

(#11)

Fishing July 24, 1938.

9/1

STATEMENTS BY WILLIAM JOHN GRIFFITH, Irving's Landing, Pender Harbour, Fisheries Patrolman, in the presence of Ald. DeGraves, Chairman, and Commissioner Ald. Halford Wilson, and Commissioner Wm. J. McGuigan.

Questioned by Alderman DeGraves, Mr. Griffith stated:

I have been a fisherman for 30 years and this is the 18th season I have been patrolman. I am employed by the Dominion Fisheries Department.

Q: Do you know anything of the operations of the Consolidated Cod Fishermen's Association?

A: It is like this - prior to the formation of the Association the majority of the fishermen here could sell practically all their Cod, especially during the first part of the season. Since the Association was formed each boat is limited to the sale of a percentage of their catch. My Son Ben and Mr. John Vaughan of Egmont, licensed cod fishermen, were approached to join the Association. They did not join. Of the first load of fish they sold about 400 lbs., they still had 500 lbs. which they could not sell. The price was about \$4.07 per 100 lbs. They were informed that the market was glutted and the boats were limited to a quota, therefore they could not take more. The Boat Kiku owned by G.I. Hatahita and the Boat Matsui owned by Maeda and Taki, operated from Egmont. My son and John Vaughan were limited to approximately 400 lbs. They had 800 lbs. more. The next trip they could sell even less. This condition has existed since the Association was formed. At the present time the price per lb. is roughly 4¢. In my opinion if the said Association did not exist the price to the fishermen would be from 7 to 9 cents per lb., that is to the fishermen at Egmont or on the fishing grounds.

Q: Assuming that the Association did not exist and the fishermen were paid 7 to 9 cents per lb. would that be prejudicial to the consumer in Vancouver?

A: Not as a whole.

Q: Do you know how many executives there are in the said Association?

A: I do not know.

Q: Do you know who the executives are?

A: No.

Q: Is the Association largely composed of Japanese?

A: About 70%.

- 2 -

Q: Is it possible for others than the Association to dispose of their catch?

A: If the Association members have not sufficient to fill in.

Q: Does that happen frequently?

A: Practically every spring and summer. Mr. Martin Vornock, Harry Page and James Jeffreys were practically ordered from the dock in Vancouver. They were informed that they did not want them to sell fish on the market.

Q: Is it your opinion that the said Association controls the price of Cod fish in Vancouver?

A: Yes most assuredly - how could it be otherwise?

Q: Do you know of your own knowledge that shipments are frequently made to Seattle?

A: I do not know anything about it - only rumors.

Q: What is your opinion as to the method of fishing employed by the Japanese members of the Association?

A: It is my opinion that the Japanese method of fishing is very destructive for two reasons. (1) They use Sole for live bait and the large mother cod bite much more readily on this bait than on any other bait used, and the Japanese thereby clean out the reef entirely before they leave it. The other reason is that as it is not their country they do not care.

Q: (By Mr. McGuigan) Do the white fishermen encourage conservation of cod fish?

A: 90% of the white fishermen work for conservation. I know a certain Japanese and his son who go to Egmont every year after the salmon season is over with a load of sole. They will fish one reef until it is entirely cleaned out, then move out into the gulf. This has been going on for from 12 to 15 years in the vicinity of Egmont.

Q: (Alderman DeGraves) What are the methods of licensing Cod Fishermen in this district?

A: That is governed by the regulations (Witness read Section 4 of the Regulations). The Japanese do not live up to regulations. There was a gun battle fought here on the question whether

- 3 -

{ A white man or a Japanese should fish a particular reef.
(Witness read Section 11 of the same regulations and Sections B and D). The Japanese have licenses but the Act states that only British Subjects are entitled to Licenses - I do not know how they get around this, but they are licensed.

Q: Do you know what method they use in the operation of live fish boxes?

A: Yes, I am familiar with the method.

Q: Would it be possible to control the quantity of fish shipped from this district to Vancouver by the operation of the live fish boxes.

A: Most assuredly in so far as the proportion of fish shipped from here has a bearing. Last spring (1938) for example the fish boats were limited to a certain number of lbs. per trip and in almost every case a much larger amount was held over in the live fish boxes. Owing to the efforts of the said Association to keep the prices on a level basis in Vancouver they thereby controlled the price. Positive proof of this can be obtained from John Vaughan, Benjamin Griffith, Harry Page and Henry Silvey and others as well. These men are all at Egmont.

Q: (Ald. DeGraves reads copy of Provincial Government Health Regulation, B.C. Gazette, July 28, 1921, dealing with keeping of live cod in boxes).

Q: Is this regulation being observed?

A: Live boxes are kept for the purpose of regulating the supply of fish to the market and hence regulate the price of fish. These regulations are not lived up to at all. There is no similar regulation issued by the Federal Government. A number of fishermen would welcome the opportunity to sell their fish every day instead of keeping them in live fish boxes.

Q: (Mr. McGuigan) What then, in your opinion, is necessary to put the Ling Cod industry on a proper basis?

A: A Board similar to the Board governing the sale of Halibut, which would I think operate fairly both to the fisherman and

-4-

the consumers. Year after year when Japanese fishermen were not limited, I personally saw Japanese taking ling cod with spawn falling out of them and selling them.

Q: Is herring very important in connection with the cod-fishing industry?

A: Herring is very important as bait in fishing for cod fish. I have seen, and my neighbours have seen, Japanese catch herring and squeeze the roe out of them and sell the roe. They throw the body of the fish overboard. This is a vicious practice, and white fishermen do not indulge in it, as this will in time deplete the herring, and herring is the principal bait used in cod fishing.

In giving you the above information, I wish it to be understood that I am not criticizing the Fisheries Department or my superior officers in any way, but only with the object of rendering such assistance as I can with a view to helping the cod-fish industry generally.

July 24th, 1938.

STATEMENTS BY MR. F. HELLIER, IRVING'S LANDING,
PENDER HARBOUR, IN THE PRESENCE OF ALD. DE GRAVES,
CHAIRMAN, COMMISSIONER ALD. HALFORD WILSON AND
COMMISSIONER WM. J. McQUIGAN.

Ald. De Graves. Q: How long have you been fishing?

A: I have been fishing here for eleven or twelve years. I have, since last year, been called the auditor of the Consolidated Cod Fishermen's Association, although I am not an auditor nor even an accountant. I think I am some sort of executive in the Association. I guess I was appointed because I was the only one to attend meetings. I have never audited their books, as I am not an auditor, but the Japanese call me that. I have questioned items in the expense account of the Association, and have been a member since incorporation.

Ald. Wilson. Q: Did you think that the Association's expenses were too high?

A: Yes. That is why I went down to their meetings. I wanted to question the items which seemed excessive.

Ald. De Graves. Q: Do you know how you came to be elected or appointed the auditor?

A: I was the only one to take enough interest in the matter to go down to their meetings—they can't silence me, and never will.

Q: Did this inquiry have any beneficial effects to the fishermen?

A: I do not know. I was sick at the time. According to the reports, the prices were stronger this spring than during any previous spring. The prices, however, are now low for this time of the year. When there was lots of cod fish, then cod fish was cheap in Vancouver.

Q: Are you acquainted with Mr. Templeton?

A: Yes.

Q: What is his position?

A: He was a delegate, and he is now vice-president of the Consolidated Cod Fishermen's Association.

-2-

Q: When were you appointed auditor?

A: In January, 1938.

Q: At a general meeting?

A: Yes,

Q: Was Mr. Templeton appointed vice-president at the time of the meeting?

A: Not to my knowledge. Mr. Murphy and I refused to vote for him.

Q: What position does Mr. Ide hold?

A: He is an interpreter and adviser.

Ald. Wilson: Q: Has there been any intimidation of white fishermen by Japanese?

A: No, I do not think so--lots of white fishermen are not members, but the buyers often pay the white fishermen's membership fees, twenty-five cents per year. Cod fishing is not so profitable as salmon trolling. Cod fishing is more difficult, because one has to get bait and find places to fish, etc.

Ald. De. Graves. Q: Have you signed any official statement or report as auditor for the said Association?

A: Not as "auditor," but I signed a report--both Mr. Murphy and I signed a statement in January last. I do not remember what it was. I have never made an audit of the books.

Q: Are you satisfied with the statements or expense accounts of the said Association?

A: No, I was not satisfied, but I figured it was the Japanese way of doing business. With the Association, we fishermen have been better off.

Ald. Wilson. Q: Have you found that the Japanese buyers show discrimination against white fishermen?

A: No; they give good service. They help to kill and land the cod fish, etc. Since the Association was formed, we have never received less than 2.04 cents per pound.

