A Review Of The Freshwater Fish Marketing Corporation
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1. SUMMARY

This paper has been prepared in response to a request by the Executive Council for a review of the Freshwater Fish Marketing Corporation; referred to throughout the document as the FFMC or the Corporation.

The contents include a review of the mandate, structure and **operations** of the Corporation as well as a brief overview of the events that led to its format ion. It also examines the problems and issues affecting the Corporation's operation in the NWT and analyses options for the alternative marketing of NWT fish.

The conclusions arrived at are that:

a) The corporation is fulfilling its mandate of maximizing returns to the aggregate of fishermen although income distribution is skewed because of differential market prices for products;

b) species pooling allows for the most equitable distribution of income among fishermen;

c) none of the alternative marketing systems examined except the status quo indicated the potential for benefiting the aggregate of fishermen, although individuals or local groups of fishermen could benefit more from a partial or total opting out of the Corporation; and

d) based on the analyses, there is insufficient information on which a decision can be made on whether or not all or a portion of NWT fish can be marketed more profitably by alternative arrangements.

The **paper** recommends that the Government of the NWT commission **a** comprehensive, independent examination of the economics, including the costs and benefits to both Government and fishermen, of processing and marketing NWT fish products outside of the Corporation.

2. THE FRESHWATER FISH MARKETING CORPORATION

This section provides a review of the Freshwater Fish Marketing Corporation. In doing so, it gives a brief overview of the conditions and events that led to the creation of the Corporation and examines its mandate, functions, structure and operations.

Historical Overviewof Events Preceding the Corporation

In 1965, the Federal Government set up a conunission to inquire and report on the freshwater fish industry of Ontario, the three Prairie Provinces and the Northwest Territories. The enquiry was in response to concerns by the Prairie Provinces regarding the instability and weakness of prices for freshwater fish in export markets and by extension, the economic welfare of the fishermen who, owing to marketing conditions, received very low incomes. The Commission concluded that prices in the export market, especially the U.S. markets, were very weak; that there were some 30 very small companies in Western Canada supplying those markets; and that imports into the U.S. were controlled by four major buyers who manipulated the market to their own advantage. The Commission found that the uncertainties and risks associated with export trade were especially prevalent when dealing with fresh, round or dressed fish products because of their perishable nature; that effective quality control and product standardization were absent, and that the supply of freshwater fish coming to the market was excessive. The Commission concluded that the fishermen had been receiving an unduly small share of the market value of their products because the exporters' weak bargaining position resulted in low export prices and because domestic handling and processing of products were inefficient and costly. To redress these problems, the Commission put forward some 17 recommendations, the most important of which were the following:

- the establishment of a Freshwater Fish Marketing Board under Federal legislation;

- the Board would be the sole seller of freshwater fish and fish products produced in Northwest Ontario, Manitoba, Saskatchewan, Alberta and the Northwest Territories;

- the Board would accept delivery of freshwater fish only from fishermen;

- the Board, prior to the opening of each fishing season, would establish initial prices by species and by grades, for the duration of the fishing season;

- the Board would pool by species, the returns from the sale as well as the cost incurred in marketing these products. Based on net revenues, the Board would determine a final payment to be made to the fishermen for the deliveries of their fish after all fish had been sold;

the Board would undertake the handling, packing, processing and storing of the fish and fish products.

The Federal/Provincial Ministers of Fisheries endorsed the **Commission's** recommendations in 1967 and as a consequence, the Freshwater Fish Marketing Act, calling for the establishment of the Freshwater Fish Marketing Corporation, was adopted by Parliament and received royal assent in February 1969.

Mandate of FFUC

The Act gives the Corporation a monopoly over interprovincial and export trade in fish. The FFMC exercises its mandate with the object of marketing fish in an orderly manner, increasing returns to fishermen, and promoting export and interprovincial trade in freshwater fish. The areas coming under the jurisdiction of the Corporation include the provinces of Manitoba, Saskatchewan and Alberta, the Northwest Territories and the northwestern parts of Ontario.

At its meeting of August 3, 1977, the Corporation's Board of Directors made the following policy decisions:

1) the central objective of the Corporation is to achieve the greatest possible returns to the aggregate of commercial fishermen with respect to the commercial fishermen's production and all activities of the Corporation are to be to this end;

2) the Corporation will remain cognizant of the social implications of its actions, but will not assume cost components attributable specifically to accommodating social considerations.

