



# Free to Fish

**How a Freshwater Fish Monopoly  
is Impoverishing Aboriginal Fishers**

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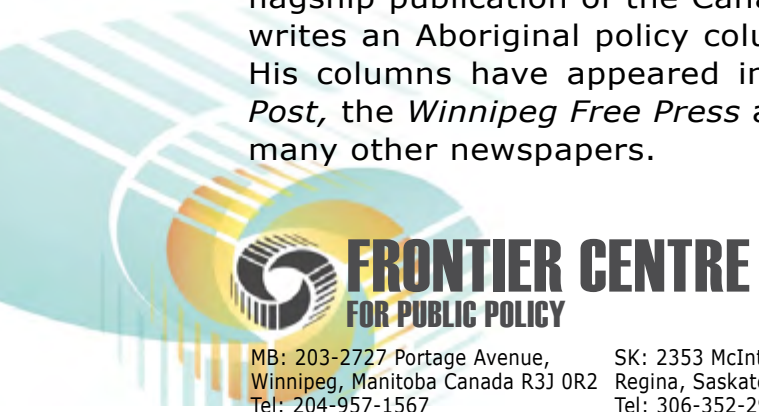
**Joseph Quesnel**

About the author



**Joseph Quesnel** is a policy analyst at the Frontier Centre for Public Policy who focuses on Aboriginal and property rights issues, among other matters. He is from the Sudbury region of Northern Ontario and has Métis ancestry from Quebec. In 2001, he graduated from McGill University, where he majored in political science and history. He is currently completing a Master of Journalism degree at Carleton University in Ottawa, where he specialized in political reporting. For two years, he covered House and Senate standing committees. He also completed internships at CFRA 580 AM, a talk radio station in Ottawa, and the Cable Public Affairs Channel.

His career in journalism includes stints at community newspapers in Northern Ontario. Until he started working with the Frontier Centre, he was a journalist with the *Drum/First Perspective*, a nationally distributed Aboriginal newspaper in Winnipeg. He writes a weekly column in the *Winnipeg Sun* and contributes to the *Taxpayer*, the flagship publication of the Canadian Taxpayers Federation. He also writes an Aboriginal policy column for the *Drum/First Perspective*. His columns have appeared in *The Globe and Mail*, the *National Post*, the *Winnipeg Free Press* and the *Montreal Gazette*, as well as many other newspapers.



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Note to reader: Some words in this document may appear in [blue](#) and are underlined, with endnotes in [red](#).

Clicking on the blue words will direct the reader to pages within, or to relevant online websites and documents using your associated web-browser. Clicking on any endnote numeral will directly go to the appropriate endnote reference at the end of this document, with a Return button [←](#) to its preceding page point.



# Executive Summary

- First Nations and Métis make up the majority of commercial fishers who are under the jurisdiction of the Freshwater Fish Marketing Corporation (FFMC), which holds a monopoly in Manitoba, Alberta, Saskatchewan, the Northwest Territories and parts of northwestern Ontario.
- The FFMC is in trouble, as Saskatchewan and northwestern Ontario withdrew from its mandate and the NWT is considering a similar move. Moreover, Aboriginal communities in northern areas are mobilized in opposition to the FFMC.
- Aboriginal fishers are finding they can make much more money using their own export markets rather than selling through the FFMC.
- Despite its good intentions, the FFMC is problematic, as the market conditions that prevailed in the fishing industry at its inception no longer exist.
- Clear evidence shows that prices and returns for fishers selling through the FFMC are declining for a variety of reasons including higher transportation and equipment costs and currency fluctuations.
- Aboriginal fishers are particularly affected, as they deal in rough fish species (other than pickerel and whitefish), which are not as lucrative and which the FFMC is not good at marketing.
- The location of the FFMC's processing plant in Winnipeg benefits fishers operating in the south basin of Lake Winnipeg but is detrimental to fishers in northern locations (where most Aboriginal fishers are).
- To maximize market opportunities, the FFMC should slowly become a private company, and all fishers should be free to sell and market as they see fit. In the meantime, the provinces that remain in the FFMC should consider either opting out or pushing to have certain species of fish, such as the rough species, removed from the FFMC's jurisdiction, as the FFMC is not good at selling them. Fishers should also consider demanding a federal ministerial exemption for the removal of certain regions or lakes from the FFMC's jurisdiction.
- The federal government and the provinces affected should work with the fishing industry to adjust to a dual marketing system. Discussions with stakeholders in Saskatchewan and Manitoba show that private companies are already interested in taking over fishing opportunities when the FFMC leaves.

*"Our fishermen are too busy to find markets other than FFMC who only deals with Europe, the U.S. and Canada. Sixty-seven per cent of our fish goes to the U.S., and only a small part stays in Canada and the biggest buyer is France. What about China and the rest of Asia? If we act as leaders, we have every right to be involved in marketing our fish. We need to create new markets, and we can undertake these measures as leaders of our people."*

*– Chief Ovide Mercredi, Misipawistik Cree Nation, 2010*

*Note about Terminology: This paper uses the gender-neutral term “fisher” for those employed within the fishing industry. The term “Aboriginal” includes the two main groups, status and non-status Indians and Metis, in its meaning but does not include Inuit.*

## Background

During this past Manitoba provincial election campaign, the Progressive Conservatives called for an independent review of the mandate of the FFMC to determine if the Crown corporation was meeting the needs of Manitoba’s commercial fishing industry.

Whether the re-elected New Democratic Party government will carry through on this review is anyone’s guess. However, concerns about the FFMC are neither partisan nor confined to certain political ideas. Peter Stoffer, past fisheries critic for the federal NDP, publicly raised serious concerns about the appropriateness of the FFMC.<sup>1</sup>

Clearly, if one were to look around at present reality, it would not be difficult to see that the FFMC is in trouble.

In Manitoba, about 450 members of the Lake Manitoba Commercial Fishermen’s Association unanimously voted in favour of a motion to remove Lake Manitoba from the FFMC’s jurisdiction.<sup>2</sup>

The government of Saskatchewan withdrew from the Freshwater Fish Marketing Agreement with the federal government on April 1, 2012.<sup>3</sup> Northwestern Ontario has also removed itself from the FFMC.

In May 2010, the government of the Northwest Territories began a public consultation process to investigate a potential withdrawal from the FFMC.<sup>4</sup>

The basis for this backgrounder is a final report released by the respected George Morris Centre, an independent agri-food think-tank based out of the University of Guelph, in November 2007. The title of the report is “Assessment of Dual Marketing Alternatives for the Freshwater Fish Marketing Corporation.”

However, the report was not made public and was acquired through an access to information/freedom of information request.



Peter Stoffer ... publicly raised serious concerns about the appropriateness of the FFMC ... at present reality, it would not be difficult to see that the FFMC is in trouble.

Aboriginal communities dependent on commercial fisheries have mobilized in opposition to the FFMC. They argue that this monopoly purchaser and seller of freshwater fish for interprovincial trade and export across the Prairies and in parts of Ontario is no longer good for Aboriginal fishers.

Some Aboriginal fishers who received media attention have become case studies that illustrate the problems inherent in the fish monopoly system. Robert Gaudry is a Métis fisherman from the Manitoba community of St. Laurent. In 2009, Gaudry received an exemption from the FFMC to sell rough fish (carp and mullet mainly) outside of its monopoly.

