



Government
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Fisheries
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Pêches
et Océans

FISHERIES IMPROVEMENT LOANS ACT

Annual Report

1977-78

170919



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Cat. No. F1-20/1978

ISBN 0-662-50179-9



Associate Deputy Minister
Fisheries and Environment Canada

Sous-ministre associé
Pêches et Environnement Canada

October 26, 1978

The Honourable Roméo LeBlanc, P.C., M.P.
Minister of Fisheries and the Environment
House of Commons
Ottawa, Ontario

Dear Mr. LeBlanc:

I have the honour to submit to you the Annual
Report of Operations under the Fisheries Improvement Loans
Act for the year ended March 31, 1978.

Yours very truly,

A handwritten signature in cursive script that reads "Donald D. Tansley".

Donald D. Tansley
Associate Deputy Minister of
Fisheries and the Environment

22nd ANNUAL REPORT of the operations under the Fisheries Improvement Loans Act

The Fisheries Improvement Loans Act came into force in December 1955, for an initial period of three years and was subsequently amended from time to time to remain in effect for additional lending periods. The current lending period expires June 30, 1980.

The purpose of the legislation is to facilitate availability of intermediate and short-term credit to fishermen for the improvement or development of fisheries enterprises. To this end, the Act authorizes the Minister of Fisheries and the Environment to guarantee against loss, term loans made to fishermen by chartered banks and other lenders designated by the Minister, for a wide range of fisheries improvement projects.¹

The main purposes for which Fisheries Improvement Loans could be made during the year under review were:

- purchase or construction of fishing vessels and equipment;
- major repair or overhaul of fishing vessels;
- construction, repair or alteration of buildings required by a primary fishing enterprise; and
- general works for development or improvement of a primary fishing enterprise.

The repayment term of a loan depends largely upon the amount borrowed and the particular circumstances of the borrower. The repayment period is subject to a maximum period of ten years.² Fisheries Improvement Loans must be secured and borrowers are required to provide a certain portion of the cost of a purchase or a project from their own resources.

Until June 30, 1977, the maximum amount of guaranteed loans which a borrower could have outstanding under the program was \$50,000. As of July 1, 1977, the maximum amount of loans that could be outstanding at any one time was raised to \$75,000.

1. The responsibilities for the administration of the Fisheries Improvement Loans Act were transferred from the Minister of Finance to the Minister of Fisheries and the Environment effective June 1, 1978.

2. Prior to March 1, 1978, the maximum repayment period allowed in the case of loans for the purchase of vehicles was 3 years. The restriction was removed on that date by means of an amendment to the Regulations.

FISHERIES IMPROVEMENT LOANS ACT

Prior to March 1, 1978, the maximum rate of interest payable on loans made under the Fisheries Improvement Loans Act was revised at six-month intervals on April 1 and October 1 in accordance with a formula contained in the Regulations. Under this formula, rates were established on the basis of Government bond yields plus 1%. Under an amendment to the formula which came into effect on March 1, 1978, the maximum rate of interest chargeable on loans made under the program is based on, and varies with, the prime lending rates of the chartered banks, plus 1%.

Maximum interest rates applicable prior to March 1 were as follows:

April 1 to September 30, 1977	9%
October 1, 1977 to February 28, 1978	8¾%

Review of 1977-78 Lending

During the fiscal year ended March 31, 1978, 927 loans amounting to \$18.8 million were made. Loans for the purchase or repair of vessels or boats accounted for 76.6% of loan disbursements, loans for building and construction accounted for 16.9% and loans for fishing equipment accounted for 6.5%. The average size of individual loan was \$20,313.

From inception of the program in 1955 to March 31, 1978, 10,003 loans amounting to \$92.7 million were made. During the same period, payments were made to lenders under the guarantee provision in respect of 96 claims amounting to \$559,136, of which \$23,014 has been recovered.

Appended to this Report are tables showing a summary of operations from inception to March 31, 1978 and details of the lending operations for the fiscal year 1977-78.