Structure of FFMC

Although the FFMC is a regional marketing board for freshwater fish, it was established under the authority of federal legislation because its activities affect interprovincial and export trade which are federal responsibilities. Given that it is a regional board, the participation of the provinces was secured by agreements between each province and the Federal Government under Section 25 of the Freshwater Fish Marketing Act.

The FFMC is classified in Section 1 of Schedule C of the Financial Administration Act. This classification includes crown corporations which engage in commercial undertakings and either usually require parliamentary appropriations to conduct their affairs or engage in commercial activities in a generally non-competitive environment. The FFMC falls into the latter category. The FFMC is a proprietary crown corporation without share capital that operates on a self-sustaining basis; that is, without appropriations from Parliament. Under Section 17 of the FFMC Act, the

Governor in Council may authorize the Minister of Finance to guarantee the repayment of loans and the resulting interest on these loans made by commercial banks to the Corporation. The Minister of Finance is also authorized to make loans to the Corporation. As of December 31, 1987, the Corporation's debt limit was $30 million. Participating provinces and the NWT are financially obligated to share in 50% of losses incurred by the Government of Canada resulting from a deficit of repayment of loans made by Canada to the Corporation. These obligations are committed in separate legal agreements between the Federal Government and the participating provinces. The NWT is conmnitted to a 5% share of such losses.

The Federal Government also provides legal and audit services to the Corporation at no cost.

The FFMC is administered by a Board of Directors of eleven members appointed by the Governor in Council. Five members of the Board are appointed on the recommendations of the participating provincial and territorial governments. The FFMC also has an Advisory Connnittee consisting of 15 members appointed by the Governor in Council to advise the Board on matters relating to the needs of fishermen. Currently, all members of the Advisory Committee are fishermen.

Operations of FFMC

The FFMC must purchase all legally caught fish of the 15 species which are listed in the FFMC Act and which originate from areas under its jurisdiction. The FFMC is vertically integrated in that its operations include the purchasing, processing, storage and shipping of freshwater fish in the fresh and frozen forms. In addition, the FFMC has broader powers including the right to acquire, hold and dispose of property, establish branches, employ agents, enter into agreements and contracts, and borrow, lend and invest funds.

At the beginning of each operating year, the Corporation\ attempts to forecast the landings of each of the 15 species it markets. Based on the forecasted supply and the projected price it will rece·ved for each species, the Corporation establishes a projected level of net sales revenue for each species for the year.

Initial prices to fishermen are set at levels that account for 80% of the expected net revenues for the upcoming year. Final payments based on net revenues by species are made to the fishermen at the end of each year. Initial payments are based on the FOB Winnipeg prices less transportation costs from lakeside to Winnipeg. In effect, all costs except transportation costs from the point of landing to Winnipeg are pooled by species to establish net revenues. Transportation costs from the points of landing to Winnipeg are paid by fishermen; however, it should be noted that all provincial governments administer freight subsidization programs to equalize transportation costs for fishermen in remote areas.

The Corporation uses a differential pricing mechanism to coordinate fish harvesting with market demand. Historically, excess supply in the summer months has resulted in low prices but the Corporation now adopts a policy of paying higher prices in winter months to ensure a relatively stable supply of fresh fish throughout the year.

Although the Corporation is often compared to a marketing board, it differs from other such boards in that it does not control production. It does not, for instance, establish production quotas such as those used in some agricultural sectors to restrict supply. In this respect, the Corporation must adapt itself to quotas that are established by provincial governments. Over the past several years, the Corporation has been cooperating with the provinces to rationalize licensing schemes and quotas in such a manner as to ensure that fish harvesting is tuned to market demand.

The Corporation has been conservative in setting initial prices because of the risk of stimulating supply to a point where it exceeds demand, as this could be detrimental to all fishermen.

A common misconception concerning the operations of the Corporation is that it enjoys a monopoly situation in the marketplace with regard to the species it receives. The Corporation competes on a direct species to species basis against production from the Canadian and U.S. sides of the Great Lakes, from the Rainy Lake and Lake of the Woods areas of Ontario and Minnesota and from upper and lower Red Lakes in Minnesota.