-3-

Before the formation of the Association, we have received a price as low as one cent a pound.

Ald. De Graves: Q: Do you think the Japanese fishermen fix the prices?

A: I do not know. That is arranged between the wholesalers and the said Association--fixed weekly by the Association and the wholesalers.

Q: Who controls the Consolidated Cod Fishermen's Association?

A: The Japanese.

Ald. Wilson. Q: What about the question of fishing with sole bait?

A: Cod will bite on sole rather than on any other bait.

Q: How long can you keep cod in live fish boxes?

A: A week or so.

Q: Is the use of live fish boxes abused; that is, used to regulate the supply and increase the price to the consumers?

A: The fishermen are anxious to get rid of their cod as soon as possible. If the buyers would keep them alive, it would be different, but the fishermen must take all the chances and keep the cod fish alive.

Q: It has been suggested that the price is higher because cod fish is held back in these live boxes, and, therefore, more scarce?

A: I do not think there is anything in that. Bait is sometimes very difficult to get. Fishermen work full time all the time because they cannot afford to do otherwise. I was in the transfer business, but my health broke down after I returned from overseas. The price of cod fish held a better average this spring since the investigation started than any previous spring.

-4-

Ald. De Graves. Q: As an executive of the Association and as an experienced fisherman, what is required in your opinion to improve the conditions in the industry?

A: An honest administration of the Fisheries Department. As a local instance, a Japanese, H. Karashida, quit fishing this spring. The Fisheries Officer, Mr. Pilling, said that this Japanese lost his licence because a Japanese licence-holder returned from Japan, but now Karashida is fishing again.

Q: Do you think that the best interest of everybody concerned would be best served by an inquiry into the whole cod-fishing industry by competent authority.

A: No, personally, I do not think so. The present Fisheries Department should be cleaned out. The average white fisherman is disgusted with the Fisheries Department and its local representatives.

July 24th, 1938.

STATEMENT BY EDWARD GEORGE WARNOCK, IRVING'S LANDING,
PENDER HARBOUR.

Ald. Wilson. Q: Do the Japanese fishermen give you any trouble?

A: At present the Japanese do not bother us at all. At first they undersold us. I sell my whole catch to Woodward's Stores, Limited. When I first went to Woodward's, the Japanese would go there and undersell us with the view to putting us out of business. They would sell for a cent to a cent and a half lower per pound. The Japanese have behaved a great deal better since the inquiry started. There are no independent buyers now. Before there were many.

9/4

Victoria

December 13th, 1938

R. L. Maitland, Esq., K. C., M.L.A.,
Royal Trust Building,
626 Pender Street West,
Vancouver, B. C.

Dear Mr. Maitland:

Under separate cover I am sending to you by registered mail our Departmental file covering a discussion on the question of herring reduction versus salting of herring on the East Coast of Vancouver Island. It would be quite a job to copy all of this, and I think you will probably be satisfied to peruse it, from which you will get a general idea of the problem and the two sides of it, which I imagine is what you want.

I would like to say, however, that the question of reduction of herring has been a contentious one so far as British Columbia is concerned for many years. Men like A. W. Neill, M.P. and Tom Reid, M.P. who have represented fishing districts and have made a considerable study of the fishing problems, have always been bitterly opposed to the conversion of herring into meal. It is my opinion that they are very materially influenced by the viewpoint of the salmon trollers, who claim that herring are the main food of the salmon, and who claim that a depletion of our herring fisheries would result in a depletion of our salmon fisheries.

While there is not enough known about the life and habits of the herring so far as I have been able to find, in this argument the fishermen have not scientific facts on their side, although there is no doubt that excessive fishing of herring would rapidly deplete them, which in any case would be an economic loss to the Province. The habits of herring are quite different to those of salmon, and the same methods of conservation are not applicable.

Previous to the depression we carried on a large salt herring business with the Orient, mainly through the Japanese, who controlled that market in China. I have always argued from facts at my disposal that ten for ten salt herring disposed of at a normal price is worth much more to the Province than the same amount of herring reduced to oil and meal. Although men like H. R. MacMillan dispute this fact there is no doubt that the argument is all against them.

At the present time, of course, there is a comparatively small amount of salt herring being sold in the Orient, but as the years go by there seems to me to be no doubt that the market will return again, and be a very profitable one. For this reason I think we should be careful not to do anything that will destroy this future market. Then, of course, this is a very favourable time to introduce the Japanese question, and H. R. MacMillan claims that herring reduction is a White man's business and herring salting a Japanese business. As I pointed out in the House this Province is now forcing the use of 60% Whites in the salting

9/4

-2-

business, and this can be maintained as a White man's business just as well as the reduction business, because there is really nothing to prevent the Japanese from entering the reduction business if they are forced out of the salting business.

At the present time the Federal Government is using a policy suggested to them by our Department; that each herring area has a maximum tonnage quota placed upon it every year. The Federal Government do not in any way specify how the herring shall be processed after they are caught, but our Department issues Processing Licences, and through them can control the method of processing, and to a limited extent we have done so. On the West Coast of Vancouver Island, where the herring are not as suitable for salting as on the East Coast we have agreed for several years past to a reduction of the complete catch. On the East Coast of Vancouver Island we have agreed to a reduction of herring only after the amount required for the year's salt-fish market has been processed. Actually we grant reduction licences upon the understanding that fishing for reduction purposes will be stopped when a given amount of fish has been taken. It is against this that the B. C. Packers protest. They would like us to allow all licence holders to take such a quantity as they can get until the quota is exhausted and process them as they see fit. The effect of this would be that the reduction plants would succeed in cleaning up the total quota before it was possible for the salting processors to get their requirements, and the result would be the ultimate elimination of salt processing.

I have given you this short outline of the problem which I think has probably been placed before you by representatives of the B. C. Packers, who are at present making an issue of it. From the file I am sending you will be able to further follow the arguments that I have outlined. After you have perused the file to your satisfaction will you kindly return it.

Yours very truly,

"Geo. S. Pearson"

COMMISSIONER.

9/4A

September 8, 1938.

MEMORANDUM TO THE HONOURABLE

THE PREMIER

I am enclosing various correspondence on herring reduction. If you would like me to have a copy of this made for you I should be pleased to do so, but I should like to have the original returned after you have completely perused it.

With reference to the granting of Fisheries Licenses to Orientals. There is nothing in our Act which prevents the granting of a license to an Oriental, nor does our Act or regulations under it restrict the activities of Orientals specifically in the fishing industry.

Showing the attitude of our Department to Oriental activities in the fishing industry, we have each year since this Government has been in office, issued Saltery Licenses with a proviso that at least 50% of those employed in the operation carried on under the license, shall be whites or native Indians. Further more we have very rigidly enforced this provision.

I attach a list of the Herring Dry Saltery Licenses issued for last year, 1937-38. Of the five licenses issued four are to Japanese incorporated companies and one to the Canadian Fishing Company Ltd., a white company which employs all whites.

COMMISSIONER.

9/4A

1937 - 38 SALMON DRY SALTARY LICENCES
ISSUED

<u>Name of Plant</u>	<u>Location</u>
B. C. Packers, Ltd.	Eccole
B. C. Packers, Ltd.	Imperial
M. Kashino	Ritherdon Bay
J. Kasho & Co. Ltd.	Reid Island
G. Takahashi	Steveston
No. 1 District Fishermen's Assn.	Steveston
Deep Bay Fishing & Packing Co. Ltd.	Deep Bay
Nelson Bros. Fisheries, Ltd.	St. Mungo
B. C. Fish Salteries Ltd.	Otter Bay
Canadian Fishing Company Ltd.	Home
Francis Millard & Co. Ltd.	Gt. Northern Saltery
Vince & Co. Ltd.	Sarita Bay
T. Matsuyama & Co. Ltd.	Newcastle Island
River Fish Co. Ltd.	End. No. 2 Road, Steveston
Green Cove Salteries Ltd.	Green Cove
M. Tanaka & Co.	Garry Point
S. Yoshida	Phoenix
Tanaka & Co. Ltd.	Reid Island
C. Nakamura	Telegraph Cove
Asahina & Kojima	Deserted Bay
H. Tsuchiya	Jackson Pass
Howe Sound Fisheries Ltd.	Cooks Wharf, Alert Bay
Moresby Island Fisheries, Jedway	Jedway
Tahsis Packing Co. Ltd.	Esperanza Inlet
Mark Gosse Fisheries, Ltd.	Union Bay
Coast Packing Co. Ltd.	McCallum Bay

1937-38 HERRING DRY SALTARY LICENCES ISSUED

Employees			
All white	Canadian Fishing Co. Ltd.	All whites	Nanaimo
50-50	Canadian Saltery Ltd.		North Galiano Island
50-50	Pacific Sea Products Exporters Ltd.	Jap	North Galiano Island
50-50	Tanaka & Co. Ltd.	Jap	North Galiano Island
50-50	B. C. Salteries, Ltd.	Jap	Otter Bay

9/4 B

15th September, 1938

MEMORANDUM TO

HONOURABLE THE PREMIER

Following up our discussion re the granting of licences to Orientals by our Fisheries Department; the Federal Fisheries regulations for British Columbia have the following regulation:

"No licence shall be granted to any person or company unless such person is a British subject, resident in the Province or is a returned soldier who has served in His Majesty's Canadian Navy or Army overseas or to such company or firm unless it is a Canadian firm or company or is authorized by the Provincial Government to do business in the Province".

