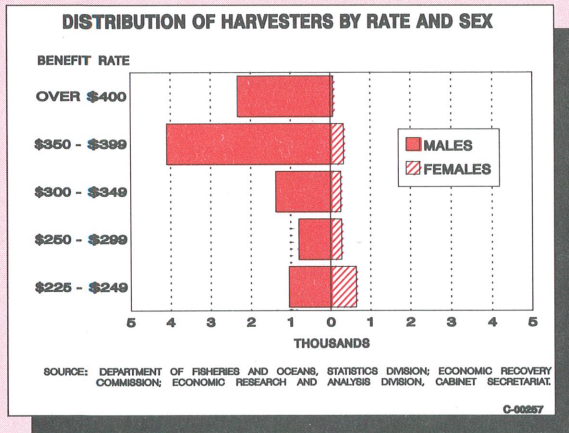


Northern Cod Moratorium Support Programs

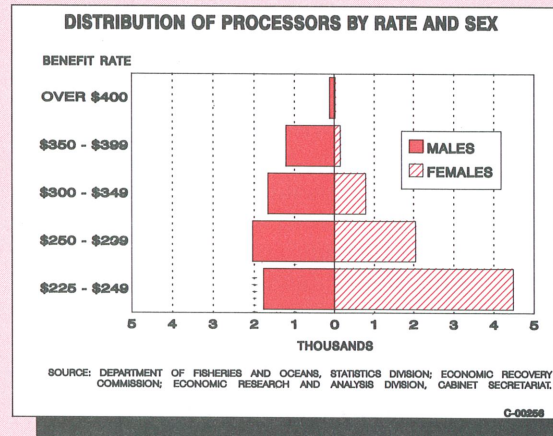
On July 2, 1992 the Federal Minister of Fisheries announced a moratorium on the northern cod fishery, initiating action unparalleled in the Province's history. The moratorium brought to an end all directed fishing activity related to the northern cod stock in NAFO divisions 2J+3KL.

Following the declaration of the moratorium the Minister instituted the *Northern Cod Adjustment and Recovery Program* (NCARP), an income support program designed to replace income lost in the fishing industry directly as a result of the ban on northern cod. The program began August 1, 1992 and is scheduled to be in place until May 1994. NCARP payments are based on weekly UI benefits received over the three years prior to the ban on fishing. Individuals already receiving UI are expected to continue doing so until their UI benefits have been exhausted and those who are eligible are expected to file for UI as in the past. In cases where the NCARP entitlement is greater than the UI entitlement, NCARP has a provision that allows it to equalize any recipient's benefit level to at least the entitlement under the compensation package.



Only those directly affected by the moratorium such as trawlermen, fishermen and plant workers can receive NCARP compensation. Benefits ranged from between \$225 to slightly more than \$400 per week in 1992, allowing fisherman and plant workers to receive, on average, an income roughly comparable to the previous year. The number of persons eligible for compensation stood at 25,570 in early December 1992, with the majority (56 percent) concentrated in the processing sector. The diagrams contained in this discussion illustrate the distribution by 1992 benefit levels of males and females in both the fish harvesting and processing sectors who were eligible for NCARP benefits. Clearly, and as one would expect, males dominate the harvesting sector while females are concentrated in the processing sector. The majority of harvesters

received an income greater than \$350 per week in 1992 while most female harvesters received less than \$300 per week. Females in the processing sector were also concentrated in the lower income categories (\$300 and less), particularly in the benefit range of \$225-\$249. Males who qualified for processors benefits in 1992, however, were not concentrated in any single category but instead were distributed across all benefit ranges.



Cod fishing has been a major source of employment in the Province, and the moratorium has caused some fishermen to turn to other activities for employment and additional income. NCARP has a provision which allows affected workers to earn additional income. In the case of fishermen who own and operate their own fishing enterprise, they can earn further income by fishing for other species. The first 25 percent of income earned is allocated towards enterprise expenses and thus is exempt from benefit reduction. Also, fishermen are able to earn up to 25 percent of their quarterly benefit level before benefits are reduced at a rate of 50 cents for every dollar earned. Fishery workers who find employment outside the fishery are also able to earn up to 25 percent of their quarterly benefit, however, benefits are thereafter reduced on a dollar for dollar basis.