The FFMC supplies 50% of the North American production of whitefish and 60% of pickerel. About 70% of the Corporation's sales are made to the United States with the remainder split equally between Europe and Canada. Marketing of whitefish presents a major problem and challenge for the Corporation but despite these problems and the competition, the Corporation has been successful in increasing returns to the aggregate of fishermen. The Corporation has earned a net income every year since 1973 with the exception of 1981 and 1982, but the distribution of this income is skewed due to the differential market values of the products; e.g. the per pound income from pickerel is 4 to 5 times higher than for whitefish.

Table I displays the operating results of the Corporation since its inception. Because of distortions caused by the different values of the various species, it is difficult to compare the level of landings with sales, and sales with total available to fishermen.

The Corporation operates a modern, automated fish processing plant in Winnipeg, a small processing facility in Lac La Ronge, Saskatchewan and several smaller fresh fish packing stations and depots throughout Manitoba, Saskatchewan, Alberta and the NWT. It employs the services of packers/agents for purchasing fish from fishermen and a network of brokers and distributors throughout Canada, the USA and Western Europe for marketing its products.

Although the Corporation experienced two difficult years between 1981 and 1983, its performance has since improved, however, the major problems and constraints still persist. While the Corporation is advantaged by the monopoly it enjoys, its operations are constrained by the inability to regulate supply. The practice of stockpiling in order to control the supply that reaches the market is self-defeating since the cost of inventorying decreases the net income on which final payments are based. Competition from the Great Lakes fishery is beyond the control of the Corporation, although the level of production from that fishery greatly effects the performance of the Corporation. Great Lakes producers have certain competitive advantages over the FFMC, e.g. proximity to the major markets, a larger domestic market, better economies of scale and lower overhead since there is virtually no processing of products.

The FFMC has made minor inroads into new markets in Israel, Japan and African countries, however, to date sales to these new markets have not resulted in a significant increase in fishermen's incomes.

Over the years there have been numerous calls to change the mandate of the Corporation, especially with respect to its monopoly rights. Various propositions examined in 1980 by the Federal/Provincial/Territorial Committee of Officials on the FFMC were basically shown to be against the interest of the fishermen to the extent that they could negatively affect the aggregate fishery, although they might have beneficial effects on particular regional or local fisheries.

3. THE NUT FISHERY AND THE FFMC

Overview

Commercial fishing has played an important role in the economic development of some Northwest Territories conanunities, notably Hay River which became the hub of the Great Slave Lake fishery during the late 1940's. This predominantly whitefish fishery continues to be the largest in the NWT in terms of production, employment and capital investments. Smaller fisheries based on arctic char production were developed during the 1970's along the west coast of Hudson's Bay and around Cambridge Bay and Pelly Bay in the Central Arctic. New and expanding char fishery developments are currently occurring throughout the High and Eastern Arctic.

The infrastructure associated with the Great Slave Lake fishery, all FFMC-operated, consists of a shore-based processing plant in Hay River and three fresh fish receiving stations strategically located on the lake, to which fishermen deliver their catch. The Corporation owns the three receiving stations but leases the building in Hay River from the Federal Government. Boats and other equipment are owned by the fishermen and/or transportation companies. The replacement value of the fishing equipment employed by fishermen on Great Slave Lake is estimated at $6 million.

The Arctic char harvesting and processing facilities are owned and operated by local co-operatives or hunters' and trappers' associations, with the exception of the processing plant in Rankin Inlet which is owned by the Government of the NWT. The producers/processors serve as packers or agents for the Corporation.

Current total NWT harvest represents less than 3% of the national freshwater fish production, down from 12% in 1949. This is a reflection of the decline in the Great Slave Lake fishery, however, despite the reduced production, the NWT has maintained a 12% share of the FFMC'S whitefish production. Great Slave Lake accounts for 90% of the NWT's total freshwater fish production.

Issues and Concerns

From the time of its inception, the FFMC has been the subject of much controversy and NWT fishermen's attitude towards the Corporation has been one of ambivalence over the years.

Some fishermen have stated their dissatisfaction with the performance of the Corporation. The major concerns appear to be poor prices for fish, particularly whitefish, and the inability of the Corporation to expand markets and increase prices. The concerns also include the perception that NWT fish are of superior quality to fish from other areas and this has led to the belief that NWT fishermen are subsidizing other fishermen across the FFMC area.

