

4.1.3 The Coordination of Supply

In the Western Region, the FFMC is not only faced with the usual problem of matching supply with market demand, but also has to accept all the fish delivered to its plants by the licensed fishermen of the Region. There are times when the Corporation holds large inventories of species that have limited marketability. Also the Corporation must often freeze large quantities of product which would otherwise fetch better prices if sold fresh. The FFMC devotes considerable resources to unload these inventories, continually seeking out and developing new markets.

As a central marketing organization set up to accomplish precisely this task, the FFMC has, on balance, a good record of success. But the task is endless, and the corporation will continue to be the object of varying degrees of criticism by different interest groups.

The presence of a large organization, that can either find markets for a product or store it until a market is found, diminishes the incentive for the provinces to rationalize their quota systems for harvest control. There have been instances in Alberta where the FFMC has had to process and inventory up to 400,000 pounds of fish from particular lakes, such as Wanigami lake, within a single week.

The FFMC has experimented with variable pricing on a seasonal basis and in a number of instances this has increased winter landings of certain species. The FFMC is continuing to attempt to control surges in deliveries by paying fishermen prices that reflect the costs of having to store and hold products which would have brought better returns if sold in the fresh form. The Committee recognizes that this variable pricing mechanism is a valuable tool which should be refined further for wider implementation by the FFMC, and recommends that:

- (5) Variable pricing be implemented on a larger scale to control surges in delivery as well as quality levels. The fishermen affected by this should be fully informed of the pricing changes as well as the reasons for implementing them.**

The provinces have the responsibility for regulating the harvest. They do so at present by means of licensing systems which combine individual quotas, species catch limits or gear specifications. In Manitoba, experimentation with transferable individual quota-licences is taking place in the Lake Winnipeg fishery so as to permit harvesting operations of economically viable size. Alberta is following Manitoba's lead by introducing transferable licences. However, the licensing system in Alberta will attempt to regulate quantities harvested by specifying the type of gear that can be used with the individual licences. While this is more economical in terms of enforcement requirements, it is a somewhat less effective way of controlling the harvest levels. The Committee understands that the introduction of transferable licences is necessary for the consolidation of very fragmented fishing operations. It wishes to note, however, that a system of transferable licences must contain certain safeguards to ensure that ownership of fishing operations does not become too concentrated. This has potentially negative implications for fishermen with limited opportunity for alternative employment.

The provincial/territorial governments, in cooperation with DFO, have no option but to continue their experiments and to evolve systems that will take into account both the needs of the fishermen and the protection of the resource.