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TABLE 1

**Summary of Operations
From Inception to March 31, 1978**

Fiscal Year	Loans Made		Average size of Loan	Claims Paid		Recoveries of Claims Paid
	No.	Amount		No.	Amount	
December 12, 1955 to March 31, 1957	305	\$ 335,196	\$ 1,099	—	—	\$ —
April 1, 1957 to March 31, 1958	136	149,960	1,103	—	—	—
April 1, 1958 to March 31, 1959	144	177,040	1,229	1	278	—
April 1, 1959 to March 31, 1960	127	170,382	1,342	—	—	—
April 1, 1960 to March 31, 1961	142	217,296	1,530	—	—	—
April 1, 1961 to March 31, 1962	179	283,808	1,586	2	338	—
April 1, 1962 to March 31, 1963	144	214,816	1,492	—	—	—
April 1, 1963 to March 31, 1964	202	368,229	1,823	—	—	—
April 1, 1964 to March 31, 1965	238	459,648	1,931	—	—	—
April 1, 1965 to March 31, 1966	341	1,097,962	3,220	3	1,894	—
April 1, 1966 to March 31, 1967	348	1,420,539	4,082	2	1,433	46
April 1, 1967 to March 31, 1968	280	1,273,924	4,550	1	600	—
April 1, 1968 to March 31, 1969	202	1,103,491	5,463	2	2,347	—
April 1, 1969 to March 31, 1970	360	2,579,005	7,164	3	6,510	3,891
April 1, 1970 to March 31, 1971	467	3,299,641	7,066	2	8,000	—
April 1, 1971 to March 31, 1972	692	5,296,814	7,654	—	—	—
April 1, 1972 to March 31, 1973	910	7,070,356	7,769	4	10,532	750
April 1, 1973 to March 31, 1974	1,152	10,762,552	9,342	4	16,613	878
April 1, 1974 to March 31, 1975	933	12,420,268	13,312	3	10,785	3,409
April 1, 1975 to March 31, 1976	920	12,839,670	13,956	11	52,236	—
April 1, 1976 to March 31, 1977	854	12,349,366	14,461	16	45,591	5,603
April 1, 1977 to March 31, 1978	927	18,830,481	20,313	42	401,979	8,437
Total	10,003	92,720,444	9,269	96	559,136	23,014

Note: Data on loans made since April 1, 1974 differ from that shown in the 1976-77 Report because it includes lending reported since publication of that Report.

TABLE 2**Loans and Repayments to Lenders**

Period	Loans Made	Repayments*	Balance of Loans Payable to Lenders
	\$	\$	\$
Period 1: December 12, 1955 to June 30, 1965	2,650,865	2,650,865	Nil
Period 2: July 1, 1965 to June 30, 1970	8,025,341	7,888,276	137,065
Period 3: July 1, 1970 to June 30, 1971	3,798,934	3,582,058	216,876
Period 4: July 1, 1971 to June 30, 1974	23,958,640	20,232,891	3,725,749
Period 5: July 1, 1974 to June 30, 1977	38,738,792	13,646,437	25,092,355
Period 6: July 1, 1977 to June 30, 1978 (As at March 31, 1978)	15,547,872	132,305	15,415,567
Total	92,720,444	48,132,832	44,587,612

*Includes principal of claims under the Government Guarantee.

TABLE 3

Loans Classified by Provinces and Lenders

Province	Bank of Montreal		Bank of Nova Scotia		Royal Bank of Canada		Toronto Dominion Bank		Mercantile Bank of Canada		Canadian National Bank		Provincial Bank of Canada	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		\$		\$		\$		\$		\$		\$		\$
British Columbia	62	1,842,370	36	992,732	109	3,412,751	97	3,569,855	—	—	—	—	—	—
Alberta	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Saskatchewan	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Manitoba	—	—	2	9,100	—	—	—	—	—	—	—	—	—	—
Ontario	—	—	1	54,000	1	50,000	4	87,897	—	—	—	—	—	—
Quebec	1	27,600	—	—	—	—	—	—	—	—	—	—	—	—
New Brunswick	1	5,500	13	138,117	—	—	—	—	—	—	—	—	2	7,350
Nova Scotia	18	267,970	60	456,182	6	34,851	4	60,000	—	—	—	—	—	—
Prince Edward Island	—	—	6	23,625	—	—	—	—	—	—	—	—	1	2,520
Newfoundland	82	275,904	90	365,511	8	22,450	—	—	—	—	—	—	—	—
Northwest Territories	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Yukon	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	164	2,419,344	208	2,039,267	124	3,520,052	105	3,717,752	—	—	—	—	3	9,870

TABLE 3 (Cont'd)

