

Problems, Issues of Concern, Opportunities and Recommendations

4.1 The Western Region

4.1.1 Centralization of Processing and Transportation Costs

The centralization of processing operations at the Transcona plant in Winnipeg is one of the most contentious issues in the fishing industry of the Western Region. The FFMC has to contend with demands for more local processing. The rationale for this is two-fold: first, local processing would create much needed employment in remote northern communities; secondly, it would reduce the cost of transporting the harvest from lakeside to Transcona. The Corporation is generally opposed to these proposals for the simple reason that any reduction in the through-put at Transcona would increase the overhead cost per product unit. According to the FFMC, this would decrease the returns to fishermen. This, in turn, would be contrary to what the FFMC considers to be the most important part of its mandate: achieving the greatest economic returns to the majority of the fishermen.

The centralization of processing operations came about largely because the production of fish in Manitoba accounts for approximately 40% of the total fish processed annually by the FFMC. The other 60% of the harvest is made up of catches from the rest of the vast territory covered by the corporation. The distances (from lakeside to Transcona) are significant obstacles to the marketing of fresh and frozen products in markets which are themselves quite distant from the FFMC's central processing plant in Winnipeg. Transportation costs are high and the delays involved in getting the product from lakeside to the market can affect its quality.

Transportation costs are a particular problem in the northern fisheries where the harvest must often be transported by air to the nearest road. The two graphs in Exhibits 3 and 4 on pages 22 and 23 show that air transportation costs doubled between 1976 and 1983 and that fuel costs tripled over the same period.

The current cost-price squeeze faced by the fishermen of the Western region results in pressure on the FFMC to increase prices beyond the level that the market can bear.