Now if we were to embody this in our Act or as a regulation under our Act, it would be a gesture showing our attitude to the Oriental problem, but it would not stop the present practice as I think each herring reduction licence now granted is granted to a company authorized by the Provincial Government to do business in the Province.

Do you think that realizing this, we should amend our Act to include this provision or can you suggest a clause which would more definitely meet the case and still be intra vires. It must not be forgotten, however, that if we wiped out the Orientals from the operation of salting fish, it is unlikely that white operators would take this up if we allowed them the alternative of reducing the fish to oil and meal; and as I have already said, I am of the opinion that there is a future market in the Orient for this product worth preserving.

In this connection I am enclosing copy of a memorandum prepared by the Assistant Commissioner of Fisheries relative to the number of persons employed in the reduction process and in the dry salting process for the same tonnage which shows very definitely that not only is it a fact that the gross value of the dry salted product is twice as great as that of the reduced product, but that twice as many whites and Indians are employed in the salting process as are employed altogether in the reducing process notwithstanding the fact that our regulations this year allowed 40% Oriental labour to be employed in the salting process and the practice up to date has been to employ whites almost entirely in the reducing process.

COMMISSIONER.

9/4c

Copy sent to Hon. Premier

VICTORIA

September 13, 1938.

F-205/38

MEMORANDUM

Commissioner of Fisheries
BUILDINGS.

Complying with your request of yesterday in respect to the numbers of white men and Indians employed in the herring salteries, as compared with the white men employed in the herring reduction plants, the following figures have been obtained from the annual returns made by the various companies operating under licence from this Department for the year 1937.

In respect to the herring reduction plants, only those plants operating on the west coast of Vancouver Island and Steveston have been taken into consideration. The attached tables show the number of whites and Indians employed in the herring reduction plants and in herring dry-salteries, together with the number of tons of raw fish handled. The value of the finished product and the figures for tons of raw fish handled in reduction plants have been computed by taking the number of tons of meal and multiplying this by a factor of $5\frac{1}{2}$, which is the accepted reduction factor. Similarly in respect to the figures for dry salteries, to the number of cured tons has been added $\frac{1}{5}$ as there is a 20% shrinkage in the salting of herring.

In comparing the number of white men and Indians employed in these two branches, it is submitted that in any comparison of this nature the tonnage must of necessity, be taken into consideration. When this is done it is found that in the reduction plants, one white man or Indian is employed for each 204.5 tons of raw fish handled, while in the salting operations, one white man or Indian is employed for each 112 tons of raw fish handled. Compared on a tonnage basis this indicates that one man handles 92 tons of fish more in a reduction plant than in a dry-saltery.

The above comparison does not take into consideration the fact that in the salteries there are an equal number of Orientals employed. In the dry-salteries, when the total number of employees is taken into consideration, as there is an equal number of Orientals employed compared with the number of whites and Indians, it is found that one person is required to handle each 56 tons of raw fish compared with 204.5 tons per person in reduction plants.

In other words, and taking into consideration only the whites and Indians employed in salteries, it requires 82% more white men and Indians to handle a given quantity of fish in the salteries as compared with the reduction plants and when the total number of employees, including Orientals employed in salteries is taken into consideration, it requires 164% more persons to handle a given quantity of herring in a dry-saltery than in a reduction plant.

It is also interesting to note that from the figures submitted to this Department, one ton of raw fish put

9/4c

-2-

through a reduction plant has a gross value of \$10.14, while one ton of raw fish put through a saltery has a gross value of \$18.11.

All of which is respectfully submitted.

Yours very truly,

"Geo. J. Alexander"

Geo. J. Alexander,
Assistant Commissioner.

9/4c

WHITES AND INDIANS EMPLOYED IN HERRING
REDUCTION PLANTS

<u>Plant</u>	<u>Whites</u>	<u>Indians</u>	<u>Tons of raw fish</u>	<u>Value</u>
Nootka	20	5	8,316	\$75,688
Kildonan	9	12	3,421	36,806
Ecoole,	24		5,445	59,325
Hecate	23		3,272	34,994
Ucluelet	31		5,593	50,656
Imperial	32		5,241	51,777
Markdale	12	4	1,155	11,380
Cee Pee Cee	21	10	9,438	103,918
Toquart	<u>14</u>	—	<u>2,513</u>	<u>25,692</u>
TOTALS	186	31	44,394 tons	\$450,236

WHITES AND INDIANS EMPLOYED IN HERRING
SALTERIES

<u>Plant</u>	<u>Whites</u>	<u>Indians</u>	<u>Tons of raw fish</u>	<u>Value</u>
Nanaimo	40		2,454	\$40,900
Can. Saltery		15	2,454	40,500
Pac. Sea Pro- ducts	8	8	1,391	39,860
Tanaka	1	11	2,478	41,300
Otter Bay	<u>17</u>	—	<u>2,457</u>	<u>40,960</u>
TOTALS	66	34	11,234	\$203,520

9/4D

VICTORIA

September 13, 1938.

F-206/38

MEMORANDUM

Commissioner of Fisheries,
BUILDINGS.

I would refer you to our conversation of even date in respect to the matter of issuing licences to individuals or firms, other than white individuals and firms, and would point out that Section 7 of the Federal Fisheries Act provides that:

"The Minister may, in his absolute discretion whenever the exclusive right of fishing does not already exist by law, issue or authorize to be issued leases and licences for fisheries and/or fishing wheresoever situate or carried on, but except as hereinafter provided. Leases or licences for any term exceeding nine years shall not be issued only under authority of the Governor-General in Council".

Section 34 of the Federal Fisheries Act, sub-section 1, paragraph D, provides that:

"The Governor-in-Council may make regulations to forbid fishing except under authority of leases or licences".

Section 10, sub-section 1, paragraph B of the Special Fisheries Regulations for British Columbia, provides that:

"No licence shall be granted to any person or company unless such person is a British subject, resident in the Province or is a returned soldier who has served in His Majesty's Canadian Navy or Army overseas or to such company or firm unless it is a Canadian firm or company or is authorized by the Provincial Government to do business in the Province".

The Federal Department of Fisheries has for some time limited the number of fishing licences granted to Orientals. Recently some 60 Japanese applied for fishing licences on the Fraser River and were refused. These Japanese went fishing without licences and were apprehended by the Federal officers, prosecuted in New Westminster and fined. They have retained the services of Mr. E. G. Norris and Mr. Dugald Donaghy as solicitors, and I am given to understand that it is their intention to appeal the case and if necessary, take it to Privy Council.

I should also point out that an amendment to the British Columbia Fisheries Act similar to the above, would not necessarily eliminate or prevent the issuance of licences to Orientals, because many of the Orientals now licensed are naturalized British subjects who have been resident in the Province for many years. Others organize a company with white men acting as directors and even though these firms might be duly registered with the Registrar of Companies, when using white men as directors it is difficult to prove definitely that

-2-

Commissioner of Fisheries.

the firm is not a white firm.

Section 19, paragraph 1 of the Provincial Fisheries Act provides that:

"Every application for a licence under this Part shall be made in writing to the Commissioner of Fisheries upon a form to be supplied by him and on receipt of the application, the Commissioner of Fisheries may, with the approval of the Lieutenant-Governor in Council, issue a licence".

Your attention is drawn to the fact that under this section, licences are only issued with the approval of the Lieutenant-Governor in Council. If it is the Government's wish that certain licences be not issued, the approval of the Cabinet might be withheld. I have discussed this tentatively with Col. Pepler, who advised that in case the Executive Council withheld approval, no reason would necessarily have to be given, the Executive Council being responsible only to the legislature.

All of which is respectfully submitted.

"Geo. J. Alexander"

Geo. J. Alexander,
Assistant Commissioner.

