Preliminary Report

Continued from page 1

...ring landings up to $112,000. The mackerel catch, which averaged less than $20,000 annually before the war, was in excess of $100,000 from 1943 to 1946 although it has fallen off considerably since then, due principally to the decline in the market for the canned product. Smelt landings were valued at less than $40,000 before the war; in recent years, they have been around and over the $100,000 mark.

The pelagic group as a whole has accounted for from ten to fifteen per cent of the total value of all ish landed on the Island in recent years.

The above paragraphs indicate that the total landed value of the Island's fishery has risen greatly over the past ten years. Prior to 1942, the total value rarely exceeded one million dollars. Since that date, two-million-dollar years have been common and one year (1946) exceeded three million dollars.

Three possibilities exist for expanding the landed value of the fishery: (a) increasing the quantity caught; (b) increasing the value of the catch; (c) increasing the share of the catch going to the fishermen.

As to the first of these, Dr. Needler's "Brief Preliminary Inventory of the Fishery Resources of Prince Edward Island", which was presented to the Committee at its May meeting, indicates that some considerable lines of expansion are available. It is certain that neither the groundfish nor pelagic resources of the Gulf of St. Lawrence are presently exploited to anything like their maximum extent. Even with the present catching equipment it appears that greater inshore landings of these species could be made. The principal drawback appears to be a marketing one and it will be necessary, as the economic investigation proceeds, to explore means whereby greater inshore catches of herring, mackerel and groundfish could be disposed of in ways that would repay an increased fishing effort.

Offshore Fishing

The greater potential source of expansion in groundfish and pelagic landisgs, however, lies in offshore fishing and this necessitates different and more expensive equipment than has yet been used in the Prince Edward Island fishery. Here the primary question is whether the Island could develop such a fishery with equal or greater efficiency than the other areas which have access to the Gulf of St. Lawrence. Such an evaluation of the ability of the Island to compete with other fishing centres will also have to be studied as the economic investigation proceeds.

As Dr. Needler's inventory indicated, there is also room for catch expansion in some of the minor species. In some cases, increasing production may require nothing more than the dissemination of information about production methods and markets and the undertaking of some experimental tests. This may be true of such things as farmed trout and eels. In other cases, the problem may be mainly that of solving certain technical or technico-economic problems, such as in oyster farming.

It may be well at this stage to raise the question as to what the Committee might be able to do to stimulate development where the principal needs are for research, information, experimentation and the ever-present necessity to overcome the inertia of traditional practice.

Quality Grading

Increasing the value of the catch is, except for a few possibilities, beyond the control of the fishermen of Prince Edward Island, since the market for ... products is in many cases world-wide and, in practically all cases, highly competitive.

One available opening lies in increased quality. In the case of practically every product, from the highest to the lowest, substantially higher prices can be received for top quality. This acts as an incentive to quality production however only when individual producers feel its effects directly and this is unlikely to be the case when products are sold in an ungraded form.

The question that arises here for consideration by the Committee is whether some form of general grading should be established for the fishery products of Prince Edward Island. Such grading is always difficult to apply, but it has been very successful in the case of other food products and there is no reason why the benefits derived from it in other cases could not be enjoyed by the fishing industry.

The other important possibility of increasing the value of the catch applies to the lobster fishery. Large lobsters are more valuable than small. In most places, the fisherman who lands lobsters under the present size limit receives a lower price than for those legally caught; and again he receives more for those of market size than for the ones which must be sent to the cannery. On some parts of the Canadian Atlantic coast, the fishermen return all lobsters under market size to the water and have reaped substantial additional benefits from this practice.

The questions which this raises may be considered in two parts: (1) In the case of undersized lobsters, are the present regulations and the methods of their implementation and enforcement satisfactory? (2) Should the fishery be encouraged to reduce the intensity of fishing to allow a larger proportion of the catch to grow to market size and what methods should be employed to bring this about?

Marketed Value

Increasing the share of the market value which is received by the fishermen is possible by reducing the intermediate costs which lie between producer and consumer. More direct marketing methods which reduce costs of both handling and transport might bring substantial gains to the fishermen of Prince Edward Island. Here too the Committee should consider the various ways by whch this may be realized such as, e.g., the encouragement of co-operative and pooled marketing.

(On all points referred to in the preceding paragraphs, it is expected that more material for discussion will be provided by the detailed report of the economic survey which will be presented to the Committee in the near future).

Boats and Gear

Up to the fall of 1950, the fishery of Prince Edward Island was exploited exclusively with inshore craft. These are open boats ranging between 26 and 38 feet in length and powered by automobile or marine gas engines. These boats are built locally and most are equipped with power haulers. A substantial number of boats are owned by packers and let out to fishermen on a catch-sharing arrangement. Taking the Island as a whole, however, the majority of boats are owned by individual fishermen.