Over a two-week period, he received approximately four times as much money as he would have had he sold through the FFMC. He is not alone among Aboriginal fishers and others who have found much better payments outside the FFMC monopoly.

He says Aboriginal fishers throw away thousands of tonnes of fish every year, because it is the wrong kind of fish according to the FFMC, and the cost to ship it to the FFMC's single processing plant in Winnipeg is simply not worth it, given rising energy and transportation costs.

Gaudry is not alone, as many Métis and First Nation communities have seen their economies decline since the introduction of the FFMC in 1969. On November 3 and 4, 2010, chiefs and fishers throughout Manitoba held a Special Chiefs Meeting on Fishing in Winnipeg that primarily looked at alternatives to the FFMC monopoly.

At this meeting, Chief Emery Stagg of Dauphin River First Nation articulated it well when he said:

The FFMC also has the power and the control over the fishing industry. In 1969, my community was independent, based on fishing and tourism—no welfare. After 1977, welfare was introduced and slowly we're dependent on it now. How does FFMC set prices? The CEO makes \$250,000 while the price for whitefish is the same today as years ago. Little fishermen have not benefited in 20 years.<sup>5</sup>

Chief Stagg is witnessing the slow death of many First Nation communities partly due to the decline of the commercial fisheries.<sup>6</sup> With only one processing plant, the FFMC hollowed out many of the communities that relied on a thriving, locally based fishing industry.

Aboriginal opposition to the FFMC is not restricted to the provincial level. At the national First Nation level, the Assembly of First Nations (in response to ongoing complaints and concerns from member First Nations) came out against the FFMC. In July 2003, it passed a resolution regarding the FFMC. Resolution No. 29 specifically mentioned that the FFMC was adversely affecting the livelihood of many Aboriginal fishers.<sup>7</sup> The resolution further stated that it would be beneficial to consider "First Nations owned and operated alternative marketing models that can function as part of a broader public/private partnership in the future with or without the FFMC."

The questions are what is the FFMC and how did we arrive at this situation? More importantly, is there hope for Aboriginal communities and the many non-Aboriginal fishers who are dependent on the fisheries?

# Inland Fisheries and the rise of the FFMC

Some historic and informational background to the issues presented in this paper is necessary.

When it comes to freshwater fisheries, the provincial and territorial governments have historically battled with the federal government over jurisdiction.

Under the *Constitution Act*, the federal parliament is responsible for the seacoast and inland fisheries while the provinces are in charge of property and civil rights as well as the management of public lands within their borders.

Court rulings between 1882 and 1989 determined that federal jurisdiction over inland fisheries was limited at the point where property rights in those fisheries were private, so the provinces did have a role in regulating inland fisheries.

The result is a patchwork of federal and provincial legislation that affects the fisheries, so much that federal authority was delegated to provincial authorities in some provinces (Alberta, Saskatchewan and Manitoba) but is exclusively federal in others, as in the Northwest Territories and Nunavut.

In the Prairie provinces—which are particularly relevant for this paper—challenges arose and came to a head in the 1960s. There were concerns about price weakness, especially in export markets, and it was primarily the average fisher who faced these weak prices.

In response to these challenges, the Prairie provinces commissioned a study to look into the prevailing state of the industry and to present some recommendations.

The Commission of Inquiry in 1965 made the following observations:

- 1) The export market was weak, because there were too many exporters in Canada to counter the control exercised by too few importers in the United States;
- 2) Fishers were penalized as a result of this situation;
- 3) Fishers were dependent on buyers who supplied fishing gear, boats and other equipment at the start of the year but did not know what they would receive for their fish until the end of the year. They collected year-end cheques if the market covered the advances made at the start of the year. Often, there was nothing at the end of the year.
- 4) Fishers were seen as indentured servants for fish companies.

The chief recommendation of the inquiry was to create a freshwater fish marketing board under federal legislation. At the time, the study was endorsed by the fisheries ministers of the Prairie provinces as well as the federal ministers of fisheries and industry and trade and commerce.

Parliament passed the *Freshwater Fish Marketing Act* (FFMA) and the FFMC began operation on May 1, 1969. The FFMC was the sole selling agency for commercially caught fish in the three Prairie provinces. The Crown corporation acquired exclusive rights to fish harvested from over 400 lakes located in the Prairies, northwestern Ontario and the Northwest Territories. Each province then voluntarily opted into the FFMC through separate agreements and enabling legislation.


Modelled after the Canadian Wheat Board, the Crown corporation aims to consolidate the production of small, isolated fisheries under one processing and selling umbrella in order to maximize returns to fishers from all areas. The FFMC sets initial guaranteed prices for the fishers, followed by final payments at the end of the operating year. The Minister of Finance provides the capital and the capital asset requirements of the FFMC through loans.

The purpose of the FFMC is to:

- 1) Market fish in an orderly manner;
- 2) Increase returns to fishers; and,
- 3) Promote markets and export trade in fish.

At the time of its inception, the FFMC provided a good service to isolated areas, as it:

- 1) Provided a guaranteed market for all fish offered to it, subject to quality specifications;
- 2) Provided a system of credit;
- 3) Guaranteed collection points for all fish caught;
- 4) Had a legislative requirement to maximize returns to fishers;
- 5) Provided a guaranteed price prior to the season.

 The chief recommendation of the inquiry was to create a freshwater fish marketing board under federal legislation.



# How FFMC works

A board of directors governs the FFMC, which is composed of a chair, one president, one director for each participating province or territory and four other directors. All are federal appointments, with five appointed on the recommendations of the participating regions. The Corporation reports to Parliament through the Minister of Fisheries and Oceans. It is required to be financially self-sustaining and to operate without government funding, although the government of Canada guarantees the Corporation's borrowing up to a legislated limit of \$50-million. The Corporation has 53 full-time employees in corporate functions such as marketing, finance and human resources. It also has the equivalent of approximately 150 full-time employees working in production, but the number of employees can increase during peak production periods.

The *Freshwater Fish Marketing Act* requires the FFMC to maximize returns to fishers while operating on a self-sustaining basis without appropriations from Parliament. As a Schedule D Crown corporation under the *Financial Administration Act*, the FFMC must be self-sufficient. This means that upgrades to the FFMC's single processing plant, research and development or product development come from the fishers who sell through the FFMC. The FFMC may borrow to fund operations, but it cannot issue shares. Any capital improvements come out of fishers' returns, which is always an issue for fishers who are already receiving so little for their fish.

For individual fishers, the FFMC has a payment structure that provides initial and final payments under a pool system in which receipts and costs are allocated or pooled by fish species to determine final payments. However, in looking at final payments for fishers from 2000 to 2010, it becomes evident that for some species in some years, the final payment is actually zero. Clearly, there are problems with the system.

Here is how the FFMC operates on a regular basis:

- Agency network

Beyond the commercial fishers, the other main stakeholders in the FFMC system are the contracted agents who purchase fish directly from the fishers at lakeside receiving stations. These agents collect the catch and pack it away for delivery to the FFMC. Agents grade the fish and determine if it meets standards for shipping. Agents are paid on a schedule, and they pay the fishers once a week. The agents receive a performance bonus based on the quality of the fish when it arrives at the Winnipeg-based plant.