Great Slave Lake Fishery

Different perceptions of the market potential of Great Slave Lake whitefish have led to different conclusions on the adequacy of returns to fishermen. Some argue that actual returns are lower than potential returns, since Great Slave Lake whitefish is not earning the premium price that it deserves. This issue is compounded by the perception that current pricing and pooling arrangements work to the detriment of Great Slave Lake fishermen. Those who hold this view argue that Great Slave Lake whitefish should not be pooled with lesser quality products, since this results in Great Slave Lake fishermen subsidizing whitefish fishermen from Manitoba and Saskatchewan. Some fishermen have called for a return to the Provincial/Regional pooling system which was abandoned in 1980 since cross subsidization is perceived to be inherent in the whitefish pooling arrangement.

The concern over pooling was identified in the Senate Committee on Fisheries Interim Report on the Freshwater Fisheries. Recommendation 12 of that report stated:

"The whitefish species pool be classified into appropriate categories according to the quality of whitefish caught and marketed."

The FFMC'S position respecting the above recommendation is that the current single pool for all grades of whitefish is the most equitable for the majority of fishermen. This opinion is based on the evolution of the species pooling policies since 1980 that has seen the application of many different approaches which were subsequently discarded in favour of the policy currently in use.

Uith a discontinuation of processing in the Hay River plant, all of Great Slave Lake's production is shipped to Winnipeg fresh, where it is either sold in the fresh fish market, sometimes at premium prices particularly in July/August and January to March, or processed for the frozen fish market. There is the perception that since Great Slave Lake produces only export grade whitefish which enjoys a competitive advantage at certain times of the year, the whitefish species pooling arrangement is not the most beneficial to NWT fishermen.

Another issue is the termination of processing in the Hay River plant. Changes have been made by the Corporation in its processing operations in order to maximize returns to fishermen by reducing handling and marketing costs, and in response to the trend in the marketplace for fresh rather than frozen products. This is evidenced by the premium prices paid for fresh products. There is however a perception by fishermen that a return to local processing would create employment and increase the value of the product. Closure of the processing operation has resulted in a loss of 5 person years of employment but a saving of some $300,000 annually to the Corporation. Losses of this order would normally be borne by all whitefish fishermen and/or the Government of the NWT.

The harvesting sector of the Great Slave Lake fishery is characterized by the marginal financial performance that is typical of fishing enterprises. This has resulted in the requirement for ongoing financial assistance in the form of price and freight support to the fishery from the Government of the NWT in the order of $500,000 annually. In part, this is attributable to the distance of the fishery from markets, the inefficiency of the harvesting technology used, low and declining levels of effort and the seasonality of the operation. At the same time, the fishermen argue they are caught in a cost/price squeeze because of the inability of the Corporation to maximize returns from the sale of their whitefish and to develop markets for the unutilized by-catch.

Winter fishing appears to offer the greatest potential for increasing the income of Great Slave Lake fishermen since the Corporation pays premium prices for fresh fish delivered between January and March of each year. However, the profitability of winter fishing is questionable because of the extraordinary fuel costs required to operate equipment in sub-zero temperatures and for keeping the products from freezing. The Department of Economic Development & Tourism, the Department of Fisheries & Oceans, and the FFMC are currently examining the economics of the winter fishery.

Arctic Char Fishery

There also exist differing perceptions of the market potential for Arctic char. The supply of this species is limited and seasonal and as a consequence, is not widely known beyond only a small base market in the Prairie Provinces and Ontario. There has been a concern that the product is priced too high relative to salmon and that it is available predominantly in the frozen form when market opportunities are for fresh sales.

On the other hand, there is the belief that because Arctic char is a unique northern species available in limited supply, there is a potential niché for it as a gourmet high priced product.

The char harvesting sector is also characterized by marginal financial performance and suffers from the constraints of high production and freight costs, and unreliability of supply. The performance of the sector has been poor, with only one of the 3 operations producing a profit. There is a perception that the marginal financial performance is attributable to the inability of the FFMC to obtain higher prices.

There is considerable interest in the further development of char fisheries in the Baffin and Keewatin Regions, however, their development hinges on the expansion of markets at prices that will enable these high cost sources of supply to operate profitably. Marketing through the Corporation is perceived to be a disincentive to the development of these fisheries.

Recent initiatives taken by the Government of the NWT in successfully developing and test marketing smoked arctic char products are encouraging. Work on the economics of producing these value-added products in the NWT for export markets **is** ongoing. If deemed to be profitable, these products could be marketed outside FFMC through a licensing arrangement.

