

Accounts implicit price index for machinery and equipment rose by 63%. Assuming the prices of fishing equipment rose in line with this trend, this would put current replacement costs of fishing equipment at \$6,210 for aggregate quota fisheries and \$9,328 for individual quota fisheries. In 1984,<sup>(1)</sup> the average harvest of 6,435 kg (14,160 lb.) generated average gross revenues of \$8,222. It would appear that most fishermen have gross earnings well below what is necessary to make fishing an economically viable activity. In general, fishing is an over-capitalized activity which in the long-run undergoes a decapitalization process as the activity fails to produce reasonable returns on investment.

The related problems of over-capitalization and over-participation have several effects: they over-load the costs of bringing a product to market, create pressure for higher prices, and raise expectations that the economic activity should give greater returns than it realistically can.

With respect to the foregoing, the Committee recommends that:

- (8a) The Department of Fisheries and Oceans assess existing programs to determine whether these contribute to the economic viability of commercial fishing activities in the Western Region.**
- (8b) The provincial, territorial governments in co-operation with the FFMC coordinate their efforts to bring about a good balance of investments in harvesting facilities and the number of participants in the Western fisheries given the harvestable quantities of fish.**

#### **4.1.5 Allocation of Fish Stocks in the Western Region**

The question of allocation of stocks was raised often during the Committee's trip to the Western Region. Commercial fishermen testified that in some areas commercial fisheries had been closed for the benefit of the recreational or sports fisheries. In other areas, commercial fishermen are restricted to harvesting species, such as whitefish, that do not qualify as gamefish as do sauger, pickerel, pike and perch. These latter species command much higher market prices. While the allocation of stock does not fall within its mandate, the Committee wishes to stress that the dwindling access by commercial fishermen to the higher value game species has decreased their ability to make a living from their trade especially in those areas where transportation costs from lakeside to Winnipeg are high.

Provincial governments in the Western Region have definite policies favouring the recreational fisheries, based on the generally accepted notion that these generate more economic benefits to the community. These benefits result from the purchase by recreational fishermen of major durables and property as well as supplies, equipment, food and lodging. All of these run into substantial amounts of money. In Saskatchewan for example, anglers' expenditures attributed wholly to sports fishing totalled \$69.9 million in 1980. In Manitoba, the equivalent figure was \$83.9 million. Of course, these figures represent gross economic benefits; i.e., they do not represent a net value added figure which is the usual way of assessing an industry's net production.

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<sup>(1)</sup> Data provided by the FFMC were converted from a fiscal to calendar year basis.