- Grading and Quality

The initial assessment made by the agent is a subjective sensory evaluation based on the look, feel and smell of the fish. There are no gradations, as it is pass or fail. Once in Winnipeg, the fish are retested.

- Transportation network

Requests for Proposals (RFPs) are distributed annually to get the private sector involved in moving fish from the delivery points to the Winnipeg processing plant. The number of RFPs is decreasing. The frequency of shipment is dependent on the volume fished in and around the season. This often means some delivery points have pickups every day or even twice a day in seasons with high volumes, whereas pickups in the remote areas with fewer fishers are less frequent. For quality reasons, the minimum frequency for a pickup is twice a week.

- Fisher credit arrangements

The FFMC provides two forms of credit. The first is a pre-season credit used to replace supplies (repairing boats, nets, etc.). The second form is short-term weekly credit, which provides fishers with gas money until payday the following week.



Any capital improvements come out of fishers' returns, which is always an issue for fishers who are already receiving so little for their fish.

# Growing problems with the FFMC

The problem is that the FFMC, like the Canadian Wheat Board, was set up in response to specific market conditions, and the system ceased functioning properly when those conditions changed. In other words, the economic rationale no longer exists, so the policy response is no longer appropriate.

Dr. Milton Boyd, an agricultural economist at the University of Manitoba, recently argued in a paper<sup>8</sup> about the Canadian Wheat Board (CWB) that the problem with the single desk, in that case, was that the market and the players had all changed. Boyd said that Western farmers had become more sophisticated and entrepreneurial, and they were better able to market their own grain and get a better return, especially with the presence of the Internet and its ability to connect grain farmers with buyers and sellers. The same can be said today in the case of many fishers currently under the FFMC.

In fact, not long after the FFMC was established, there were concerns that the corporation was negatively affecting the inland fisheries. In 1980, the then-named Department of Fisheries and Oceans (DFO), in its Report of the Federal/Provincial/Territorial Committee of Officials on the Freshwater Fish Marketing Corporation,<sup>9</sup> recognized that problems were being brought to the Minister. The report begins with these words:

“The former Minister of Fisheries and Oceans, Mr. James A. McGrath, met with his provincial and territorial counterparts on December 4, 1979 to discuss ‘concerns’ expressed by some ministers that the Freshwater Fish Marketing Corporation (FFMC) was not adequately meeting the needs of the inland commercial fishing industry.”

Changing market conditions are evident in the FFMC’s own numbers, which show declining payments to fishers for all fish species, over a 10-year period, up until 2010.

Looking over the data in Table , next page, which was obtained from the FFMC’s data, (which show total payments for each species from 2001 to 2010, including one listed as All Pools), one sees a gradual dip in the initial and final payments made to commercial fishers by the FFMC,<sup>10</sup> even in higher-end species such as pickerel, although pickerel remains the highest revenue generator for the FFMC. However, at the same time, the rising cost of living is eating away at returns for fishers. For example, in Table 2, pg. 13, in Manitoba, we see how the Consumer Price Index (a good accurate barometer of rising costs) rose steadily while payments to fishers declined.