Reconnnendation 13(b) of the Senate **Committee's** Interim Report on Freshwater Fisheries stated:

*'The Territorial Government **in** cooperation with the Federal government license a few carefully selected individuals or groups to purchase* and *market species for the Territorial harvest to international markets. this would be a pilot project designed to assess whether private enterprise has the capability to participate actively in revitalizing the declining fisheries of the Territories."*

The Corporation believes that the single selling system has worked and must not be tinkered with, especially on a unilateral basis, without reference to the other participating provinces whose fishermen could be negatively affected. Some NWT fishermen, albeit a vocal minority, remain non-supportive of the monopoly and the species pooling policy of the Corporation; hence the **impassé.** It should be noted that the majority of NWT fishermen supports the FFMC because of the stability of prices and the reliability of services, including credit, that it offers. This position was reflected in the vote taken last Spring at the annual general meeting of the Northwest Territories Fishermen's Federation.

Table II provides a summary of employment and incomes for the NWT fishery for 1970-1986. The data is from the Department of Fisheries and Oceans, Economics Branch, Winnipeg, Manitoba

Table III shows the average prices paid for fresh fish landed at Hay River, **summer** and winter combined. Data is from the Department of Fisheries and Oceans, Economics Branch, Winnipeg, Manitoba. Values given include Government of the NWT assistance subsidies.

Table IV shows the prices received by Arctic char producers compared with the average wholesale sell ing price for 1975-1987.

4. AN EXAMINATION OF ALTERNATIVE MARKETING ARRANGEMENTS

The approaches taken in carrying out the examination involve a review of the NWT's financial and legal relationships with the FFMC, an objective analysis of the options of continuing with or opting out of the FFMC and an examination of marketing alternatives.

a) Analysis of Options

ODtion I

Maintaining *the* Status Quo - FFMC would continue to process Great Slave Lake fish and market same in the interprovincial and export markets.

This option would provide for stability in prices and maximize benefits to the majority of fishermen over the long term, as it will keep intact, the single marketing desk for all of Western Canada's freshwater fish production.

A perpetuation of this option may be a disincentive to developing the NWT fishing industry fully, since it discourages the application of private sector investment and expertise in the processing sector.

Cost to the GNWT will be minimal if this option were pursued, however, there might well be the need for continued and incremental annual price support until fishermen's incomes improve as a result of the development of new markets or producing fish in the NWT becomes more efficient and cost effective. To this end, the Government of Canada along with the NWT, may be required to support research and development in the areas of markets and harvesting technology since the fishermen will be unable to finance such initiatives.

A major deterrent to the FFMC'S continuing presence in the NWT is the deteriorated relationship that currently exists between some fishermen and the Corporation. The problems started back in 1976, when prices were lower than those of the previous year. The situation has progressively worsened. It manifests itself in the form of distrust and resentment for the FFMC and its officers. This behaviour may well be the effect of transferred hostilities due to the frustrations and disappointments of declining financial returns from efforts and investments in the fishery. Again, the solution may lie in devising measures/programs that would aid in increasing fishermen's incomes such as alternative production plans, new products and new markets.

ODtion II.

*Partial Withdrawal from the **FFMC*** - Fishermen be allowed to pursue markets (arrange volumes and prices) for those species of fish that are not currently marketed by the FFMC and seek out new markets for all species in areas not adequately served by the Corporation.

Marketing would be through the FFMC on a fee-for-service basis or independently under license.

This option was examined for the specific purpose of addressing the often made accusations that the FFMC has done/is doing a poor **job** of marketing fish, that it has not developed markets for certain species nor has it been able to expand its traditional markets.

This approach would ultimately undermine the strength of the FFMC'S single marketing desk, have a destabilizing effect on prices and play the fishermen off against the FFMC. Also, there is the distinct possibility that the FFMC will take over the new markets for itself, much to the detriment of the fishermen.

In view of its long-standing experience and its current strength in the market, the FFMC should be able to take advantage of any real and legitimate proposals to sell in any new markets. However, if an independent marketing opportunity were to arise which the FFMC was unable to take advantage of, then it would be reasonable to assume that the FFMC would relinquish marketing control with respect to that opportunity.

Pursuit of this option would not necessarily be more beneficial for those fishermen who process their fish and market through the FFMC since their costs would be at least equal to the FFMC'S, likely higher because of economies of scale; also the amortization of plant and equipment would further erode any benefits that might accrue. On the other hand, greater benefits may be realized from marketing unique products such as Arctic char, independently of the Corporation.