The fisherman's annual needs of gear and fishing supplies are, in pracically all cases, financed not by himself but by packers against the year's catch. Some boat financing is done personally by packers but the bulk of these funds are provided through the Prince Edward Island Fishermen's Loan Board. In some cases, packers may loan money and give provisions on charge throughout the winter against next year's catch.

A study of the statistics on year used in the lobster fishery indicates that the amount of such gear may fluctuate widely from year to year. The amount of gear used was steadily increased from 1932 to 1937, then experienced a decline until 1942 and began climbing again in 1943. Throughout these fluctuations, the catch of lobsters remained unaffected which lends support to the view that, for some years now, close to the total available stocks of lobsters have been taken each year.

The other fisheries are, in almost all parts of the Island, exploited only as supplementary to the lobster fishery and the amount of gear used is not very large. In some places, the most rudimentary form of hand-lining for groundfish is common.

Important Questions

Some important questions arise with respect to the use of boats and gear on Prince Edward Island. Is the best use being made of already known catching devices, or could something be accomplished by information and demonstration? Can more be done along experimental lines, such as the Fisheries Research Board's current effort in respect of inshore boat design? On the economic side, is the present method of financing of boat and gear purchases the best?

There is little doubt that more and better could be done in all these fields. To confine ourselves for the moment to the last question raised, it appears to the writer that most fishermen prefer having as little of their own capital invested in boat and gear as possible. The practice has developed of using all other available sources of capital before investing the fisherman's own. In the writer's opinion, this is a development which is harmful both socially and economically.

Methods should be considered whereby fishermen are encouraged to own more of their catching equipment and financing should be designed to supplement the fishermen's limited resources, not to replace them. In this aspect of the industry, we must go by the rule that the greater the "stake" in the operation on the part of the people who are actively engaged in it, the more successful it is likely to be.

Fishing Communities

Contrary to a widely held belief, most of the fishermen of Prince Edward Island are not farmer - fishermen. While the majority may have small amounts of land, comparatively few farm on anything approachng a commercial scale. Some fishermen follow the fishery throughout its various seasons and depend exclusively on fishing for their livelihood. A large number, however, fish only the lobster and after this season is over may take odd jobs at whatever happens to be available from time to time.

Opinions are mixed as to the present standard of living enjoyed by the fishermen, but it is commonly believed that the average fisherman lives approximately as well as the average small farmer. (It may be possible to throw some better light on this subject at a later date as a result of work now in progress).

There are very few "fishing communities" on the Island, i.e., towns or villages composed mainly of fishermen and their families. A large number of fishing locations are places to which fishermen come for the fishing season, and live in temporary homes. A fair number come from their homes to the fishing location by car or truck only for the day. In those places which are actually fishing communities, such as Rustico, Tignish Run and Miminegash, there appears to be a greater tendency for fishermen to follow other fisheries before and after the lobster season than in places which are only temporary residences.

When a specific program for fisheries development is discussed, the effect that it may have on the fishermen and the few fishing communities must be considered. It may well be that such a program will necessarily involve deliberate efforts to concentrate fishing effort at a small number of places. The ability and willingness of Island fishermen to move from their present locations to such centres is a question of both social and economic importance and a developmental program must be accompanied by plans to facilitate and encourage any geographic shifting of fishermen that may be necessary to its success.

Canning

This is the principal type of fish processing carried out in Prince Edward Island. Roughly half of the marketed value of all fishery products is in the canned form. Of this, lobster is by far the most important although during the years in which a good market for other canned fish prevailed, substantial amounts of canned hake and mackerel were produced.

The principal difficulty of the canning industry is the short season. Where only lobsters are canned, the plant is open for only two months, and even during this short period perhaps less than half of the days may see actual canning operations being carried out. Some firms attempt to reduce the burden of overhead charges by canning other fish and, in a few cases, meat and poultry and fruit. Some firms apparently find it profitable to bring poultry from as far distant as Saskatchewan and Alberta for canning in their Prince Edward Island plant. That this can be done illustrates clearly the heavy burden of overhead costs which the short season must impose on those packers who depend entirely on lobster canning.

In 1947, the counties of Prince, Kin's and Queen's ranked 2nd, 3rd and 11th respectively in the value of fish canned among all counties of the Maritime Provinces. In lobster canning alone, these three ranked 1st, 3rd and 9th respectively. At that time, a special and temporary relief market for canned groundfish existed and King's county led all other Maritime counties in the value of this product produced.

Number of Plants

The number of canneries in use in Prince Edward Island is today only half of what it was during the early 1930's. The greatest reduction occurred in 1937 and 1938 and was probably due to the sharp depression which occurred at that time. The number of canneries has been fairly stable since 1944, ranging between 47 and 50. It is, however, doubtful that all of these are on sufficiently firm a footing to withstand even a moderate depression.