Efforts are being made to help fishermen defray a portion of the costs associated with the maintenance and general upkeep of fishing vessels during the northern cod moratorium. To this end, a \$15 million *Vessel Support Program* was established by the Federal government. Recipients are eligible for two payments, the first as soon as applications are verified and the second to be made late in 1993 to individuals who intend to resume fishing northern cod once the moratorium is lifted. This program is expected to assist more than 4,000 people, and payments will range from \$1,080 to \$34,200 per boat depending on the size of the ves-

sel. Several initiatives have also been implemented by the Province to assist individuals adversely affected by the moratorium. These include forgiveness of further payments on interest free loans and waiving of marine service centre fees for haulout, storage, wharfage and launching of vessels. Also, the Fisheries Loan Board will partially or completely forgive interest charges on either direct or loan guarantee program loans for 1992 and 1993 for fishermen who qualify for assistance.

In addition to the income and vessel support and maintenance components of NCARP, the Federal government, in cooperation with the Provincial government, has developed other education-related program components designed to assist those eligible for NCARP adjust to the future challenges, both inside and outside of the fishery. Generally, three components of NCARP are open to individuals who are in receipt of NCARP benefits. There are however, some individuals who are eligible for NCARP benefits, but have been able to continue working in the fishing industry and have qualified for UI. If these individuals are unable to work enough weeks in 1993 to obtain UI, they can receive NCARP benefits and take part in one of three options open to NCARP recipients.

One option under the program is to refrain from taking part in any of the programs being offered other than the income support program. Should any person choose this option, NCARP benefits will be reduced to the minimum rate of \$225 per week for the duration of the program.

The second option enables individuals to continue to receive full NCARP benefits and remain in the future fishery. In this regard, various training and educational courses are being prepared to allow those affected by the moratorium to upgrade their skill levels. Through a professionalization program, all fishermen will eventually be certified at a specific level, based on criteria to be established. Plant workers wishing to remain in the fishery will be offered training in courses not related exclusively to fish processing. Adult Basic Education will be a crucial aspect of this initiative since most of the skill training programs require a high school diploma as a prerequisite. Individuals have until March 1, 1993 to elect to participate in courses in order to maintain benefits above \$225 for the duration of the program.

The third option involves various ways in which individuals can retire from the fishery. The first includes participating in an *early retirement program* that is cost-shared 70/30 by the Federal and Provincial governments. Under this agreement independent trawlermen, fishermen, and fish plant workers between 55 and 64 years of age can retire and receive payments based on 70 percent of their

UI benefits. Individuals who opt for early retirement must leave the fishery permanently and surrender all commercial fishing licences, vessel registration and Personal Fishing Registration (PFR). As well, recipients of early retirement benefits must forego all future NCARP income replacement benefits. Enabling some people to leave the fishing industry is part of an overall rationalization strategy aimed at matching the long term potential of the resource to the amount of effort required to efficiently harvest and process the resource.

For individuals in the fishery who are not between the ages of 55 and 64 there is another retirement choice, the *voluntary licence retirement program*. Fishermen who take part in this program will be required to surrender their groundfish licence, their PFR, other fishing licences and vessel registration. In essence, people who take part in this option are permanently dissociating themselves from the fishery. The lump sum payment for surrendering these documents will be eight times the net value of a fishermen's average groundfish landings over the best three years between 1987 and 1991. A separate aspect of voluntary licence retirement is the retirement of the groundfish licence only. Under this provision, fishermen retain their PFR and are able to keep other species licences. This aspect of the program is designed to reduce the number of people in the groundfishery. In addition to assisting those taking part in both early and voluntary licence retirements, NCARP is committed, through various training programs, to assisting people who are interested in examining opportunities in occupations outside the fishery.

In addition to the cost shared program with the Federal Government, the Province, through its Fisheries Loan Board, will be facilitating the early retirement of individuals electing to leave the fishery. Under this program, fishermen with loan obligations to the Fisheries Loan Board will be assisted by having a portion of their outstanding loan obligations forgiven. The actual assistance level, which is for vessels less than 35 feet in length, will depend on an individual's loan repayment history. Actual costs will reflect the number of individuals who decide to leave the fishery.

In summary, the negative impact of the moratorium on aggregate income in the Province is expected to be reduced considerably by NCARP and other programs. Employment in the fishery will, of course, decline and earned income of fishermen and plant workers will be replaced by transfer payments. Preliminary analysis indicates, however, that people directly employed in the northern cod fishery will, on average, have their annual incomes replaced by the compensation package.