Option III

Withdrawal from the FFHC - Fishermen, individually or collectively would be responsible for marketing NWT fish.

This scenario would lead to fragmentation of the orderly marketing of Western Canada' freshwater fish with the concomitant instability and weakness of prices. Some fishermen are of the opinion that Great Slave whitefish does and will continue to command a preferred market position because of certain characteristics desired by the trade such as fat content, conformation, flesh colour and texture. However, there is no proof of this being the case, since Great Slave Lake smoker whitefish has lost favour in the marketplace because it lacks the desired features. Assuming the fishermen are indeed correct, the net benefit might be insignificant because of the excessive costs associated with operating a small northern whitefish fishery.

There could be a substantial cost element to pursuing this option which, for the most part, would have to be borne by the GNWT. The level of support that the GNWT would be required to provide annually to maintain prices and/or offset operating deficits would be expected to exceed the current level of $500,000. Also, the GNUT would be expected to assist the industry annually through loan guarantees, and/or concessionary loans for working capital purposes.

Legally the FFMC would have the prerogative to prohibit NUT fish from those markets over which the Corporation would still retain control; also it may want to retain the power to issue permits for the NWT to deal or trade in freshwater fish.

b) Alternative Marketing Systems

The review has been extended to examine alternative marketing systems in the event that a decision were made to opt out of the FFMC.

i) By Individual Fishermen

Marketing would not be regulated and fishermen would have the choice of processing and marketing individually or collectively. The result would be a return to the pre-FFMC system which would see the delegating of marketing to brokers based in the U.S. and southern Canada, a situation not unlike the role of the FFMC. Minimal benefits, if any, would accrue to our fishermen since the brokers would be in control of less that 3.0% of the freshwater fish production collectively and would be unable to influence prices to any significant extent unless the products are unique and able to attract high prices.

Individuals or groups of fishermen would be required to establish and operate small fish packing facilities or contract out their fish for processing in facilities owned by the brokers. This scenario would not allow for independence or control by fishermen nor for optimizing financial returns. It is 1 ikely that only the more efficient and business-oriented fishermen would survive under this system as brokers unlike the FFMC would not be obligated to buy all fish nor to pass all profits back to the fishermen.

ii) Fishermen's Co-operative

In this arrangement is envisaged the establishment of a system in which member fishermen would be bound to produce and market in accordance with a co-operative agreement. The co-operative may or may not be involved in processing, and in the latter case it would sell direct to processors or wholesalers.

The approach appears to be relatively easy to implement, however, it could be difficult to control particularly in the areas of dealing with those who renege on agreements, and with non-participants who could undermine the system.

There does not appear to be any real advantage in this system over the foregoing nor the prevailing one. Processors/wholesalers if employed, would be yet another set of middlemen like the FFMC, between the fishermen and the market and their objective would be to maximize profits for themselves.

This system could also be dependent on Government for price support, and other assistance for capital acquisition and/or for working capital.

iii) Corporate System

This approach is for the formation of a limited liability company that would be owned in total or in part by the fishermen, with fishermen having controlling interests. Participating fishermen would be contractually bound to abide by a set of procedures for producing and marketing fish.

Such a system would differ little structurally and operationally from the present marketing organization, except that the day-to-day management and operation would be under the control of the fishermen. It would inherit most, if not all, of the problems of high production and freight costs and relatively low volumes of production. It would also be subject to competition from non-participating fishermen and from the FFMC. Wholesalers and dealers using the present system may be also unwilling to divert their business because of obvious conflicts with the larger suppliers who would be able to supply a wider variety of products and perhaps offer better pricing arrangements.

5. CONCLUSION

The Corporation as now structured and operated has returned increasing incomes to fishermen during the past several years. It has been able to do so despite competition from the Great Lakes fishery due to orderly marketing, economies of scale and the powerful position it occupies with respect to major customers and market segments. **While** the Corporation does enjoy a monopoly, its operations are constrained by the fact that it must purchase all fish legally caught within its territory. Control 1 ing supply presents a problem although the Corporation does attempt to influence supply by manipulating initial prices to fishermen or by offering premium prices during the winter months when competition from the Great Lakes is negligible. The Corporation's hands are somewhat tied in regards to this basic constraint except that the Provinces seek its advice in regulating their inland fisheries.

