



Arctic Development

**PROJECT REPORT - PROPOSED SALE OF LAKE WINNIPEGOSIS VESSELS TO GREAT SLAVE
LAKE FISHERMEN - INTERIM REPORT**

GREAT SLAVE LAKE FISHERY

Fisheries

Feasibility Studies

1988

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INTERIM REPORT

1. PREFACE

The purpose of this report is to inform the Lake Winnipegosis Liaison committee and other interested parties of the progress made to date.

2. DAUPHIN MEETING

The project commenced with a meeting held in Dauphin on October 17 between the consultant and the Lake Winnipegosis Liaison Committee. Attending the meeting were the consultant, Jerrold Goldenberg; committee members - Gerald Parker, Ray Fleming and Darcy Carlson; Manitoba Fisheries Branch employees - Lori Thompson, Wayne Wyosoeki, and Gerry Edwards.

The consultant's terms of reference as presented in his proposal were reviewed, agreed upon, and a contract between the consultant and the liaison committee was signed. Ray Fleming was appointed as the consultant's contact.

Information prepared by the Fisheries Branch was reviewed. The review mainly dealt with the boats that were for sale and their age and condition. Prior to the appointment of the consultant, the Fisheries Branch had prepared a video of a few boats, valued four boats, and obtained one quotation for refitting a standard boat to change it to a "Lake Winnipeg Whitefish Boat" (the type used on GSL). Fishermen wishing to sell their boats had provided the Fisheries Branch with asking prices.

The fishermen's asking prices varied from \$20,000 to \$80,000. The quotation for refitting was \$45,000 to \$50,000 landed Hay River. The consultant stated that the GSL fishermen could not handle purchase prices of \$75,000 +, and the deal could only go forward if grant funding of up to 90 percent were available.

The consultant stated that his role was as an intermediary between buyer and seller; his major role being to solicit funding from potential funding agencies and commercial funding if required. The potential sources identified by the consultant were the Canada/NWT Economic Development Fund (EDA), Canada/NWT Special ARDA, Canada/Manitoba Special ARPA, the Canada/Manitoba Northern Development Agreement (NDA), the Province of Manitoba and the Government of the NWT. On the

basis of his experience the consultant stated that he doubted that NWT agencies would fund the project if funding were not also provided by Manitoba agencies.

It was agreed that the consultant would visit Yellowknife and Hay River prior to winter fishing. Gerry Edwards volunteered to video the boats and provide a description of each boat.

3. NWT MEETINGS:

We visited the NWT, November **22-25**.

YELLOWKNIFE MEETINGS:

In Yellowknife we held a meeting with Altaf Lakhani, Director of the EDA committee and Syd Kirwan, Head of the Renewable Resource Development, Department of Economic Development, Government of the NWT. During the meeting, we held a telephone discussion with a NWT Special ARDA officer.

We ruled out the possibility of Special ARDA (Yellowknife) as a funding agency for a number of reasons, the major one being that they could provide a maximum of 50% funding and could not handle stacking of grants (grants from other agencies in addition to Special ARDA).

The discussion with Mr. Lakhani and Mr. Kirwan concluded with their agreeing that they would be prepared to jointly fund [EDA and Economic Development, schedule C) 40% to 50% of the project. Their agreement to fund would be conditional on the following:

1. The consultant would provide individual applications for each fisherman applying to purchase a boat. The consultant would have to provide economic justification for each proposal.
2. The EDA fund is limited by its total budget for natural resource development. The number of applications that could be approved would be limited by budgetary constraints. The following conditions would apply:
 - Full-time fishermen only;
 - The economics of each fisherman based on past performance;
The fishermen would be required to provide the Government with the hull of their current boat or if they had a customer for the boat, guarantee that it would not be used in commercial fishing on GSL;
 - EQUIVALENT(not necessarily equal) FUNDING WILL BE PROVIDED BY MANITOBA PROGRAMS OR AGENCIES;

HAY RIVER MEETINGS:

Mr. Dave Burgunder, the FFMC's Hay River plant manager arranged a meeting with fishermen at the FFMC plant. Approximately 20 fishermen attended the meeting.

The consultant explained the project to the fishermen and tried to clear any misconceptions that they had with regard to the project. In particular the consultant emphasized that the fishermen would be required to contribute a minimum of 10% equity, and possibly more, and would have to turn their old hull into the government or guarantee that the boat would not be used for commercial fishing on GSL. There is no doubt that the later condition disturbed many fishermen, since they were of the opinion that their boats were in good shape and would not want to see them scrapped. Furthermore, the consultants emphasis on the economics of the individual applicants probably discouraged a number of skiff fishermen who had hoped to obtain an "A" boat and "A" license.

Gerry Edward's video of the boats was shown to the fishermen. Subsequent to the video the consultant arranged individual interviews with interested fishermen. Six interviews were conducted with fishermen interested in purchasing 7 boats. In addition 2 fishermen who could not attend requested that they be considered.

We list below the fishermen who are seriously interested.

