

project gone through as originally planned, it would have introduced alien fish species and diseases into the Hudson's Bay watershed with substantial damage to Manitoba's largest commercial fishery, Lake Winnipeg. Even though the project is still in the planning stages and was recently downscaled to the point where the danger of this is minimal, the Committee recommends that:

- (11) The Government of Canada continue its close monitoring of the Garrison project and pursue efforts to protect the aquatic environment of the Western Region.**

4.1.7 Situation of the Northwest Territories

In Hay River, the centre of the Great Slave Lake fishery, a number of fishermen who testified before the Committee felt strongly that the single-desk selling approach is not a desirable option for their area's fishery. Some of them reiterated that they had been unwilling to be put under the Corporation's umbrella when it was first created. The fishermen of the NWT also maintained that the sales of higher quality whitefish from their area are subsidizing the returns of fishermen from other provinces that produce lower quality whitefish.

It is true that final payments to the fishermen do not differentiate between the various grades of whitefish. Only the initial payments (80% of the total payment) are paid out according to quality categories.⁽¹⁾ The reason for this is that, although the FFMC may purchase an export quality whitefish at a premium price, this could later be sold at a cutter grade whitefish price to a gefiltefish manufacturer in the U.S. This implies reverse subsidization in that the returns realized on sales of lower grades of whitefish to gefiltefish manufacturers may subsidize the final payments for export quality fish.

This cross-subsidization results from the fact that the actual end-use of the product is not necessarily related to its initial quality grading. The Committee recommends that:

- (12) The whitefish species pool be classified into appropriate categories according to the quality grades of the whitefish caught and marketed.**

Final sales differentiated by grade could be made directly from each pool and rewarded accordingly while sales made irrespective of quality could be paid for at the corresponding accepted rate.

However, the above does not solve the problem of those NWT fishermen who believe their whitefish could command a premium market price on the basis of being harvested in the "cold, crystal-clear waters of the Northwest Territories". This is a promotional theme which the FFMC has only recently initiated in its whitefish market development program in the Los Angeles area. With regard to the desire of some NWT

⁽¹⁾ The FFMC purchases fish at initial prices posted by the Corporation. The initial price approximates 80% of the projected total payments to fishermen (initial plus final) based upon forecasts prepared by the Corporation. Final payments, if any, to fishermen are determined by the Board after the end of the year, based on the results of operations for the year.