

## **WITHDRAWAL FROM THE FRESHWATER FISH MARKETING CORPORATION**

The Department of Industry, Tourism and Investment (ITI) is consulting with industry stakeholders and providing information to Aboriginal governments and the general public regarding the withdrawal of the Northwest Territories (NWT) from the Freshwater Fish Marketing Corporation (FFMC) and the repeal of the NWT *Freshwater Fish Marketing Act* (FFMA).

### **QUESTIONS AND ANSWERS**

#### **1. What is the FFMC and what does it do?**

In 1969, the Government of Canada passed the Federal *Freshwater Fish Marketing Act* (the Act). The FFMC was established pursuant to the Act. The FFMC is mandated to purchase all freshwater fish lawfully fished and offered for sale; to create an orderly market; to promote international markets; to increase fish trade; and to increase returns to fishers.

The FFMC is managed by a President and a Board of Directors made up of members from each participating jurisdiction and four members representing the federal government. The federal government appoints the President and each board member.

Each jurisdiction who wanted to be part of the FFMC passed legislation to join it. Participating jurisdictions are the Northwest Territories, Alberta, Saskatchewan, Manitoba and Northern Ontario. Terms of participation are described in Participating Agreements signed by each jurisdiction. These terms include each participating jurisdiction providing a guarantee of FFMC's indebtedness in the event loans cannot be re-paid. The amount of these guarantees was determined at signing. The NWT is responsible for five percent of the debt shared for FFMC on a 50-50 basis with the Government of Canada.

#### **2. How did the GNWT decide on proceeding on this course of action?**

The Standing Committee on Economic Development and Infrastructure made a recommendation to the Minister of Industry Tourism and Investment to withdraw from the FFMC. The Minister of ITI sought out advice on the recommendation from the Fishermen's Federation, the industry representative body for the commercial export fishery in the NWT. The Federation after providing Notice of the Vote, conducted a vote on February 17, 2010 in Hay River. The Federation decided to limit voting to only those fishermen who held both Commercial Fishing Licences and Vessel Certificates. The vote was in favour of withdrawal from the FFMC. The GNWT is taking the necessary steps to act on the Federation's wishes.

### **3. What will the process of leaving the FFMC entail?**

ITI is consulting with industry stakeholders and providing information to Aboriginal governments and the general public regarding the withdrawal of the Northwest Territories (NWT) from the Freshwater Fish Marketing Corporation (FFMC) and repeal of the NWT *Freshwater Fisheries Marketing Act* (FFMA).

Subject to the results of consultation, the GNWT would formally notify the Federal Government and other participating jurisdictions of its intention to withdraw with an effective date and would begin the legislative steps necessary to repeal the FFMA.

### **4. Where is the commercial fishery in the NWT?**

Commercial fishing quotas are available in many regions of the NWT. The main commercial export freshwater fishery in the NWT is on Great Slave Lake. Up until 2000/01 the average production from Great Slave Lake was in excess of two million pounds. The dominant species in the fishery is whitefish.

### **5. What does it mean to fishermen in the NWT to be part of the FFMC?**

Commercial freshwater fishermen in the NWT who wish to sell their fish in interprovincial and export markets are required to market their fish through the FFMC. The FFMC does not affect NWT fishermen selling their fish in local NWT markets.

### **6. Why does the Government of the NWT have to repeal the NWT *FFMA*?**

The NWT FFMA is legislation that enabled the NWT to participate in the FFMC. If the NWT is going to withdraw from the FFMC this legislation needs to be repealed.

### **7. What does it mean for these fishers if the NWT *FFMA* is repealed?**

These fishermen will no longer be required to market their fish through the FFMC. Upon formal withdrawal from the FFMC, and repeal of the FFMA, commercial fishers would become fully responsible for marketing their fish in interprovincial and export markets.

### **8. Can NWT commercial fishers sell their fish in interprovincial and export markets outside of the FFMC now?**

No, this can only take place once the NWT *FFMA* is formally repealed.