It is ironical that the marketing strategies and plans intended to achieve the greatest possible benefit for all fishermen do not receive their unanimous support. A vocal minority of NWT fishermen keep pressing for either a partial or total withdrawal from the Corporation but they have failed to recommend a specific viable alternative.

Unique products such as Arctic char could perhaps be marketed more profitably outside the Corporation, but reliable information to support this perception is lacking. The practice of pooling the cost and revenues of all grades of whitefish continues to be a source of discontent for many NWT fishermen and there are some who advocate a return to the provincial/regional pooling arrangement that was abandoned several years ago.

The analysis of marketing options indicates that changes to the existing marketing and pooling arrangements would be detrimental to the majority of fishermen, however since the analysis did not investigate the economics of marketing NWT products by alternate means, this aspect of the report is inconclusive.

Recoaanendations

It is recommended that the Government of the NWT commission a comprehensive study of the freshwater fish industry with a view to ascertaining:

i) the requirements of the market by product type, seasonal demand, acceptability of NWT products and prices that NWT products are able to attract; and

ii) the economics, including the costs and benefits to fishermen and the Government, of producing fish for these markets.

Table I

Landings, Sales and Net Available

Year ended Apr 1 30	Landings (Rd. Eq. Wt.) 000's lbs.	Sales $000's	Net Available For Fishermen $000's Initial	Final
1970	47,500	14,400	6,800	900
1971	41,800	13,300	6,600	--
1972	39,000	12,300	6,300	--
1973	44,700	16,000	8,200	--
1974	40,400	15,900	8,400	700
1975	45,000	18,700	9,300	300
1976	42,800	21,900	10,300	800
1977	40,900	24,500	12,600	2,500
1978	46,200	24,700	14,800	1,800
1979	44,800	34,000	13,500	5,100
1980	57,100	37,400	19,400	6,400
1981	52,400	40,600	21,000	7,100
1982	48,600	42,000	24,900	2,000
1983	50,100	39,200	20,000	--
1984	39,200	44,700	17,700	6,100
1985	45,600	42,000	21,600	7,700
1986	45,500	48,700	21,500	6,600
1987	45,200	58,600	22,600	14,000

APPENDIX

Jable II

Summary of Employment and Income for NUT Fishemen ,

Fi seal Year	Self -empl eyed ODeraters	Average Income per Operator (Gross)	Total Employment*
70/71	236	4,631	
71/72	199	4,822	
72/73	112	6,686	
73/74	119	6,788	
74/75	112	6,596	
75/76	136	5,237	
76/77	118	7,789	
77/78	144	10,116	239
18/79	121	12,875	205
79/80	100	15,363	168
80/81	102	18,284	198
81/82	97	16,000	161
82/83	89	15,199	134
83/84	69	25,060	128
84/85	69	28,000	128
85/86	65	32,000	125

* Employment in the Great Slave Lake fishery accounts for 95% of the total. Approximately 75% of persons employed in the Great Slave Lake fishery are northern residents.

Table III

Average Prices Paid to Fishermen for Fresh Fish Landed at Hay River

Year	Export Whitefish $/Kg.	All Fish Combined $/Kg.
70/71	0055	0.63
71/72	0.58	0.66
72/73	0.59	0.58
73/74	0.70	0.67
74/75	0.74	0.68
75/76	0.72	0.75
76/77	0.73	0.86
77/78	0.81	0.86
78/79	1.18	1.00
79/80	1.07	1.17
80/81	1.01	1.16
81/82	1.03	1.28
82/83	0.93	1.32
83/84	0.84	1.32
84/85	1.14	1.55
85/86	1.22	1.62
86/87	1.30	1.70

FFMC'S wholesale price for export whitefish currently ranges from $1.50 per kilogram for frozen products to $2.60 per kilogram for fresh products.

APPENDIX

Table IV

Payments to Char Producers ● nd FFHC Wholesale Price

	Prices to F shermen $/lb.	FFMC Wholesale Price $/lb.
1975	1.58	N/A
1976	2.17	N/A
1977	2.04	N/A
1978	1.90	N/A
1979	2.05	N/A
1980	2.48	N/A
1981	2.25	2.86
1982	2.25	2.94
1983	3.23	3.48
1984	3.53	4.00
1985	3*33	4.00
1986	3.00	4.50
1987	3.00*	5.50

* Initial Price Only