locally based, self-directed, computer assisted system similar to PLATO, (now used by Newfoundland's FFAW fishermen) might be considered.

- *Training in plant-related skills.*

Training would emphasize multiple competencies to increase flexibility and cooperation among the workforce. It would be linked to a certification system and potential career paths within the industry.

- *Preparation for other careers.*

A strong element would be counselling, and participation of employees in the design of the training systems.

- *Training to change the working culture to develop new attitudes, relationships motivations and expectations.*

8. CONCLUSION

This paper examined how the current system of income support for Atlantic fishermen could be improved to better meet their needs over the long run.

Three elements of an improved system were discussed.

First, ways to improve the design of Fishermen's Seasonal unemployment Insurance, by better targeting programs to the full-time professionals, and by creating a better match between productive work effort in the fishery and measures of income and effort in UI legislation, were presented.

Improvements to the design of Fishermen's UI would accomplish several things.

- The program would be focussed more directly on those who had a valid attachment to the fishery, and away from those with only a marginal, or no, attachment.
- The program would be less costly, and potential design improvements easier to identify.
- The program would encourage productive fishing effort.
- The program would be more flexible, and so better meet the varied needs of fishermen among regions, and from year to year.

Second, the possibility of adding an element of income stabilization was explored, through three possible avenues. Fishermen's Unemployment Insurance could be modified to provide additional protection during interruptions of earnings due to catch failure. A Fishermen's Enterprise Savings Account could be created so that enterprise owners had an instrument to smooth fluctuations in their enterprise incomes. And, a Fishermen's Catch Insurance Program would provide a stabilizing element when enterprise revenues fell below a target level. These programs would need to be phased-in, in sequence, as they became more affordable and as more data on the stability of fishermen's incomes and enterprise landings became available.

The addition of a stabilization element to fishermen's income support programs would reduce the necessity for often ineffective and often expensive ad hoc programs that governments inevitably resort to when catch failure occurs.

Third, an integrated registration and reporting system for income and activity in the fishery was presented. The system would be a crucial element in controlling costs of the program and ensuring the timeliness and integrity of information on the fishery so that fisheries policy could be better delivered and further developed.

APPENDIX 1

Estimated impacts of selected income support proposals

As part of the process of evaluating income support options, a number of simulations were conducted on selected options. The simulation results are based on UI Administrative data for 1990 and Employment and Immigration's model of fishing benefits, maintained by Paul Touesnard of the Policy and Program Analysis Branch.

Care should be taken in interpreting the simulation results. The data concepts used by Employment and Immigration to define fishermen and their income are very different from those used by the Task Force Secretariat. The UI Administrative data defines fishing income according to what is reported as gross fishing income on the T4F slips, whereas the Task Force uses a net income concept from taxfiler (T1) data.

What the simulation results provide are broad-brush estimates of the impacts of policy changes on total fishing benefits, and on the number of people receiving those benefits. Three of the numerous simulation experiments that were conducted are reported here.

1. The impact of giving access to fishing benefits only to registered full-time professional fishermen who have demonstrated a reasonable fishing effort during the season. Discussions with fishermen's groups revealed that a reasonable proxy for full-time professional fisherman would be those whose fishing income made up at least 75% of their total earned income.
2. The impact of setting a minimum seasonal income requirement. The impact of setting a \$2,500 minimum and a \$5,000 minimum were examined. Again, it is worth noting that the income concept is very different in EIC's model, and so results are not strictly comparable to the data compiled by the Task Force.
3. The impact of taxing back the UI received by high income fishermen, and earmarking the funds for a stabilization program. A tax-back was set at 25¢ for every dollar earned over \$28,000, so that if maximum benefits were received, all UI benefits would be taxed back for incomes over about \$60,000.

Table 1
TOTAL NUMBER OF ATLANTIC FISHERMEN WITH T4F INCOME
1990

	Number of Fishermen	Average Gross T4F Income \$	Average Fishing Benefits \$	Total fishing Benefits \$millions
Atlantic	40,000	\$16,900	\$4,900	\$197
Newfoundland	17,400	\$12,200	\$5,100	\$ 89
PEI	3,200	\$15,100	\$5,300	\$ 17
Nova Scotia	12,700	\$22,500	\$4,500	\$ 57
New Brunswick	3,800	\$20,100	\$5,000	\$ 19
Quebec	2,800	\$18,900	\$5,400	\$ 15

Source: UI administrative data and model of fishing benefits

Forty thousand Atlantic fishermen are recorded as having fishing income in the calendar year of 1990, in the Employment and Immigration model.

Average T4F gross fishing income (defined as the value of the catch sold to buyers) was \$17,000 in the Atlantic region. Newfoundland's T4F gross fishing income was just over \$12,000.

Average fishing benefits for the calendar year were about \$5,000 for all provinces.

Total fishing benefits paid in the Atlantic were \$197 million in the 1990 calendar year. (The value of the benefits for those who made a claim in 1990 was somewhat higher, because some of the claims would have been paid in 1991). Slightly less than half of the benefits were paid to Newfoundland fishermen.