# Table 1: Total payments made to fishers, 2001-2010

Source: Freshwater Fish Marketing Corporation, Annual Report, 2010

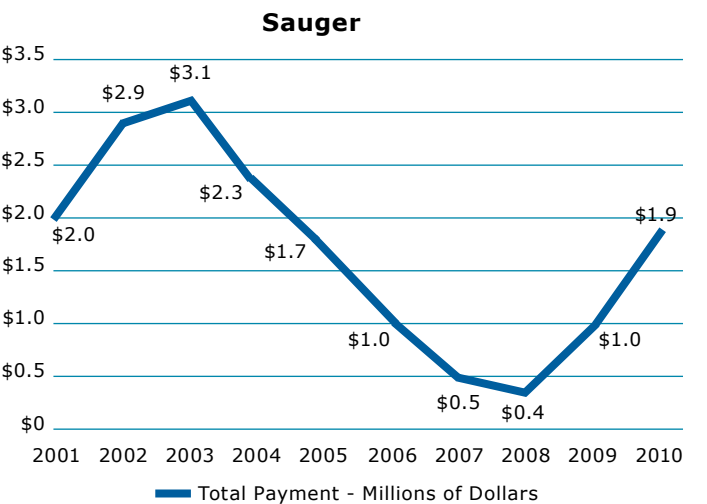
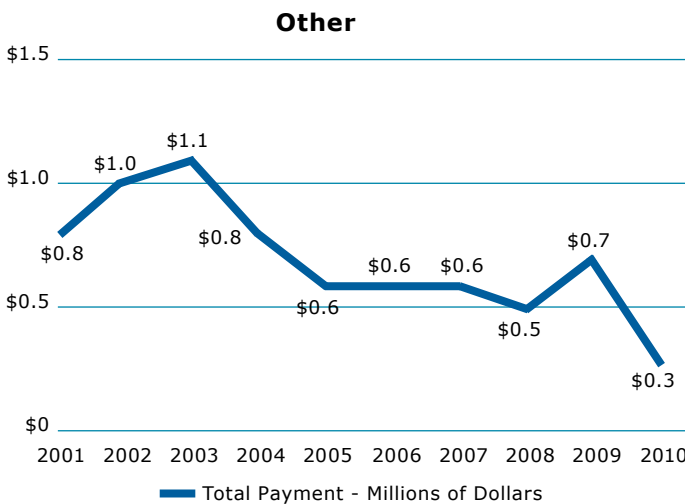
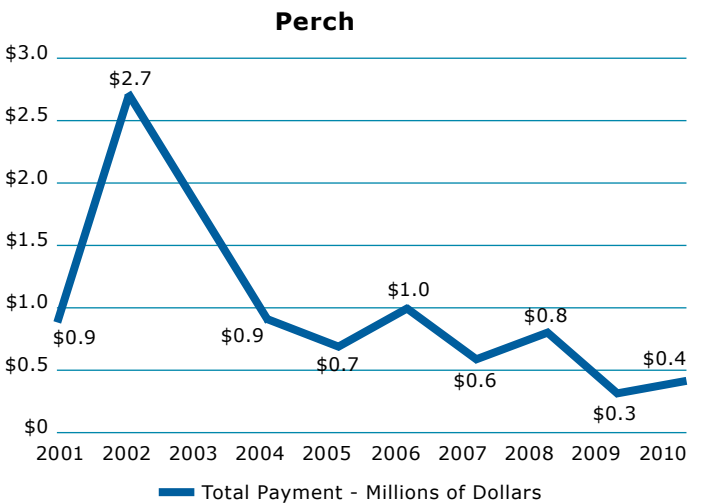
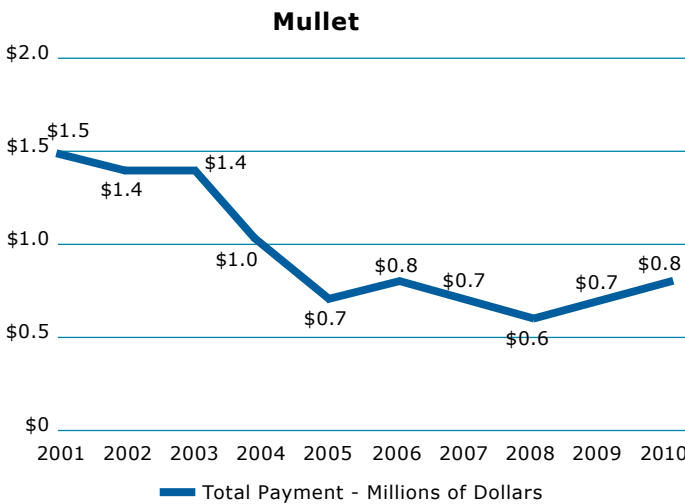
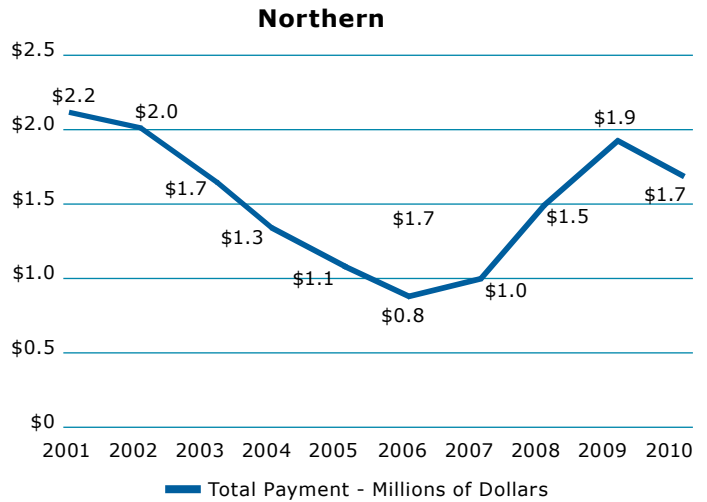
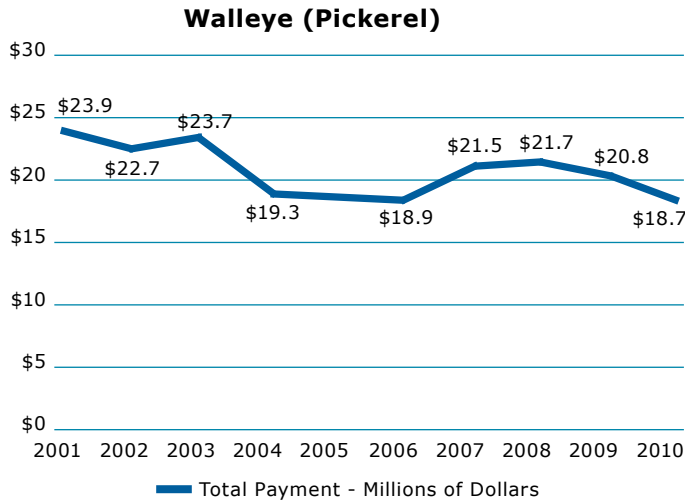
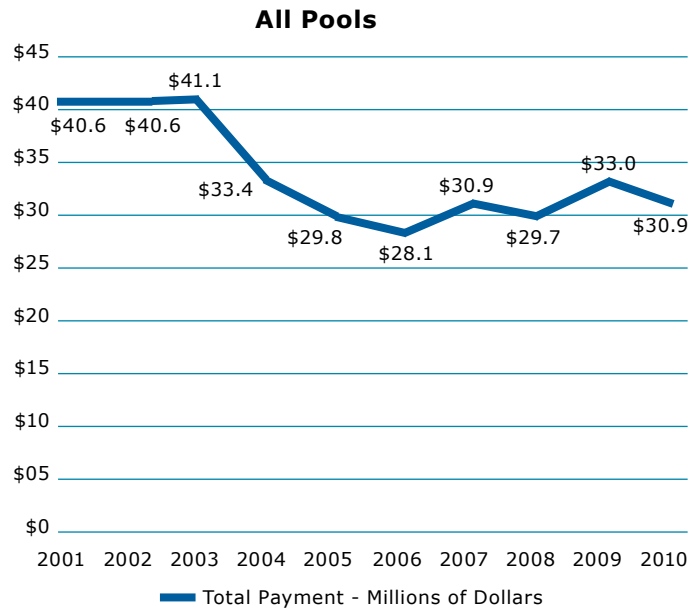
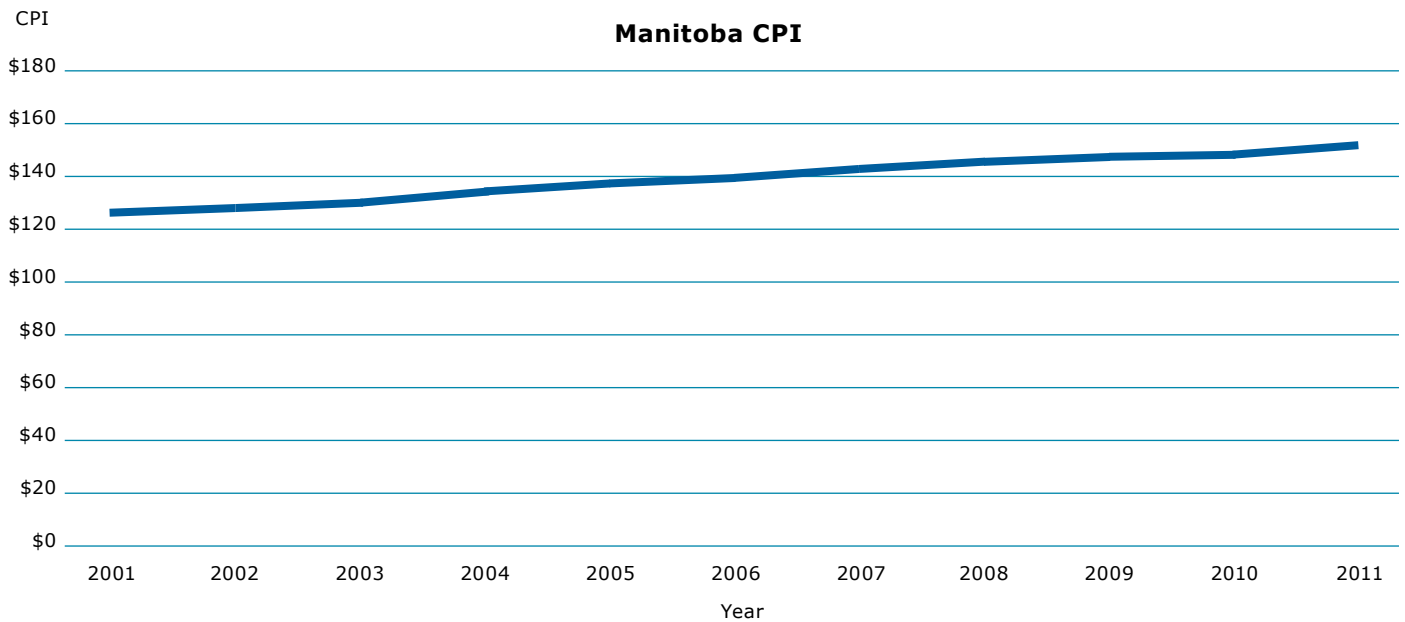


Table 1 Cont'd.