At the present time a large numbez of packers appear to be dependent on the wholesaling firms which handle the canned product for the fishing supplies which they, in turn, hand on to the fishermen and for financing of their own operations and this would indicate that a sudden business depression (or perhaps even a stoppage of credit from the wholesaling firms) would be likely to reduce the number of operating canneries quite substantially.

It is likely that the number of canneries now in use in Prince Edward Island is too large for efficient and quality production. A consistent developmental program for the fishery may involve the direct or indirect closure of a significant number of these. It is expected that the larger report will present some material on the economic importance of the canning industry of Prince Edward Island which will enable an assessment to be made of the overall desirability of a reduction in the number of operating plants.

Other Processing Facilities

The only other facilities that exist to any great extent for the processing of fish are for salting. Most fishing locations where groundfish is landed have fish houses owned either by the Provincial or Federal governments or by private parties. Some of these have good built-in facilities for salting and others have large puncheons for the purpose. In practically none of the places visited however, were these facilities properly used and kept in a proper state of cleanliness and repair.

Thus, although salted products make up ten to fifteen per cent of the total value of fish products marketed, there appears to be little or no effort to increase the yield by proper attention to quality. Here again the question arises whether it may not be desirable to establish and enforce certain minimum standards of care and cleanliness and specific quality gradings.

There are a few centres at which freezing facilities are available, and in Charlottetown Provincially-owned facilities are open to the general public. Frozen products, however, make up less than five per cent of the total market value of the Island's fishery products and smelts constitute the bulk of this at present.

Other facilities are either negligible in amount or non-existent.

The development of better and more extensive processing facilities for salting and freezing or new facilities for smoking, reduction, etc., depends primarily on increasing the volume of raw material supplies available at one or more specific centres. In some lines sufficient volume may be forthcoming simply by concentrating the landings which are already made. In other lines the development of processing facilities must await an expanded catching effort. The volume of raw materials necessary to the successful operation of different types of processing plants is a matter of crucial importance here and it would be desirable to have such information as now exists on this question presented to the Committee for its consideration.

Disposal of Products

Canned Fish. Most of the packers dispose of their canned lobsters and other canned fish by sale to wholesaling firms in Charlottetown. Thee firms sample the pack for quality, label it and sell it, principally through brokers, to United States buyers. Smaller quantities are sold in Canadian centres. A number of packers have their own labels and make occasional direct sales. Some market all their product directly under their own label. A few packers possess quotas for the United Kingdom market and sell as much there as they are permitted to, since prices there are higher.

The market for canned lobster appears to be quite variable from day to day. This is a principal source of risk to the wholesaling firm. The variable quality of the pack is also a source of risk since it cannot be adequately protected by sampling. As to the latter, however, the use of embossed covers enables the wholesaling firm to charge losses to the packer from whom an inferior product originated. The principal economic functions of the wholesaling firm are those of assembling and risk-taking. Their existence in the chain from producer to consumer is principally due to the fact that packers are, in the main, not large enough either in their production or finances to engage in more direct marketing.

Fresh Lobsters. Lobsters over nine inches in overall length are bought at higher prices from the fishermen and shipped fresh, principally to the Boston market. The combination of fresh and canned lobster operations is economically advantageous for it permits weak and injured market-size lobsters to be culled and canned, thereby cutting down loss in shipment. In the majority of places, market lobsters are handled by the packers. They are kept in the water until there is enough for shipment and then sent by iced truck or rail to Boston.

There are a few cases of co-operation among packers to handle their market lobster jointly. This permits better marketing and shipment due to the larger volumes attained. In addition, there are some firms specializing in the collection and shipment of live lobsters. They receive supplies both directly from the fishermen in some areas and from packers who prefer not to ship direct to market.

Other Products

As in production, so in marketing the fishery of Prince Edward Island is dominated by the lobster. Oysters and smelts are handled in a well-organized manner through a small number of buyers who ship to market but there is virtually no organized disposal for other products. This is due to the fact that the volume of these products at any one place on the Island is not large enough to make organized marketing operations economically feasible.

Some groundfish and pelagic fish are sold directly to local peddlers, some are taken by boat across the Northumberland Strait to New Brunswick firms, but most is salted and sold to one or another of the large Nova Scotian firms that send trucks on buying expeditions around the coast. In some cases the packer may purchase fish and salt it himself, in which case the fisherman receives payment "from the knife" and his part in the process is complete. Even in such cases, however, the disposal of fish is in a relatively unorganized state.

It is possible that the returns to the fishermen from the minor products could be increased by such larger-scale marketing as might result from the pooling of supplies and the Committee might consider ways in which this can be brought about. As to the major products, canned fish and fresh lobsters, the question of more direct marketing through a government-sponsored agency, co-operative, or some other method should be thoroughly explored.

General Outlook

(Note: The following remarks are made before any intensive study of the information collected during the survey and must

(Continued on Page 11)