ALEX MAURICE AND YVONNE MAURICE(SPOUSE)

For the past 10 years Alex Maurice has been the major producer operating on GSL. He operates two boats and takes more than 200,000 pounds each summer season.

The Maurices are interested in exchanging their current boats for two larger 46-47 ft. boats.

We reviewed the Maurice's accounting records. There should be no problem with the economics of the proposal. Also they are prepared to contribute the required equity.

Mr. Maurice would come to Manitoba to inspect the boats before making an offer.

GRAHAM HOBSON AND KIM TYBRING

Mr. Hobson is a recently retired marine engineer. Mr. Tybring is a young man who is fishing in a partnership with Mr. Hobson.

Mr. Hobson is interested in buying Leslie Robertson's aluminum boat, as is including gasoline engine. He states that he has the finances to make the acquisition without grant funding, if needs be.

He wishes to do his own refitting.

Mr. Hobson's current boat is considered to be a "B" boat and as such would not have to be removed from the fishery.

They will be visiting Manitoba this month and wish to inspect the boat during this visit.

ED STUDNEY

Ed Studney is a long time GSL fisherman and fisheries' manager. Although he is near retirement, he is still an active full-time fisherman.

Mr. Studney has a prospective buyer for his boat (which he states is in excellent condition), and could guarantee that it would not be used for commercial fishing on GSL. He would be prepared to put the equity from the sale into the cost of refitting the new boat.

There should be no problem with either equity or economics.

He wishes to arrange for and supervise the refitting.

He would visit Manitoba to inspect the boats before making an offer.

EDWIN AND DARWIN MORIN

Edwin Morin is a long-time GSL fisherman. Darwin Morin is his son. Darwin has been fishing GSL with his own boat for about 6 years.

Both are interested in the exchange program. Edwin has a good boat, whereas Darwin's boat is in bad condition and requires replacement. If they could not qualify for two boats then they would pool their resources to purchase the one boat for Darwin.

If adequate grant funding is not available they are prepared

to take debt funding and repay the debt on a per poundage basis.

These are major fishermen, who at times have had financial problems. Equity and economics could be a problem.

They would visit Manitoba to inspect the boats before making an offer.

JOHN RICHARDSON

John Richardson is one of the major producers on GSL. He was not able to attend the meeting, but expressed his interest through David Burgunder.

Mr. Richardson's boat is badly damaged and requires replacement .

There should be no problems with economics or equity.

There could be a problem with grant funding since he is not a year round resident of the NWT.

JAMES BUCKLEY

James Buckley is a major producer on GSL. He was not able to attend the meeting, but expressed his interest through David Burgunder.

we are familiar with his operation. There should be no problem with economics or equity.

EDWARD CAYEN

Edward Cayen is a skiff fisherman summer, but fishes with a bombardier winters. We are not familiar with his operation, but have been informed by Mr. Burgunder that he is a good fisherman. The FFMC would support his application for an "A" license.

One of the few status Indian fishermen on GSL.

Equity could be a problem, but because he is a status Indian it is possible that equity could be arranged through INAC.

4. REFITTING

The Liaison Committee members wish to have the refitting done at Winnipegosis to create employment in the community. On the other hand the GSL fishermen want the refitting done in Hay

River so that they can supervise the work.

We side with the wishes of the GSL fishermen to have the work done where they can supervise it. However, the costs of the refitted boat must be minimized, if this project is to be successful. For this reason, we intend to request tenders from both Manitoba and NWT contractors. If the bids are close then preference would have to be given to the Hay River contractor.

The Hay River fishermen requested that the refitting be done by Gordon Gill of Northern Arc in Hay River. The consultant talked to Mr. Gill and informed him that he would be requested to tender on the project (provided that it appears that it will go ahead).

We reviewed with the fishermen the proposed refitting included in the quotation obtain by the Province. Most agreed with it. However, they did express a concern that no work was being performed on the engines.

5. CONCLUSION

There are enough serious buyers in Hay River and sufficient grant funds available in the NWT to say that the sale of 6 to 8 boats is possible. whether these boats will sell will depend on the following:

- A. SUFFICIENT GRANT FUNDS BEING MADE AVAILABLE FROM MANITOBA BASED PROGRAMS TO SATISFY THE NWT GOVERNMENT THAT MANITOBA IS MAKING AN ADEQUATE COMMITMENT.
- B. THE TOTAL COST OF THE REFITTED BOAT LANDED HAY RIVER BEING NO MORE THAN THE FAIR VALUE OF THE REFITTED VESSEL.

Tendering the refitting should ensure the lowest possible cost. However, this will not be enough. Some of the fishermen are asking inflated prices for their boats. Possibly, they are considering the value of their license in their asking price. obviously, the GSL fishermen are not prepared to pay for the fishermen's license when it has no value to them. IF THE FISHERMEN ARE SERIOUS ABOUT SELLING THEIR BOATS THEY WILL HAVE TO ACCEPT FAIR VALUE FOR THEM. COMPENSATION FOR THE LICENSE CANNOT COME FROM THE NWT.