**9. What is required to market and sell fish in interprovincial and export markets?**

In order to sell fish in interprovincial and export markets, fish harvested need to pass through a fish plant that meets the Canadian Food Inspection Agency's food safety standards. Any processing of the fish must be conducted in a plant that also meets these standards.

**10. Are there any plants in the NWT that meet Canadian Food Inspection Agency food safety standards?**

The only facilities in the NWT that meet these standards are owned by FFMC in Hay River. These facilities are in excess of 40 years old, quite inefficient, and costly to operate.

**11. What is required to market and sell fish in the NWT?**

Fish that is harvested and marketed in the NWT must conform with requirements described in the *Public Health Act* and applicable regulations.

**12. Is fish from the Great Slave Lake currently available in stores and restaurants in the NWT?**

Yes. A number of grocery stores and restaurants sell fish harvested from Great Slave Lake and other NWT sources.

**13. Where does FFMC market fish harvested from the NWT?**

The majority of fish harvested from the NWT is marketed and sold in the United States (U.S.) and in international markets. The main currency involved in sales is the U.S. currency.

**14. What is the status of the fishery in the NWT?**

Since 2000, the Great Slave Lake fishery has suffered from a number of events and circumstances well beyond the control of the fishermen or the GNWT. These include rising costs of fuel and labour and diminishing exchange rates for U.S. currency. The latter has a direct impact on income as the historical premium on sales was approximately \$0.30 on every dollar earned. All of these factors have led to dramatic declines in production and participation on Great Slave Lake, and as a result, the FFMC has taken a number of cost cutting remedial actions.

**15. Which Government is responsible for the commercial fishery in the NWT?**

The Federal Minister of Fisheries and Oceans is responsible for the NWT fishery.

**16. How much does it cost the GNWT to belong to the FFMC?**

There is no ongoing cost to the GNWT. The GNWT does not provide a subsidy to the FFMC. The GNWT provides the NWT Fishermen's Federation with funding through the Fishing Industry Support Fund in support of production. The cost to participate in the FFMC is determined upon dissolution of the FFMC and is tied directly to losses for Federal Government.

**17. Who will be affected if the NWT withdraws from the FFMC?**

Only commercial fishers who export fish to market outside the NWT will be impacted by this decision. The NWT Fishermen's Federation has voted in favour of this proposal.

**18. How long do you think this will it take?**

It is anticipated that the NWT could be in a position to withdraw effective January 1, 2011.

**19. What happens once the NWT FFMA is repealed?**

One of the goals of the 16<sup>th</sup> Legislative Assembly is a diversified economy that provides all communities and regions in our territory with opportunities and choices. The fishing industry is one of the sectors that helps further diversify our economy.

The GNWT is committed to working with NWT Fishermen's Federation and commercial fishers to identify potential opportunities for the long term in light of this decision.

**20. Can the local or territorial market replace the export market?**

The current level of production for export is approximately 600,000 pounds of fish and there may be markets for that in the NWT. The full potential, which is estimated at 3.2 million pounds of fish, likely could not be absorbed by the territorial market.

**21. What happens to the Fishing Industry Support Program?**

This Program is delivered by ITI through the Fishermen's Federation in Hay River. The total amount available is \$225,000 per year. ITI will meet shortly with representatives of the Fishermen's Federation to determine how best to deliver these dollars in support of the fishing industry if the NWT withdraws from the FFMC.

## **22. Will the GNWT replace the FFMC as a single desk marketer of fish for export?**

Fishers have voted for change from a system that controlled their marketing and ultimately their participation in the industry. Assuming their own control over marketing allows fishers to eliminate the “middlemen” and make their own arrangements with the marketplace. The GNWT will provide assistance and support to fishermen to aid in the marketing of their own fish into the marketplace through programs and services.

ITI currently has programs under the Support to Entrepreneurs and Economic Development Policy that may offer assistance to fishers interested in seeking out and securing markets for their products here in the NWT. Fishers and the fishery may also benefit from new programming that will be available through the recently approved GNWT business planning process in support of product design, development and distribution of local foods, as well as marketing and promotion aimed at local, regional and territorial markets.