9/4E

F -

September 14, 1938

FO/

MEMORANDUM TO THE HONOURABLE

THE PREMIER

With reference to my memorandum of September 8th, I am enclosing copy of letter dated November 19, 1937, also copy of letter dated August 3, 1938, both from the Assistant Commissioner of Fisheries, regarding herring reduction.

COMMISSIONER.

Encls.

COPY O.K.

F.P.

9/4 F

PROVINCIAL FISHERIES DEPARTMENT
Victoria

August 3, 1938.

MEMORANDUM

Commissioner of Fisheries,
Buildings.

I would refer to your memorandum of July 16th, attaching letter F-165/38 from J.M. Buchanan, General Manager of the B.C. Packers, Ltd., under date of July 12th, dealing with several phases of the question of the use of herring in reduction plants, particularly in connection with that Company's operation on the east coast of Vancouver Island.

You will note that Mr. Buchanan devotes the first three pages of his communication to remarks purported to have been made by Mr. A.W. Neill before the Fisheries Committee of the House of Commons. In connection with these remarks, I feel that there is little I need say as Mr. Neill's remarks were addressed to the Members of the House of Commons and it would probably be an impertinence on my part to comment thereon.

Mr. Buchanan then brings up the question of the reduction of herring vs. dry-salting. After reciting something of the early history of the reduction industry in relation to the herring fishery, the matter of permitting further reduction of herring on the east coast of Vancouver Island seems to be the principal point at issue and it would also seem that Mr. Buchanan's remarks from then on are solely for the purpose of trying to point out that herring reduced to meal and oil are of greater value to the Province than if the same quantity were dry-salted. I should perhaps, first point out that under the policy adopted by the present administration, herring reduction is now permitted in every fishing district in the Province. The west coast of Vancouver Island, for a number of years, particularly in Barkley Sound, was more or less exploited principally by the dry-salters. In recent years, however, the salt herring industry has been facing severe reverses due to conditions in the Orient and all of the salting operations are now conducted on the east coast of Vancouver Island. The reduction operators now have a clear field in Barkley Sound, which was formerly a very large center of the salting industry. Insofar as the east coast is concerned, your Department of Fisheries has recommended that, as it is more economical to conduct salting operations on the east coast of Vancouver Island than on the west coast, this industry should be given preference in the latter district. If, however, the salting industry does not require all of the quota which is permitted to be taken, your Department has recommended that the balance be permitted to be reduced to meal and oil. Notwithstanding the arguments presented in Mr. Buchanan's letter, up to now I know of no reason why this Department's previous recommendations should not be reiterated.

Insofar as the values are concerned, I would point out that the report of the B.C. Salt Fish Board for the year 1937

-2-

shows that the average price received for dry-salt herring has, since 1931, continued to rise, whereas the prices of meal and oil fluctuate widely and at the present time, while no quotations are available, it would appear that the operators will probably have to sell the product of the reduction plants at considerably less than they have received in the past two or three years. The average C.I.F. prices for the years 1931 to 1937 are listed below.

(Salt Herr)

<u>Year</u>	<u>Average C.I.F. Price (per ton)</u>
1931	\$19.70
1932	15.85
1933	19.85
1934	27.11
1935	28.45
1936	29.28
1937	30.30

In view of the above, it seems almost unnecessary for me to go into detailed figures as this question was thoroughly canvassed in my memorandum to you of November 19th, 1937, a copy of which is attached hereto for your convenience. In comparing the value of herring reduced and herring dry-salted, in the 4th paragraph of page 5 of Mr. Buchanan's letter, it is admitted that the dry-salted product is of greater value than a similar quantity of fresh herring put through the reduction machinery. However, Mr. Buchanan, in the next paragraph, attempts to refute this argument by advancing the theory that sufficient amounts of money are left with the various other companies in Canada to more than offset the price differential between dry-salt herring and the product of the reduction plant. In this connection it is submitted that this Department has never advanced the theory that there were greater profits accruing to the operators of salteries than of reduction plants. It is also submitted that the operators' profit has not been a concern of this Department but in comparing the values of the two products, the main consideration has been the total increment of new wealth to the Province of British Columbia as a whole. According to Mr. Buchanan's own figures, a ton of herring reduced is worth to British Columbia, \$10.59 net, while a ton of herring dry-salted is worth \$13.28 net.

In the next paragraph Mr. Buchanan attempts to break down these figures and it is submitted that, so far as the Department of Fisheries is concerned, the matter of breaking down these figures is an argument regarding the profits to the operator, rather than of the profit to the Province of British Columbia. While in the above statement Mr. Buchanan's figures are used, this is not necessarily an admission that these figures are correct.

Mr. Buchanan then goes on and brings up the Oriental question in British Columbia, upon which question I need not comment.

The last paragraph of Mr. Buchanan's letter suggests that, in view of all the arguments presented there appears to be no longer a valid argument in favor of reserving the east coast herring fishery for dry-salting. In the first place, this is a misstatement as the east coast herring have been permitted to be reduced by his plant on the Fraser River and by plants on the west coast of Vancouver Island. It is submitted, however, that the dry-salting industry is a valuable

9/4F

-3-

industry to British Columbia--although suffering reverses in recent years--and that this industry is now confined to the east coast of Vancouver Island. The value of the goods produced by salteries is greater ton for ton, than the value of the reduction plants, therefore, it is submitted that the Government's policy in respect to the reduction of herring on the east coast of Vancouver Island should not be changed at the present time. The dry-salters should be given the first opportunity to secure their requirements on the east coast of Vancouver Island and if their requirements are less than the quota allowed, the balance of the quota be permitted to be reduced to meal and oil. It is further submitted that no licence be issued to any reduction plant for the reduction of east coast herring until such time as it is ascertained what the requirements of the salters are likely to be.

I return herewith your file F-165/38.

Respectfully submitted,

"Geo. J. Alexander"

Geo. J. Alexander,
Assistant Commissioner.

GJA:GC

9/46

COPY

November 19, 1937.

MEMORANDUM

Hon. George S. Pearson,
Commissioner of Fisheries.

In reply to the second paragraph of your memorandum of November 15th, in respect to the relative value of herring dry-salted and herring reduced into meal and oil, the following is submitted--based on the current quotations obtained from the Secretary of the Meal, Oil and Salt Fish Section of the Canadian Manufacturers' Association and the Secretary of the British Columbia Salt Fish Marketing Board:

First, considering dry-salt herring, there has been sold up to now a total of 8,500 tons of dry-salt herring ranging in price from \$29.50 to \$36.00 per ton. The total received for this 8,500 tons is \$254,000.00. To produce 8,500 tons of salt herring requires 10,200 tons of raw fish; therefore on this basis a ton of raw fish has a gross value of \$24.84. However, as the salt required must be imported there should be deducted the value of the salt in order to obtain the net revenue accruing to the Province. To salt 10,200 tons of green herring would require 3,400 tons of salt with an f.o.b. price of \$9.86 per ton--therefore the net return to British Columbia from salting 10,200 tons of herring is \$220,876.00 or \$21.65 per ton on a green ton basis.

Considering the same amount of raw fish reduced to meal and oil we find that 10,200 tons of herring will produce 1,854 tons of meal, which at the current price of \$33.50 per ton, is \$62,109.00. Assuming that a ton of herring will produce 20 gallons of oil, which is a very liberal estimate, we find that 10,200 tons will therefore produce 204,000 gallons. In 1936 herring oil sold at 23¢ per gallon. Assuming that similar prices obtain in 1937 this will place the value of the oil at \$47,940. The gross value therefore, of 10,200 tons of herring put through a reduction plant is \$100,049. However, from this must be deducted the price of sacks which contain the meal--as these are imported. Quotations vary, but it is conservative to estimate the average value of the sacks at 8¢ each and, with twenty to the ton, they would amount to \$3,148.00. Therefore the net value to British Columbia of 10,200 tons of raw herring reduced is \$106,901--or \$10.48 per green ton--compared with a net return of \$21.65 per green ton if the herring were dry-salted.

In respect to the price of oil in the above calculation, it should be pointed out that it is impossible to obtain current quotations on herring oil, due to the fact that practically the entire 1937 production of pilchard oil is still unsold and, on this

9/46

COPY

November 19, 1937.

MEMORANDUM

Hon. George S. Pearson,
Commissioner of Fisheries.