## Table 2: The Rising Cost of Living for Fishers, Manitoba, 2001-2011

Source: Statistics Canada, CPI Data, Province of Manitoba, 2001-2011





The George Morris Centre report mentioned as the basis of this study made the assessment (that remains largely relevant four years after its release) that despite a strong demand for fish, selling prices are declining due to rising transportation costs. Even if this represents changing economic conditions, the report concluded that a lack of market and product innovation means the market is not adequately receiving market signals and is not responding to the needs of markets and consumers.

Although the FFMC provides equitable market access to all fishers regardless of the location or size of their operation, rising transportation and energy costs, combined with currency fluctuations, are having an adverse effect on the prices for fishers. Moreover, economists, such as the report authors, Dr. Larry Martin and Kate Stiefelmeyer, perceive that a single desk system is not as capable of developing and responding to changing market conditions as the private sector is.

When it comes to currency fluctuations, the Canadian dollar has been rising steadily against the U.S. dollar, given problems in the U.S. economy and a strengthening Canadian economy, which is buoyed largely by booming commodity prices. When the Canadian loonie reached parity with the U.S. dollar in 2007, many thought it would cascade back down to historic lower levels, but this has largely not occurred, although there have been bumps along the way. In fact, many reputable economists predict the loonie will either rise or stay close to parity, largely due to the sluggish U.S. economy.<sup>11</sup> This does not bode well for the export-dependent FFMC, especially given its close connection to the U.S. market.

# Particular challenges for Aboriginal communities

Perhaps no other group under the FFMC mandate is more adversely affected than Aboriginal fishers.

Historically, indigenous societies across Canada relied on fish for sustenance as well as trade. If one were to point to traditional indigenous economic activities, fishing would be at the top of the list, so ensuring this industry is preserved is one major way to allow First Nations to remain in touch with this traditional lifestyle and closer to the land. Until decades ago, many Aboriginal communities survived by fishing.

According to a 2007 Probe Research study, Métis and First Nations fishers were more likely to deliver all of their catch to the FFMC than were non-Aboriginal fishers, so issues surrounding the FFMC affect this community more profoundly. It is estimated that between 70 per cent and 80 per cent of fishers within the FFMC's mandate are Aboriginal, specifically First Nation or Métis.<sup>12</sup> Within Manitoba, the numbers climb to about 80 per cent.

For the Aboriginal communities north of Winnipeg, the problem has been that the FFMC benefits the fishing industry in the south basin of Lake Winnipeg. This is largely due to the higher prices offered for higher-end fish such as pickerel and whitefish, which the FFMC is able to market well, as well as to the much higher transportation costs these northern fishers must deal with.

Fishers up the lake and in Lake Manitoba, Lake St. Martin and further north catch fewer pickerel and whitefish, and a much higher percentage of their catch is mullet, carp and other lower-value fish.<sup>13</sup> By virtue of the fish they catch (which are not easily marketed and for which they receive less money) and their greater distance from the FFMC's single processing plant, the predominately Métis and First Nation northern fishers are suffering more under the FFMC monopoly than are fishers closer to the south basin of Lake Winnipeg.

For those fishing in bodies of water that do not have a high pickerel or whitefish yield, it is becoming obvious that there are many opportunities to market their fish outside the FFMC and to receive good money for them. A few years ago, WMM Fisheries Co-operative Ltd. of Lundar (north of Winnipeg) was formed. The business secured an export licence from the FFMC to sell locally caught mullet to a processor in Illinois. The company was able to secure three times more money than was available from the FFMC.<sup>14</sup>

For most fishers, the central problem is that the marketing environment has changed since the founding of the FFMC. Rising energy, equipment and labour costs are eroding fishers' take-home pay dramatically. Rising transportation costs, associated with upward pressure in energy prices, are pushing fishers out of the industry and rendering some regions unprofitable for fishing. The 2007 George Morris Centre report said that a freight subsidy for species other than pickerel

was not utilized.<sup>15</sup> Younger Aboriginals are not attracted to the industry, and the declining numbers of new fishers suggest that youth in general are not going into commercial fishing.<sup>16</sup> Long-term industry observers also cite the high number of older people and the declining number of younger replacements.

Dennis Kork, a former employee within FFMC management, estimates that in 1980 there were more than 4,000 fishermen, most of them Aboriginal. Now, there are about 2,300, and the numbers are dropping every year.

Another significant concern for Aboriginal fishers is the location of the FFMC's processing facility. Its Winnipeg location is strategic for fishers closer to the city (south basin of Lake Winnipeg), but it is extremely problematic for fishers further north in the Prairie provinces and especially in the Northwest Territories. Given the limited shelf life of fish, the cost of refrigerated transport and the high premium placed on the freshness of the product, it is important that the product be processed in under a week. Aboriginal fisherman Kim Sigurdson of St. Laurent, Manitoba, stated that part of the problem is that the unionized processing plant does not operate on weekends, so the fish remain unprocessed.

Aboriginal fishers are growing tired of the stranglehold the FFMC monopoly has on their livelihood.

Robert Gaudry says that every year there are fewer and fewer Aboriginal fishers, both in the Métis communities he travels to and on First Nation reserves farther north. Where once there was a thriving fishing industry among Métis and First Nations, there is now a declining one. The George Morris Centre report is clear that the numbers of fishers is declining.

Data from the DFO also show a decline in the total number of fishers within the FFMC's jurisdiction (see Table 3 on Freshwater Fishery Harvesting Across the West/Arctic Region, 1997-2007, next page).

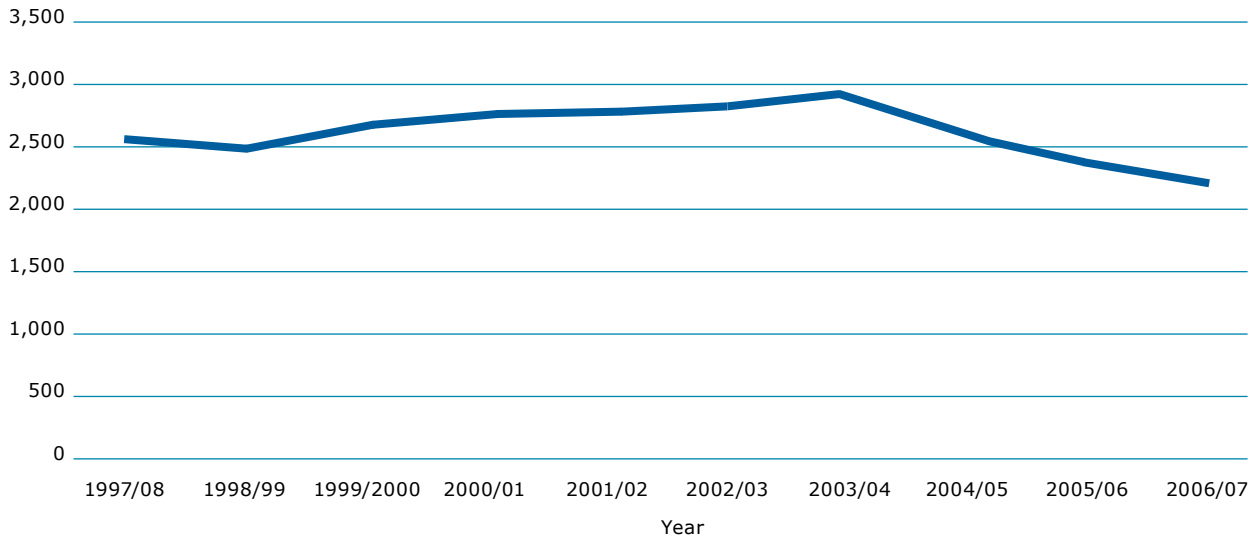
With roughly 50 per cent of the Aboriginal population in Canada under 25 and the Aboriginal population experiencing a demographic explosion, it is clear that tapping into this group is essential for future economic growth.<sup>17</sup> On many isolated reserves in the northern Prairie provinces, fishing is an industry that could allow many of these communities to have a future.