Loans Classified by Provinces and Lenders

Province	Lenders		Canadian Imperial Bank of Commerce		Bank of British Columbia		Unity Bank		Total Chartered Banks		Credit Unions		Total Other than Chartered Banks		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
British Columbia	149	\$ 4,591,169	17	\$ 613,680	—	—	470	\$ 15,022,557	26	\$ 1,283,900	26	\$ 1,283,900	496	\$ 16,306,457		
Alberta	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Saskatchewan	2	11,000	—	—	—	—	2	11,000	—	—	—	—	2	11,000		
Manitoba	—	—	—	—	—	—	2	9,100	—	—	—	—	2	9,100		
Ontario	—	—	—	—	—	—	6	191,897	—	—	—	—	6	191,897		
Quebec	—	—	—	—	—	—	1	27,600	—	—	—	—	1	27,600		
New Brunswick	—	—	—	—	—	—	16	150,967	—	—	—	—	16	150,967		
Nova Scotia	45	282,673	—	—	—	—	133	1,101,676	—	—	—	—	133	1,101,676		
Prince Edward Island	58	258,472	—	—	—	—	65	284,617	7	34,437	7	34,437	72	319,054		
Newfoundland	19	48,865	—	—	—	—	199	712,730	—	—	—	—	199	712,730		
Northwest Territories	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Yukon	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Total	273	5,192,179	17	613,680	—	—	894	17,512,144	33	1,318,337	33	1,318,337	927	18,830,481		

TABLE 4

Loans Classified by Provinces and Purposes

Province	Fishing & Equipment		Boats, Engines & Repairs		Building & Construction		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		\$		\$		\$		\$
British Columbia	54	448,244	376	12,861,722	66	2,996,491	496	16,306,457
Alberta	—	—	—	—	—	—	—	—
Saskatchewan	—	—	2	11,000	—	—	2	11,000
Manitoba	2	9,100	—	—	—	—	2	9,100
Ontario	1	4,697	3	93,200	2	94,000	6	191,897
Quebec	—	—	1	27,600	—	—	1	27,600
New Brunswick	8	44,355	7	101,112	1	5,500	16	150,967
Nova Scotia	33	109,380	97	944,941	3	47,355	133	1,101,676
Prince Edward Island	30	98,400	36	194,269	6	26,385	72	319,054
Newfoundland	138	507,579	58	197,537	3	7,614	199	712,730
Northwest Territories	—	—	—	—	—	—	—	—
Yukon	—	—	—	—	—	—	—	—
Total	266	1,221,755	580	14,431,381	81	3,177,345	927	18,830,481

TABLE 5
Loans for Fishing Equipment

Province	Nets and Traps		Radio/ Electronic Equipment		Vehicles		Other Equipment		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		\$		\$		\$		\$		\$
British Columbia	10	102,490	10	32,738	6	37,210	28	275,806	54	448,244
Alberta	—	—	—	—	—	—	—	—	—	—
Saskatchewan	—	—	—	—	—	—	—	—	—	—
Manitoba	—	—	—	—	2	9,100	—	—	2	9,100
Ontario	—	—	—	—	1	4,697	—	—	1	4,697
Quebec	—	—	—	—	—	—	—	—	—	—
New Brunswick	6	38,210	—	—	1	4,200	1	1,945	8	44,355
Nova Scotia	8	30,363	13	35,994	1	4,527	11	38,496	33	109,380
Prince Edward Island	—	—	—	—	28	93,150	2	5,250	30	98,400
Newfoundland	71	225,815	1	2,660	51	230,383	15	48,721	138	507,579
Northwest Territories	—	—	—	—	—	—	—	—	—	—
Yukon	—	—	—	—	—	—	—	—	—	—
Total	95	396,878	24	71,392	90	383,267	57	370,218	266	1,221,755

TABLE 6

Loans for Various Fisheries Improvement Purposes

Province	Purchase of Boats/Vessels		Purchase of Engines		Repair/Overhaul		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
British Columbia	311	\$ 12,150,425	28	\$ 264,575	37	\$ 446,722	376	\$ 12,861,722
Alberta	—	—	—	—	—	—	—	—
Saskatchewan	2	11,000	—	—	—	—	2	11,000
Manitoba	—	—	—	—	—	—	—	—
Ontario	3	93,200	—	—	—	—	3	93,200
Quebec	—	—	—	—	1	27,600	1	27,600
New Brunswick	5	95,230	1	4,132	1	1,750	7	101,112
Nova Scotia	79	863,846	12	60,995	6	20,100	97	944,941
Prince Edward Island	26	172,442	9	20,127	1	1,700	36	194,269
Newfoundland	13	144,013	35	43,106	10	10,418	58	197,537
Northwest Territories	—	—	—	—	—	—	—	—
Yukon	—	—	—	—	—	—	—	—
Total	439	13,530,156	85	392,935	56	508,290	580	14,431,381

TABLE 7**Loans for Building and Construction**

Province	No.	Amount
		\$
British Columbia	66	2,996,491
Alberta	—	—
Saskatchewan	—	—
Manitoba	—	—
Ontario	2	94,000
Quebec	—	—
New Brunswick	1	5,500
Nova Scotia	3	47,355
Prince Edward Island	6	26,385
Newfoundland	3	7,614
Northwest Territories	—	—
Yukon	—	—
Total	81	3,177,345