In reply to the second paragraph of your memorandum of November 15th, in respect to the relative value of herring dry-salted and herring reduced into meal and oil, the following is submitted--based on the current quotations obtained from the Secretary of the Meal, Oil and Salt Fish Section of the Canadian Manufacturers' Association and the Secretary of the British Columbia Salt Fish Marketing Board:

First, considering dry-salt herring, there has been sold up to now a total of 8,500 tons of dry-salt herring ranging in price from \$29.50 to \$36.00 per ton. The total received for this 8,500 tons is \$254,000.00. To produce 8,500 tons of salt herring requires 10,200 tons of raw fish; therefore on this basis a ton of raw fish has a gross value of \$24.84. However, as the salt required must be imported there should be deducted the value of the salt in order to obtain the net revenue accruing to the Province. To salt 10,200 tons of green herring would require 3,400 tons of salt with an f.o.b. price of \$9.86 per ton--therefore the net return to British Columbia from salting 10,200 tons of herring is \$220,876.00 or \$21.65 per ton on a green ton basis.

Considering the same amount of raw fish reduced to meal and oil we find that 10,200 tons of herring will produce 1,854 tons of meal, which at the current price of \$33.50 per ton, is \$62,109.00. Assuming that a ton of herring will produce 20 gallons of oil, which is a very liberal estimate, we find that 10,200 tons will therefore produce 204,000 gallons. In 1936 herring oil sold at 23¢ per gallon. Assuming that similar prices obtain in 1937 this will place the value of the oil at \$47,940. The gross value therefore, of 10,200 tons of herring put through a reduction plant is \$100,049. However, from this must be deducted the price of sacks which contain the meal--as these are imported. Quotations vary, but it is conservative to estimate the average value of the sacks at 8¢ each and, with twenty to the ton, they would amount to \$3,148.00. Therefore the net value to British Columbia of 10,200 tons of raw herring reduced is \$106,901--or \$10.48 per green ton--compared with a net return of \$21.65 per green ton if the herring were dry-salted.

In respect to the price of oil in the above calculation, it should be pointed out that it is impossible to obtain current quotations on herring oil, due to the fact that practically the entire 1937 production of pilchard oil is still unsold and, on this

9/4a

-2-

account, there is no demand for herring oil.

All of which is respectfully submitted.

Geo. J. Alexander,
Assistant Commissioner.

GJA:GC

9/4H

G.J. Alexander, Esq.,
Asst. Commissioner of Fisheries,
BUILDINGS.

July 16th

8

I am attaching letter F-165/38 from J.M.
Buchanan, General Manager, British Columbia Packers
Limited, dated July 12th. Will you kindly peruse
this and give me a Memorandum on same.

COMMISSIONER.

GSP/FP
Attach.

COPY O.K.

94i

Copy of letter and enclosures sent to Mr.
Alexander.

BRITISH COLUMBIA PACKERS LIMITED

F-165/38

Vancouver, July 12th, 1938.

Honourable G. S. Pearson, M.L.A.,
Commissioner of Fisheries and Minister of Labour,
Parliament Buildings,
VICTORIA, B. C.

Dear Sir:

Several weeks ago you were kind enough to grant an interview to representatives of our Company, at which time general matters concerning our industry were discussed. In the course of our conversation we intimated that we would be presenting for your consideration a memorandum setting out a comparison of the value commercially to Canada of Herring reduction as compared with the Dry-salting of Herring. Since that time there has come to our attention certain statements made in the House of Commons by Mr. Neill, member for Comox-Alberni, on the subject of Herring reduction, and a letter in the "Prince Rupert Daily News" of Saturday, June 25th, from the Trollers of North Island. No doubt these two items have come to your attention, but for ready reference we are attaching hereto copies thereof together with a copy of the reply by our Manager at Port Edward to the letter in the "Prince Rupert Daily News".

Before dealing with the comparison of the dry-salting and reduction operations, we wish to record our disagreement with Mr. Neill's thesis and with the statements he has used in developing his conclusion that Herring reduction should cease in British Columbia, because, in his opinion, it is a wasteful operation, it is of little value commercially to British Columbia, and because the Herring, which he claims are used as fertilizer, would be of far greater use if they were canned.

In the first place in describing the reduction industry Mr. Neill has stated that an acid process is used to produce fish meal, and that this product is "largely used as a fertilizer, and to some extent for stock feed". The facts here are that no acid is used in a reduction plant, the fish simply being first cooked with steam, then pressed, and the residue dried and ground to a fine meal. Herring meal is not used now as a fertilizer, but as a stock food. According to figures of the Dominion Bureau of Statistics, in the year ended June 30, 1937 only 1,195 tons of fish meal and fish scrap were used in the whole of Canada for fertilizer, whereas the production of fish meal in British Columbia, alone amounted to 21,758 tons. These figures include all types of fish meal including that made from Salmon offal and Dog fish. Generally speaking it is only those fish meals which are high in free fatty acid content and of poor quality such as Dog fish and Salmon offal meal, that are used as fertilizers. Our Company produced last year 57% of the Herring meal in British Columbia and to the best of our knowledge not one pound was used as fertilizer.

Later on in his speech, Mr. Neill stated that if Herring were taken in quantities from a given area, they would eventually desert that area entirely. He quotes Nanaimo as a case in point. We would respectfully point out that when Herring were found in great quantities in Nanaimo Harbour, there were relatively few fish taken for commercial purposes. As the Herring

9/41

-2-

Honourable G. S. Pearson -

fishery grew, the fishing operations migrated slowly from Nanaimo in a southerly direction down the Gulf of Georgia, intercepting the fish progressively earlier in their travels to the spawning grounds. Actually instead of waiting for the fish to arrive at Nanaimo and then catching them, the fishermen simply took them in transit.

Proceeding in his argument Mr. Neill mentions the effect of the Gulf Stream on the runs of Herring in British Columbia: probably he means here the Alaska Current, or as it is sometimes called, the Japanese Current.

Mr. Neill also says "The experts say that the size of the fish taken indicates that they are being depleted". The Pacific Biological Station of the Fisheries Research Board of Canada has shown from statistics on the Herring Fishery which it has accumulated that with increasing fishing, there has been a lowering in the average age of the fish being caught. This can, on occasion, be evidence of depletion, but it is also evidence, where a fishery has never before been exploited commercially, that fishing is simply being carried on to some extent. "For any species", says the Pacific Biological Station, "-----there exists an optimum fishing intensity and hence an optimum age composition at which the total yield of the fishery is at a maximum. It is conceivable, therefore, that as long as the escapement of mature fish is sufficient to produce an approximately constant supply of young, a decline in age composition to this optimum level will be beneficial, as then fish are utilized which would otherwise die of "natural causes".

The next point brought up in Mr. Neill's speech is that Herring are feed for spring salmon. No reliable evidence has ever been produced that Herring are the principal food of the spring salmon, or any other salmon for that matter. Undoubtedly spring and coho salmon do eat some quantities of Herring, but the extent to which they are dependent on Herring as food is definitely not known. As a matter of fact, Dr. H. C. Williamson states in his "Notes on the Food of Spring Salmon" (1930) the following:- "the occurrence of the salmon is dependent on the presence of its food, lance, pilchards, schizopods, and the location of the latter will be determined by the presence of their food (plankton). As the plankton will, from time to time, vary in quantity, quality and distribution, the occurrence of the salmon may be expected to vary, partly at least, with such changes". In Alaska the reduction of Herring has been practised since 1916, but to date there has been no evidence that the utilization of the Herring has adversely affected the salmon fishery. In 1937, 18,550 tons of Herring meal were produced in Alaska while only 14,427 tons were produced in British Columbia.

The next point brought up is a comparison of the Herring fishery in British Columbia with that of Norway. Here Mr. Neill says that he does not think that Norway reduces any Herring, and that most of their fish are used for canning. In this connection, let us give a quotation from "Fiskaren", which is the official journal of the Norwegian fishermen: "During the fishing season of 1937, Norwegian reduction plants processed 3.3 million hectolitres of Herring". This is the equivalent of approximately 365,000 tons of raw Herring which would yield about 75,000 tons of meal, which, when compared to British Columbia's production of 14,427 tons of Herring meal in 1937, shows definitely that Norway leads us in this branch of the

9/4i

-3-

Honourable G. S. Pearson -

industry by more than 5 to 1. The intensive fishing in Norway has been carried on for years without any record of appreciable depletion of the Herring resources.

Regarding the comparison made of the quantities of Herring canned in Norway as against British Columbia, it should be pointed out that in Norway a small immature Herring is caught for canning and sold as a sardine, while the larger, more mature fish is used almost exclusively for reduction purposes. This small Herring has never been obtained in British Columbia waters, and the larger mature fish caught by our seiners has not to date been as suitable for canning purposes. There is, however, some demand for this type of product, and the British Columbia production has increased from 2,295 cases in 1934 to 27,000 cases in 1937. Some of the canners including the British Columbia Packers, Limited, are continually experimenting and endeavouring to improve their canning methods, and the above figures indicate that some measure of success is being achieved. However, it must be borne in mind that if we in British Columbia canned our total Herring catch of approximately 80,000 tons per year, it would mean an annual production of 2,500,000 cases of canned Herring which, under present conditions, it would be impossible to market.