Clearly, the fishing industry has to change if it is to help revitalize many of these isolated Aboriginal communities.

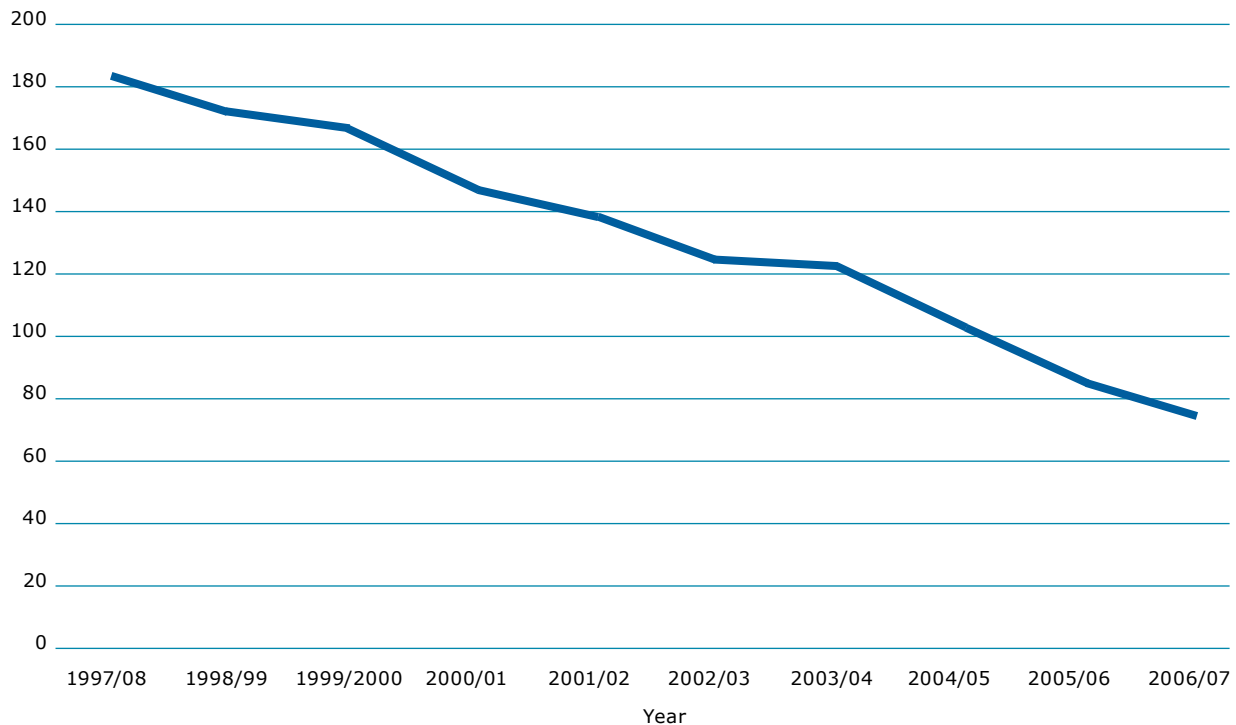
### Table 3: Freshwater Fishery Harvesting Across the West/Arctic Region, 1997-2007

Source: Department of Fisheries and Oceans.  
 Reports are available at <http://www.dfo-mpo.gc.ca/regions/central/stats/index-eng.htm>.