TABLE 2
IMPACT OF RESTRICTING ACCESS TO FISHERMEN'S UI
TO THOSE WHO ARE:
REGISTERED PROFESSIONAL FISHERMEN AND WHO MEET A
MINIMUM INCOME REQUIREMENT

	Base line	RESTRICT ACCESS TO	ESTABLISH MINIMUM INCOME REQUIREMENT FOR	
		Registered fishermen	Professional with incomes* >\$2,500	Professional with incomes* >\$5,000
Atlantic	\$197 mill. 40,000 fishers	\$181 mill. 28,630 fishers	\$170 mill. 24,980 fishers	\$160 mill. 22,770 fish.
Nfld.	\$89 mill. 17,400 fishers	\$81 mill. 12,250 fishers	\$77 mill. 10,710 fishers	\$69 mill. 9,200 fishers
PEI	\$17 mill. 3,200 fishers	\$16 mill. 2,260 fishers	\$14 mill. 1,840 fishers	\$13 mill. 1,700 fishers
Nova Scotia	\$57 mill. 12,700 fishers	\$53 mill. 9,150 fishers	\$51 mill. 8,210 fishers	\$50 mill. 7,850 fishers
New Brunswick	\$19 mill. 3,800 fishers	\$18 mill. 2,860 fishers	\$17 mill. 2,490 fishers	\$17 mill. 2,400 fishers
Quebec	\$15 mill. 2,800 fishers	\$14 mill. 2,110 fishers	\$12 mill. 1,730 fishers	\$11 mill. 1,620 fishers

Source: UI administrative data and models, 1990 *Gross T4F fishing income

The impact of restricting access to registered professional fishermen and of establishing a minimum income requirement are presented in this table. The number of fishermen and their benefits are compared to the "base line", of 40,000 fishermen and \$197 million in benefits. The registered professional fisherman is defined for the purposes of this analysis as one who has earned at least 75% of his income from fishing.

Restricting access would reduce the number of beneficiaries by about 11,000, to 28,630 and reduce UI payments by about \$16 million. The reduction in people and benefits would be fairly evenly distributed across provinces.

Income Support for Atlantic Fishermen

The combination of restricting access to registered professional fishermen and establishing a minimum income cutoff of \$2,500 would reduce the number of fishermen by a further 4,000, and UI benefits by a further \$11 million, with reductions again fairly evenly distributed across provinces.

However, if a \$5,000 minimum income requirement were established, the lion's share of the reductions in people and benefits would be in Newfoundland.

TABLE 3
ESTIMATED FULL-TIME PROFESSIONAL
FISHERMEN BY PROVINCE, COMPARED TO ALL
THOSE EARNING FISHING (T4F) INCOME
Number of fishermen, Average T4F Gross Fishing Income,
and Average Fishing Benefits, 1990

	Estimated Full-time registered fishermen	As a per cent of total	Avg. T4F Gross Fishing Income	As a per cent of income of total	Average fishing benefits
Atlantic	28,630	72%	\$22,214	131%	\$6,337
Nfld.	12,250	70%	\$16,194	133%	\$6,580
PEI	2,260	70%	\$20,285	134%	\$7,120
NS	9,150	70%	\$29,447	131%	\$5,809
NB	2,860	72%	\$25,394	126%	\$6,237
Quebec	2,110	75%	\$23,582	125%	\$6,516

Source: UI administrative data

The estimated number of registered full-time professional fishermen, based on the "75% fishing income proxy" is about 70 per cent of the total number of Atlantic fishermen. The proportions of estimated professional fishermen is about constant across provinces.

On average gross T4F earnings are over \$5,000 higher, or about 30 per cent, than the entire base sample. Fishing earnings in Newfoundland and PEI increase relative to the base somewhat more than average.

Average fishing benefits are over \$6,000 with the highest level in PEI.

TABLE 4
SAVINGS FROM RESTRICTING ACCESS TO FISHING BENEFITS AND
EARMARKING BENEFITS OF HIGH INCOME FISHERMEN
FOR A STABILIZATION FUND

	Savings from restricting access to Fishermen's UI*	Tax-back for fishing income \$28-60,000	Tax-back for fishing income >\$60,000	Total savings
Atlantic	\$27 mill.	\$10 mill. savings from 4,980 fishers	\$15 mill. savings from 2,040 fishers	\$52 mill.
Nfld.	\$12 mill.	\$3 mill. savings 1,040 fishers	\$4 mill. savings 490 fishers	\$19 mill.
PEI	\$3 mill.	\$2 mill. savings 580 fishers	\$1 mill. savings 120 fishers	\$ 6 mill.
Nova Scotia	\$6 mill.	\$4 mill. savings 2,180 fishers	\$7 mill. savings 1,100 fishers	\$17 mill.
New Brunswick	\$2 mill.	\$1 mill. savings 770 fishers	\$1 mill. savings 200 fishers	\$4 mill.
Quebec	\$3 mill.	\$1 mill. savings 410 fishers	\$1 mill. savings 130 fishers	\$ 5 mill.

Source: UI administrative data, 1990. *Restricting access to: professional fishermen (defined as those who earn 75% of income from fishing) and who also meet a minimum income requirement of \$2,500.

For professional fishermen with T4F incomes over \$28,000, every dollar of fishing benefits over \$28,000 would be "taxed back" at 25¢ on the dollar, to be frozen in fishermen's accounts until their net incomes fell below a threshold level. For those with incomes over \$60,000, their entire benefits would be frozen in their accounts. The saving in total benefits under the "tax-back" would be \$25 million. Ten million would come from fishermen in the \$28,000 to \$60,000 range, and \$15 million from those with incomes over \$60,000. This savings would translate into an average of about \$3,500 per "taxed-back" fisherman. In addition, there would be \$27 million in savings from targeting fishermen's programs to the professional fishermen making over \$2,500 gross fishing income, funds that could also be redirected to a stabilization program.

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