The foregoing discussion brings up the whole question of the value to Canada as a whole of the development of the Herring reduction industry in British Columbia. It has been claimed in the past that to use Herring for reduction purposes is the least valuable utilization of the raw material that could be made, and that to use the fish for dry-salting is far preferable because of the greater value of the product to Canada.

For a number of years the reduction of Herring in British Columbia was looked upon by the public and by government officials as merely a supplementary operation, one for which the fish should be used only when required for no other purpose. This attitude arose through the fact that in the beginning a few reduction operators were considered to be destructive and wasteful in their fishing methods and also because originally the fish meal product was used to a considerable extent in some countries as a fertilizer. The equipment, too, of the original reduction plant was frequently primitive and was not entirely dependable nor of large enough capacity for the amount of fish being caught. Many breakdowns occurred, and along with frequent oversupply of raw material, these often resulted in the partial decomposition of fish waiting to be processed. Skilled labour was not available to run the plants as the industry was a new one, and as a consequence the meal produced was of variable and indifferent quality and the atmosphere of the plant left much to be desired. Since that time machinery and processes of manufacture have been continuously improved and a skilled personnel developed in the plants.

In the early history of British Columbia's Reduction industry the taking of fish for this purpose was considered to be "to the great detriment of the legitimate fishermen and packers, as the immature fish were taken in large quantities and the schools broken up on their way to the spawning grounds. Large quantities of fish were also killed and left to decompose, thus fouling the waters". (B. C. Fish. Comm. Rep. and Rec. 1905-1907). Today the picture has entirely changed. The fishing methods are efficient and effective. No quantities of fish are

9/4-i

-4-

Honourable G. S. Pearson -

being killed and left to foul the waters. The plant methods have been so improved that the fish meal is now a valuable cattle and stock food, the product of British Columbia being utilized for this purpose in Canada, the United States, and European Countries. We have information from reliable sources that less than 1% of British Columbia's production of Herring or Pilchard meal is used for fertilizer. In British Columbia fish meal used replaced food ingredients hitherto imported for cattle and poultry foods.

In 1925 the reduction of Herring was permitted in those localities where the fish were not used extensively for other purposes. This allowed reduction in all districts excepting Vancouver Island, the centre of the dry-salt Herring operations. In 1926 Herring reduction was permitted in the West Coast area where dry-salting establishments were fewer than on the East Coast. With the exception of the year 1929 and 1934-35 Herring reduction has been permitted on the West Coast every year since 1926.

On the East Coast, however, to protect the dry-salting operations, Herring reduction was never allowed until the Fall of 1937. The manufacture of fish meal and oil from Herring was only permitted when it was definitely established that dry-salt operations could only take a portion of the East Coast dry-salt quota of 25,000 tons.

Throughout the history of Herring reduction in British Columbia, utilization of the fish for this purpose has only been permitted after dry-salt Herring operators had obtained all the fish that they required. The basis for this discrimination against the reduction industry is the conception that the product of the dry-salting operation is of more value to Canada than the product of the reduction plant.

If this were once a fact, it is now no longer so.

Today the dry-salt Herring operation in British Columbia has passed into the hands of the Japanese. While the intent of this letter is not to depreciate the rights and value of the Japanese as residents of this country, it does seem reasonable to point out that Canada gains more benefit direct and indirect from operations carried on in the Province by Canadians and Europeans than by Japanese.

In order to compare the value of the two operations let us consider the out-turn of one ton of Herring converted into meal and oil and another ton of Herring dry-salted. Using the average selling prices over 1935-36-37 we find that the product of the reduction plant is worth \$11.27 as against \$16.61 for the product of the dry-saltery. From these two values let us then deduct the amount paid for imported products used in processing. The reduction plant uses fuel oil of which the imported crude oil is valued at 68¢ per raw ton of Herring reduced. Imported salt used in the dry-salting operations costs \$3.33 per ton of Herring dry-salted. The net value of the reduction operation per ton would, therefore, appear to be worth to Canada \$10.59 per ton of green fish used against \$13.28 for dry-salt Herring per ton of green fish used.

On the face of it, the product of the dry-salting operation appears to be worth more than that of the reduction plant. But there are further items which must be considered, and when one values these one finds that the two products are

9/4 i

Hon. G.S. Pearson

-5-

at least of equal value to Canada. A very valuable benefit is received by Canada from fish meal in the form of the proportion accruing to Canadian railroads of through freight to points in the mid-west area of the United States. On fish meal yielded by one ton of raw Herring this amounts to \$1.94. Similarly, a minimum of 20% of British Columbia fish oils is consumed in Eastern Canada and freight on this commodity is a valuable item. Considering the value of this item and prorating it over the entire production, this amounts to 20¢ per ton of raw Herring reduced. Fish meals and fish oils moving to the European market are mostly shipped in British bottoms, giving a benefit to the British Empire, while only 25% of the dry-salt herring going to the Orient is shipped in British vessels. Disregarding entirely this last item the value per ton of raw fish processed in the reduction plant is now \$12.63 compared with \$13.28 for that processed in the dry-saltery.

Let us consider next the labour cost involved in the manufacture of the two products. In the dry-salt Herring operation 50% of the wages paid go to Orientals, while in the reduction plants no Orientals are employed. Similarly approximately 50% of the freighting cost to ocean berths for shipment to the Orient is made up of wages paid to Japanese labour, while in the reduction operation these are paid to Whites and Indians and therefore remain in Canada. In the case of the dry-salting operations on the East Coast fishing is done entirely by Japanese while there are no Japanese fishing for reduction plants on the West Coast.

The above places the products of the reduction operation at least on an even footing with dry-salt Herring. A further point in favour of the Reduction plant is that any profits on its production are retained in the country and are more accessible for taxation, while dry-salt Herring profits are exported to Japan.

The dry-salting industry manufactures a product which is solely for consumption in the Orient, and which is at best but a crude product. To produce this product only a small investment is required in the way of plant and equipment, a shed sufficing for the building, with little or no machinery. The dry-salt Herring produced in British Columbia is purchased by the Japanese for food purposes, while Japan's own catch of sardines, which could be used as food, is largely utilized for the manufacture of fish meal and oil. Japan produces about 225,000 tons of fish meal annually.

Fish meal on the other hand, while used largely as a cattle food is a product of good quality and its use is rapidly growing on this continent. Its production requires a large investment in plant and machinery. The employees include skilled men, such as responsible managers, engineers and chemists. The community gains much more from maintaining and servicing such a plant than from a dry-salting shed.

Fish oil, the other reduction product, is today shipped in its crude form to Eastern Canadian and European manufacturers who make goods for human use such as soap, paint, linoleum, margarine and vitamin oils, and for technical uses in steel manufacture and other industries. Processes are in use whereby all trace of its fish origin can be removed and the

9/41

Hon. G.S. Pearson

-6-

oils made available for all edible uses. If the reduction industry were fostered and developed, if some guarantee of continuance of permission to fish could be given, there is reason to believe that capital could be enticed to invest in refineries to produce finished products in British Columbia. This would be a valuable addition to the industries of this Province, increasing the wage return of the people both directly through the plant pay-roll and by the maintenance that such a plant would require.

In spite of efforts made in other directions the dry-salting operations are still wholly dependent on one limited Oriental market. This sole market is very vulnerable, easily disturbed by war or trade embargoes and one which could be wiped out in a moment. On the other hand, reduction operations have for a market the whole agricultural and industrial population of North America and Europe, where the uses for the products are manifold. This market is so diversified that the sale of the products is not likely to be wiped out overnight and it is so constantly broadening with technological advances in industry that it is impossible to conceive of a time when fish meal and oil would not be saleable. Whereas fish meal and oil have been continually finding new uses in civilization today, dry-salting has had no improvement since its inception in 1902, nor has it produced any new markets. The reduction industry has been continually building up a manufacturing industry in this Province entirely in the hands of Canadian nationals, whereas dry-salting has had no increase in plant expenditures. It is interesting to note here that there is now invested in reduction plants in British Columbia an amount exceeding \$1,000,000.00 in addition to a fleet investment of approximately \$1,250,000.00.

In valuing the benefit of any product or industry to a nation, all possible advantages must be weighed, both tangible and intangible. Such an intangible asset to Canada is the tourist trade, - intangible because it cannot be exactly measured. The importance of this intangible to the country is manifested by Tourist Bureaus all across Canada from Halifax to Victoria, and by the fact that the various Canadian governments actively assist in the effort to increase the tourist trade.