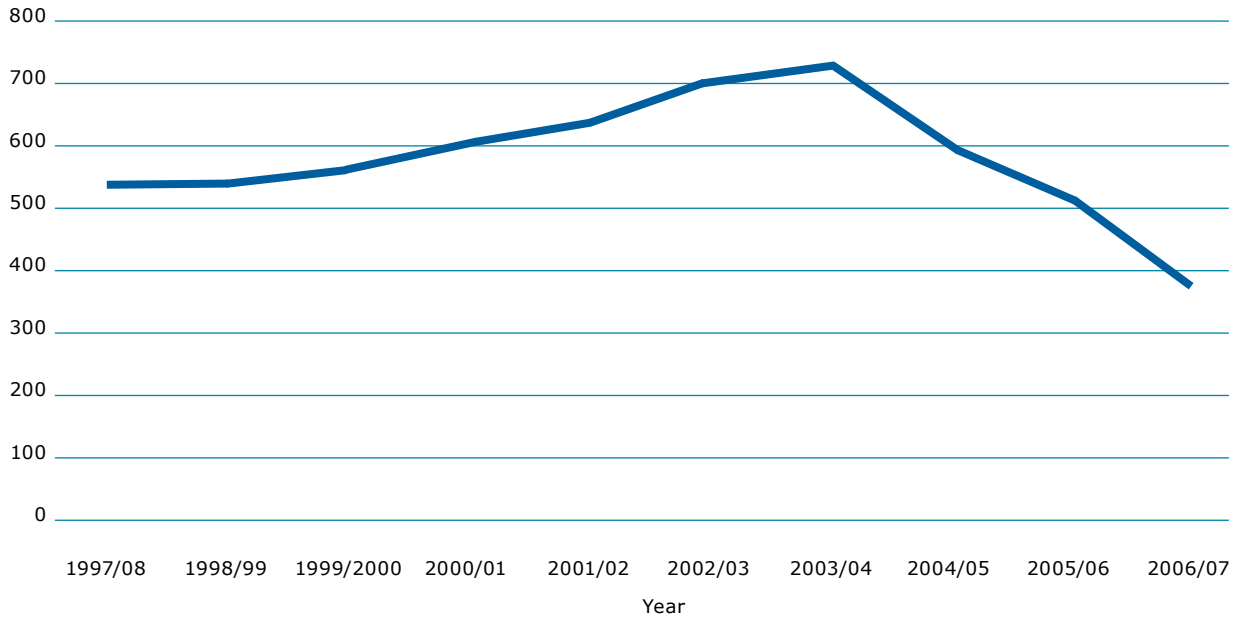
#### Fishermen in West/Arctic Region



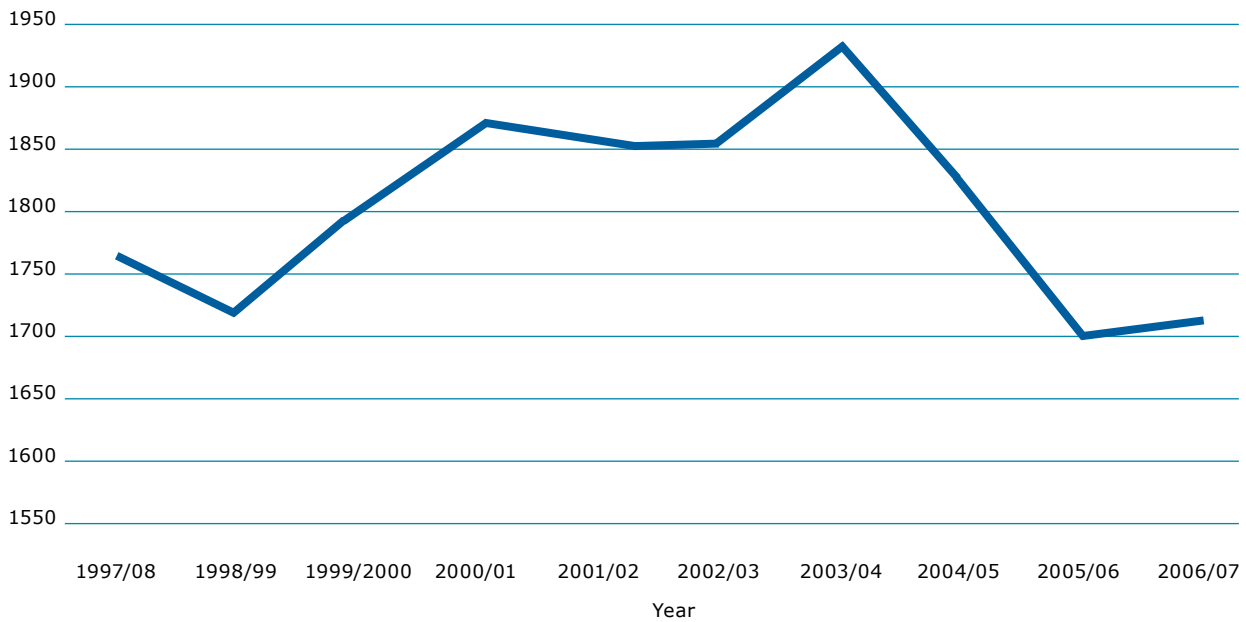
#### Fishermen in Alberta



## Fishermen in Saskatchewan

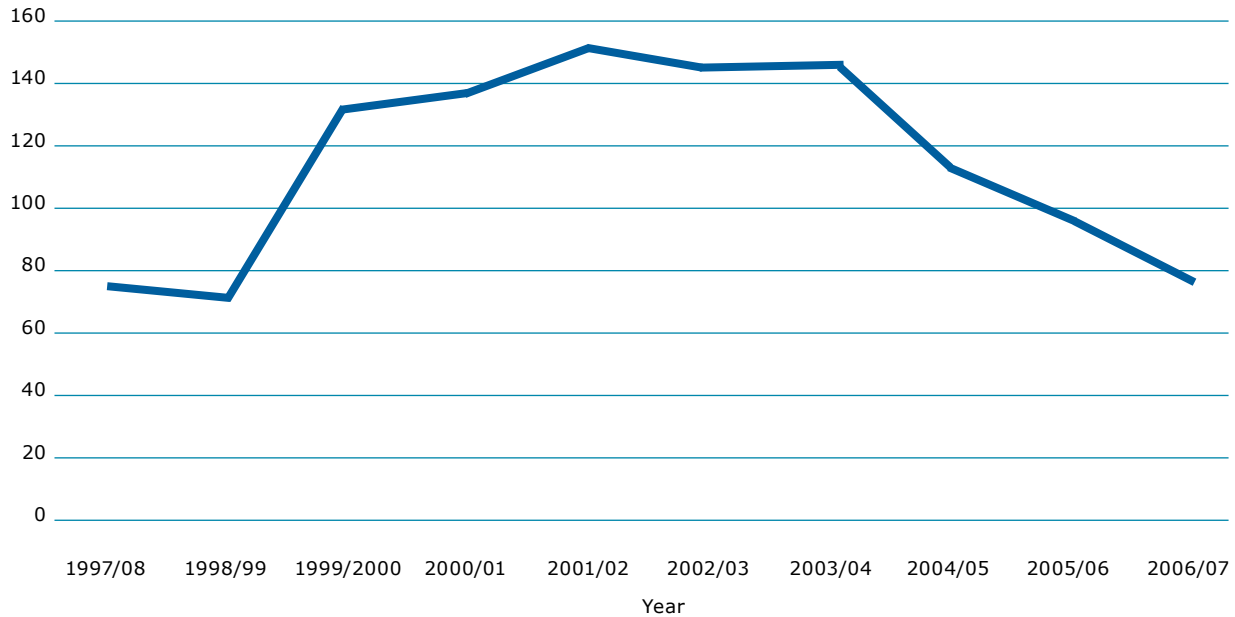


## Fishermen in Manitoba





## Fishermen in Northwest Territories



## Impact of the FFMC

Looking over Table 1, pgs. 12-13, (which shows the total payments for each species from 2001 to 2010, including All Pools), one sees a gradual dip in payments to commercial fishers by the FFMC over the 10-year period, even in higher-end species such as pickerel.

Although the FFMC provides equitable market access to all fishers regardless of the location or size of their operations, rising transportation and energy costs, combined with currency fluctuations, are having adverse effects on prices paid to fishers. Moreover, independent economists conclude that a single desk system is incapable of developing and responding to changing market conditions as well as the private sector is.

# Export licences?

Some argue that the short-term Export Dealer Licence (EDL) offered through the FFMC is a balanced solution to the problem of fishers not being allowed to develop their products and markets. Under Section 20 of the federal *Freshwater Fish Marketing Act*, the board of directors of the FFMC may set terms and conditions in issuing licences as an exception to the FFMC's exclusive rights. However, the FFMC sets out specific limits to these exceptions. According to the FFMC's policy:

When reviewing an application for a licence, the overriding consideration will be whether granting that licence will result in increased aggregate returns to all fishers. More specifically, no licence will be granted that could cause a decrease in aggregate returns to all fishers.

Therefore, fishers must go through hurdles to enter into private commercial arrangements that will not affect the FFMC.

The exemption also allows fishers to sell in new markets for up to five years (previously, it was one year, but recent pressure caused the change), but export licence holders complain that the arrangement can be easily politicized. Unfortunately, the experience of licence holders is that the licensing system is still subject to significant inefficiencies. The restrictions placed on existing licences make it much more difficult to operate efficiently, as one must always be worried about aggregate returns to all fishers or whether one has entered a market the FFMC is already involved in. In other words, the system imposes transaction costs on fishers who wish to enter into other economic arrangements.

Even after the FFMC extended the licences, many people were very concerned that the FFMC could yank the licenses at any point. Amanda Stevenson, owner of a small fishing co-operative, worries because the FFMC can cancel export licences at any time and without notice.<sup>18</sup> She said that when it comes to running a business or engaging in long-term planning, this is obviously a problem.

From a pro-economic growth policy perspective, any marketing freedom is better than none, so the EDLs are better than not having any exceptions to the rule, but clearly they are not the optimal solution for fishers.