Just as there are intangible advantages, so are there intangible disadvantages. In the dry-salt Herring industry, such disadvantages are the wages and profits retained by the Japanese engaged in the business, and either spent on Japanese imports or exported to Japan. When these intangibles are considered it is evident that, outside of such small sundry materials as are purchased, the Japanese resident in British Columbia and engaged in this industry are actually exploiting a Canadian fishery for the general benefit of Japan.

At the present time we are spending a great deal for defence on the Pacific Coast, from which we would infer that the potential enemy lies across the Pacific. From the location of these defences it would appear that the Gulf of Georgia and the West Coast of Vancouver Island are areas which should be essentially retained in the hands of Canadian workmen and fishermen. While it is not suggested that the Japanese fishermen should be eliminated, there is great strength in the argument that provision should be made for developing a white Canadian fishing population employed by Canadian industries in these areas in which the Herring fishery is chiefly conducted. Such a policy would insure the retention by Canadian nationals of an

9/4i

-7-

Hon. C.S. Pearson

intimate knowledge of the region and would lay an essential foundation for naval strength.

All facts considered, to Canada the manufacture of fish meal and oil from Herring is, to say the least, of as great a value as dry-salting. Therefore, why should the East Coast Herring fishery continue to be limited, excluding an industry capable of producing an article as valuable to the Nation? At the same time, why should the fishery be reserved for an operation manned almost entirely by aliens?

To sum up: Regarding Mr. Neill's speech, there appears to us to be no reliable evidence ^{upon} which charges can be based against the Herring reduction industry in British Columbia. Many claims have been made against the industry but upon investigation they must all be discarded because they have no basis. There is no proof whatsoever that an abundance of Herring and an abundance of spring salmon are correlated because there have been large runs of spring salmon when few Herring were apparent. Respecting the value to Canada of the Herring reduction industry as against the dry-salting industry, the former opinion that dry-salting was the more valuable of the two is now entirely untenable. Because of technical improvements in the reduction industry and in view of the appreciation in value of its products in the industrial markets of the world, the manufacture of fish meal and oil is now of much greater importance to Canada than dry-salting.

While we strongly support regulatory measures imposed for the purpose of conservation, at the same time, there appears to be no longer a valid argument in favour of reserving the East Coast Herring fishery for dry-salting, thus excluding the reduction industry. We, therefore, would respectfully apply for the opening of the Herring fishery in the East Coast of Vancouver Island for reduction purposes and request that a licence be granted for the operation of our reduction plant at the Imperial Cannery at Steveston for the season of 1938. Such a policy would allow the industries to stand on their own feet, that industry with the products of the greatest inherent value eventually proving its ability to survive on an economic basis.

Yours respectfully,

BRITISH COLUMBIA PACKERS LIMITED.

"J.M. Buchanan"

General Manager.

JMB/GES

Enclosures:-

1. Mr. Neill's speech as reported by Hansard
2. Letter from Trollers of North Island in "Prince Rupert Daily News"
3. Letter to "Prince Rupert Daily News" from our local Manager.

9/4-3

July 5th, 1938.

"THE LETTER BOX"

"PRINCE RUPERT DAILY NEWS"

Saturday, June 25th, 1938.

HERRING REDUCTION

Editor, Daily News:

On the Langara Island trolling grounds approximately 400 fishermen (White and Indian) manage to eke out a living for themselves and their families, possibly 2,000 persons, by catching the spring salmon which are attracted there by a comparatively small colony of herring schooling in that vicinity.

Should for some reason these herring on which the salmon feed disappear, it is obvious that the salmon would also disappear, in search of other feeding grounds, thus closing the source of livelihood of the 400 fishermen and their dependents.

Until recently the possibility of this happening has seemed remote but now, through a lack of foresight on the part of our fishery department, it has become a real danger.

Having received a permit from the department, a herring seine boat is now removing this salmon feed by hauls of from 50 to 100 tons at a time (approximately half a million herring to a haul). At this rate the small school will not last long. They are decreasing and, as they go, the salmon catch is also decreasing.

Appeals to the department seem to be in vain. This is not an unusual thing when the person appealed against is the wealthy operator. The replies received from the department are not convincing to practical fishermen. For instance, mention of no control outside the three mile limit when the herring are being caught within quarter of a mile of the shore show that they are not even caring to investigate the matter but are content to give an opinion from an armchair in the same office to which we send their salary cheques.

If these herring were being used for food purposes perhaps there would be less reason for grumbling but they are being reduced to fertilizer.

What inhuman system is this that allows a wealthy company to send out a single boat to take away for all time the means of livelihood of 2000 people? And all for the sake of the profits of a few measly tons of fertilizer.

There have been cases before when, failing to get aid from the authorities, the fishermen have taken things into their own hands. This is, of course, to be deplored but men get desperate when watching the bread being taken from their mouths with the dread of a winter on relief facing them, the latter being a prospect which the authorities can appreciate. Perhaps, these authorities will help to put this matter right.

WHEREAS herring is being rapidly depleted on the

9/4J

-2-

northern coast of Graham Island, Langara Island in particular, and incidently salmon being caught in the seine also and

WHEREAS where herring have been depleted on their feeding grounds, such as the above mentioned, the grounds are also destroyed for salmon, and

WHEREAS about 400 fishermen, Indians and whites (with their families about 2,000 persons) are dependent on those salmon grounds for their livelihood, and further, consider this \$300,000 industry is of more importance to Canada than the operation of any reduction plant,

THEREFORE BE IT RESOLVED that (at this joint meeting of Indians and white fishermen) we desire to take all legal means to protect our source of living, but, we demand and intend that seining for herring on the above mentioned grounds be stopped.

The situation is urgent.

Fishermen's Committee --- Chas. Valley, Mike Anderson,
Arthur C. Pallant.

Percy Gladstone, Chief Councilor, Skidegate Mission.

Wm. Matthews, Chief Councillor, of Massett.

9/4K

STATEMENT OF MR. NEILL
FROM HANSARD
APRIL 26th, 1938
PAGES 2483 and 2484

Next I want to protest against the method of handling herring in British Columbia. I am referring now to the reducing of herrings. To those not familiar with it I may say that reducing herrings is a method of squeezing the oil out of them, and by some process of applying acid they reduce the residue into what is called fish meal, which is largely used as fertilizer and to some extent for stock feed. I maintain that that is a waste of a valuable food fish. There is an ample market, if it was pushed, for putting up herrings in the shape of canned and smoked herrings, canned in oil, kippers, and so on. In that way we would give the largest amount of labour and get the most money value out of a given quantity of fish; but by reducing them we give the very least amount of labour, and it is the least profitable, and requires an enormous catch to make it profitable to operate. The result is that it depletes the herring spawning grounds.

There is an important industry there of reducing pilchards, which is very much more profitable for several reasons. They are much more full of oil, containing double the amount found in herrings sometimes, and that makes it more profitable. Pilchards do not spawn in our water, so we cannot take too many of them, so to speak. Pilchards are to a large extent not cannable, because they are so oily, and there is not a good demand for them.

The department will say: I have heard them say, that we can not and do not deplete the run of the herring on the spawning grounds because it would be trying to dip out the ocean, so to speak, and you cannot do that. That is true in a way, but herrings do not spawn in the ocean like pilchards, but spawn in narrow, confined waters, in bays and inlets. I have seen seine boats like a procession of motor cars, one waiting until the other one pulled out of the only good place in the bay, and there would be a continual succession until the bay was cleaned out. You do not eliminate herrings. You cannot catch them all, but you can harass them until they go away. I can name harbours -- Nanaimo is one -- where the herring were taken almost inside the town itself, almost at the door of the hotel. They treated them like that and the herring went away and did not come back for fifteen or twenty years. That is what herring will do if you harass them enough. It is not that you take all the herrings, but that they abandon the spawning ground.

There was a large run of herring last year, the department will say, due to taking in large new areas, and incidentally because of the incidence of the gulf stream, which in certain years comes nearer our shores and brings more marine growth, which the fish follow. The experts say that the size of the fish taken indicates that they are being depleted.

I have not yet mentioned the principal thing about the herrings. The principal thing is that they are feed for salmon, and are sought by the spring salmon, as they are called. I have a quotation here from a fisherman. It is headed in big type "No Herring, no salmon" and reads:

9/4K

-2-

"Prohibit the reduction of herring and good times will return to the salmon trollers. This is the considered advice of Pete Larsen."

He is a fisherman from Norway, well known on our coast.