# Policy options

The FFMC could have its legislative constraints removed, which would allow the corporation to raise additional monies, but this would not deal with the issue that a single desk arrangement is central to the problem.

This paper argues for changes to the FFMC that will minimize an adverse transition. A positive model appears to be Saskatchewan, which has gone out of its way to provide assistance to the umbrella organization that represents Saskatchewan fishers, the Saskatchewan Co-operative Fisheries Limited (SCFL), as it seeks new markets and shifts to an open market. Before provinces such as Manitoba and Alberta consider removing themselves from the FFMC's jurisdiction, they ought to take a full inventory of their commercial fishing industry to determine where their industry is at and engage in an open dialogue with fisher associations, fisheries' co-operatives and other stakeholders and see how best to assure a smooth changeover.

According to the George Morris Centre report, under Article 21 (b) of the *Freshwater Fish Marketing Act*, the Governor in Council has the authority to exempt from any or all provinces any species of fish, any area or region in a particular province or any transaction, person or class of transactions or persons.

This paper argues that there are a couple paths to the transition out of the single desk.

- 1) The provinces in the FFMC repeal the legislation that places them in it and provide one-time transitional assistance with the move. The George Morris Centre refers to this as the "initiate dual marketing on a regional basis" plan.<sup>19</sup>
- 2) It took enabling legislation to get these provinces and regions into the FFMC, so it will take the same thing to get them out. There is also the option of removing specific species or certain areas or regions or specific bodies of water from the jurisdiction of the FFMC, but this would likely involve a ministerial exemption granted through a federal Governor-in-Council.

At minimum, the federal government should remove itself from its jurisdiction over rough fish. Perhaps it could have a mandate over pickerel and whitefish, or simply pickerel.

Thus, commercial fishers from Lake Manitoba who voted to remove themselves from the FFMC's jurisdiction should seek guidance from the federal government about a ministerial exemption. Aboriginal fishers could pursue the export markets they want to pursue without any restrictions. Single desk monopoly arrangements stifle product innovation and market development. These changes would be similar to those envisioned for the CWB where one type of grain—barley—was removed from the jurisdiction of the CWB while wheat remained.

# The ideal goal—dual marketing

This paper argues that the optimal solution would be for a slowly phased-in dual marketing system of marketing and selling fish. In other words, the FFMC should slowly become a fully private company. Another option could be for it to remain a Crown corporation, or it could eventually come to operate as a voluntary co-operative. The piecemeal approach advocated above may be best, as it allows those provinces or regions that wish to remain in the FFMC to do so without forcing everyone else into it.

As mentioned above, this also means that a transition toward a dual marketing system would be slow and would adopt a phased-in approach. This would allow private operators and communities to adjust to the new conditions. Fishers would need to find new sellers and secure markets. The George Morris Centre report is optimistic about the future of a dual marketing system. It states, “Our assessment is that, after a period of adjustment, fishers’ average returns would likely rise with a dual market.”<sup>20</sup> This is because “private industry with fewer constraints has a much higher chance of innovating to provide more customer value.”<sup>21</sup>

Larry Martin, a main author of the George Morris Centre report, in an e-mailed response, indicated that how the isolated First Nation communities do under dual marketing would be dependent largely on their response to innovation. He wrote:

We concluded that FFMC was not doing a good job for the remote communities and that it stifles innovation. We talked extensively with a First Nations group from mainly northern Saskatchewan who wanted to develop a cooperative marketing system and put more emphasis on species FFMC did not do a good job with, especially whitefish. So, if there was innovation in marketing, one would expect it to have a positive effect on the communities.<sup>22</sup>



George Morris Centre ... states, “Our assessment is that, after a period of adjustment, fishers’ average returns would likely rise with a dual market.”

# Hopeful signs?

There are also positive indications that private sector actors are interested in opportunities created by a move toward a dual marketing system. The reality is that there are plentiful marketing opportunities for Aboriginal fishers in all the Prairie provinces. Most of these markets, of course, are export markets outside of Canada. Some Aboriginal fishers have said they have uncovered markets in China alone that would be large enough to purchase all of the rough fish they catch.<sup>23</sup> Unlike North American customers, these customers prize species such as carp and mullet for food.<sup>24</sup>

People within the Aboriginal fishing industry have already approached Export Packers, a Toronto-based importer-exporter of food commodities, to develop fish markets in place of the FFMC.<sup>25</sup>

Thus, there is tremendous optimism that isolated First Nation and Métis communities could survive a well-planned-out transition (perhaps with some federal and/or provincial help) to a system where they are free to fish as they wish. It would also be likely that regional processing centres and lakeside operations would emerge, and local fishing-dependent Aboriginal communities would experience a degree of rebirth.

The slight risk inherent in this approach is better than slowly watching an Aboriginal way of life die, along with economic opportunity and hope for so many of these communities.

The George Morris Centre report suggests that transformations within the food sector and the growing demand overseas will prove beneficial to the commercial fish industry, which independent fishers free of the FFMC could take advantage of. The first is rapid economic growth in many lower-income countries.<sup>26</sup> The World Health Organization says there is a strong positive correlation between income levels and protein consumption.<sup>27</sup> Moreover, as these countries improve economically, urbanization occurs.<sup>28</sup> There is also a high positive correlation between urbanization and meat, dairy, oil and fat consumption and a decline in starchy staples. Therefore, consumption of these goods will continue to grow and an export-driven country such as Canada can exploit this.

The other trend identified in the report is the emphasis on organic and healthy foods. Fresh foods have an advantage, as they are considered healthy. People are also more fixated on where their food is coming from, and with fish, it is possible to identify the lake and/or group of fishers that caught the fish. Fishers who deal in underutilized species know that there are markets to exploit. Amanda Stevens of WMM Fisheries Co-operative Ltd. said that their association saw a presentation from Schafer Fisheries, a U.S. processor based in Illinois. The owner of the company indicated that he is interested in building a processing plant if he is able to buy all the fish they catch in Lake Manitoba. The company also offers good rates for fish. Allan Gaudry, co-chair of the association that oversees the south basin of the lake, said they pay triple the price of the FFMC in species such as pickerel and northern pike and double for mullet.



In Saskatchewan, members of the SCFL also participated in discussions and negotiations with Schafer Fisheries, which could lead to the development of a commercial fish plant in Prince Albert.<sup>29</sup>

Clearly, a transition from a single desk, either in full or in part, is not the doom and gloom scenario that is depicted. Fishers are more sophisticated and more aware of market opportunities than they were in the past. All the initial evidence points to the fact that groups of fishers are already seeking new market opportunities for their fish, and they have received positive signs from prospective business partners, so this is not a pipe dream.

The best option is to trust that fishers can find new opportunities and weather the transition, with some one-time government help. The alternative is to watch as these fishing communities continue to decline and this traditional industry fades away.



Clearly, a transition from a single desk, either in full or in part, is not the doom and gloom scenario that is depicted.

# Endnotes

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## Further Reading

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### **An Environmental Policy for the 21st Century**

By Robert Sopuck

<http://www.fcpp.org/publication.php/1165>

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### **Fish Board's Ship Sinking**

By Kim Sigurdson, *Winnipeg Free Press*, July 6, 2008

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