According to Pete, the trollers have not even made expenses in the past month and he blames it on the wholesale destruction of herring which provide the salmon's natural food.

"No herring, no salmon!" is Mr. Larsen's firm conviction.

Even if they do not clean out the herrings, they break up the schools and then the salmon do not follow them so readily. I suggest that we should follow the system adopted in Norway. I have some data in connection with that. I do not think Norway reduces herrings at all. If it does, it is only from offal. Most of their herring go into canning, and they can them in sixteen different ways. I shall not mention them all, but they have smoked herring, unsmoked, herrings canned in oil, in tomatoes, and so on. They make the very best use of their herring in that way, and get the most money from them. Norway, with a population of sixty per cent less than the maritime provinces of Canada, including British Columbia, in that sense, in 1935 and 1936, the last two years for which records were available, exported 74,000 tons of canned herring, not raw herring, while we in Canada with all that much greater population exported exactly 1,428 tons - 74,000 tons as against 1,400 tons, or about 6,000 per cent more. And Norway received \$228 per ton for its herrings, while we received \$145 for ours -- quite a difference. They get the most out of their herrings by putting them up in oil, in tomatoes, and so on. I suggest that we should develop our herring industry along the line of Norway's system. But the difference as between \$228 and \$145 per ton is only minor compared with the difference between canning them and reducing them, and that is what I want to go into.

In British Columbia in 1937 we used approximately 84,000 tons of fresh herring for reduction purposes. That is a lot of fish to be converted into fertilizer meal and oil. We got a price that netted us for our fresh fish \$9.50 a ton, of which the seagoing fishermen who caught them would get \$2.25 a ton, split seven ways, and an extra share for the boat; so each fisherman actually got only one-eighth of \$2.25 per ton for every ton he helped to catch; sometimes it would be \$2.50.

I ask, is it good policy to allow the reduction of herrings under those circumstances, there being very little profit to the producer owing to the low oil content; also it depletes the spawning grounds and destroys the food of the salmon, particularly that of the springs. A fisherman can go out at night or in the morning and troll for springs, and if he catches only one large spring he will get more for that one fish than if he went out in a herring seine boat and participated in a catch of five or six tons of fresh herring. I think we should feature Norway's way of doing it, and develop our industry along those lines. It uses less fish, and does not add to the output of pilchard oil and meal, because the market for that is somewhat restricted; the pilchard industry can take care of it in any event, and if you overload the market the price goes down. You would get \$225 a ton as against \$9.50 a ton -- a far bigger return. Therefore

9/4 K

-3-

I say we should stop reducing herrings.
the logical and reasonable thing to do.

I think that is

G.

9/4L

July 5th, 1938.

The Editor,
"Daily News",
PRINCE RUPERT, B.C.

Dear Sir:

With reference to the letter published in the "Daily News" of June 25th re Herring reduction we feel that those responsible for the letter, i.e., The Fishermen's Committee of the Langara Island Trollers Association, would not take such an antagonistic attitude towards the reduction of Herring if they were aware of all the facts of the situation. We would like to take this opportunity to enlighten those interested on several points on which they have been particularly misinformed.

First of all, the meal which is one product of the reduction of Herring is not used as fertilizer. This point cannot be too strongly emphasized for it seems to be the conception held by most people. It was no doubt derived from the early reduction industry when methods and machinery used were so primitive that nothing but fertilizer could be made. In this day and age many advancements have been made, so many in fact that the modern reduction plants of British Columbia are making what is termed "Edible Fish Meal". This means that in the treatment of the fish only the excess oil is removed and the residue dehydrated, thus keeping intact the goodness and protein value of the fish in much the same way as in the dehydration of fruit and the evaporation of milk, etc. The valuable proteins of the fish can then be utilized to great advantage for the feeding of poultry and stock. In this present era with the selling of all products on such a competitive basis, our poultry men find that the feeding of fish meals is an absolute necessity if they are to keep their poultry healthy and productive. They can now buy cheap non-protein roughage, mix it with a small quantity of high protein fish meal and thereby get a highly beneficial food.

Of the fish meal produced in British Columbia last year there was less than 5% sold as fertilizer, and this was sold for this purpose solely because it was manufactured from rancid fish waste. Not 1% of the meal derived from Herring or Pilchards has been used for fertilizer in the past few years. With this point established, is not the meal derived from Herring a food, a direct food to poultry and livestock and an indirect food to the human race?

Fish meal is only half of the product of the reduction plant; there is also fish oil. This oil has many uses, a few of which are as follows:- a poultry food, owing to its high vitamin content, in paint manufacture, leather tanning, the manufacture of rubber, the treatment of steels and in the manufacture of soaps. Refined and higher grades of fish oil are used as edible frying oils and in shortenings. No, the efforts of the reduction plants of British Columbia are not for the profits in a few tons of fertilizer.

9/4L

-2-

Another impression that is held of the reduction industry is that the distribution of wages and profits is centred on a fortunate few. This impression is entirely wrong. I would here like to give the history of the Port Edward Reduction Plant installed last year by the British Columbia Packers Limited. Since its commencement one year ago it has paid out in wages \$65,000. This amount was distributed amongst 125 men, 95% of whom are residents of Prince Rupert or the adjoining area. Another \$22,000 has been spent in this district for food alone. At least 90% of the money spent on wearing apparel and other necessities has been spent in this community. An additional \$55,000 has been spent in this area and in British Columbia as a whole for hardware, machinery parts, power supplies, etc. If this results from only one reduction plant, is it an industry to be considered?

Now let us consider our source of supply. In the fall of the year our inlets are frequented by large bodies of Herring that apparently come in from the open sea to spawn. They continue to come in and to school up over a period of three months. These fish are no doubt, native to these inlets and keep coming back to our shores during the whole span of their lives. The Fisheries Department allow a certain proportion of these fish to be used for reduction purposes, an amount which, to forestall any danger of depletion, is governed by the number of fish in evidence. These are termed "fall herring". The habits, gathering places and quantities are now known to the Department as the result of its thorough study of this fish during the past few years.

For a number of years reports have been received that large bodies of Herring were frequenting the vicinity of the Queen Charlotte Islands. These fish were noticed in practically every locality in that area, particularly on the west coast of Moresby and Graham Island, to the north around Langara Island, and from Langara Island, across to the mainland. Whalers report them far out to sea round the first of June and they say they disappear around the first of August. From the appearance of the fish, which are exceptionally large and fat, they would appear to be a branch of the large run of Herring that frequents the Alaskan Coast during the summer season. They are apparently attracted to the Queen Charlotte area by the large quantities of food that drift in to those shores. Boats have reported running through these fish for sixty miles. The fish, while present in large quantities are not congregated into schools but are spread over vast areas, feeding.

With this information at hand, the British Columbia Packers Limited decided to investigate the possibilities of making the utilization of this "summer herring", as they are called, into an additional industry. This would not only give its local plant a longer operating season, but it would also give an additional two month's work to the Herring seiners, who were having to be satisfied with only a short three or four month's work in the Fall. This new operation would also create additional turnover for the company which at the same time increased the pay-roll.

With this in mind one seine boat was equipped and sent to Langara to determine the quantity of fish available. Because the fishing is all in exposed outside waters some difficulty has been experienced in getting catches owing to heavy weather conditions. There is however every evidence of large quantities of fish, for on a good day no trouble is experienced in getting a fair catch. To date only a few hundred tons of Herring have been taken.

9/4L

-3-

This is an experiment which should have behind it everyone who has an interest in British Columbia, for it is an attempt to create a new primary industry. Dependent as British Columbia is on her three primary industries, lumbering, mining and fishing, this attempt to utilize a heretofore undeveloped natural resource should have everyone's hearty support and co-operation. This company, while carrying on this work is co-operating both with the Fisheries Department with a view to determining the quantity and extent of the fish, and with the Biological Board to determine their race and origin.

May we also correct the impression conveyed by the above mentioned letter when it speaks of the alleged "wealthy operator". The British Columbia Packers Limited is a large group of British Columbia people from all walks of life who have grouped together their resources on the strength of the fishing industry of British Columbia. Their accumulated savings are invested in fishing plants and equipment in this province, and their every effort is bent toward the conservation of the fish in these waters, as the industry is their bread and butter too!

One point has come to the writer's attention, this is, while salmon are not adverse to eating Herring they prefer other food such as, needle fish, squid and the myriads of small organisms found in the sea. This point is borne out by the fact that during the whole time of the operation of the seine boat on the Langara Island grounds, no more than two dozen salmon have been taken with the Herring. In view of the fact that this salmon area with thousands of salmon in these waters, if they were dependent on Herring as a food one would expect them to be in greater evidence amongst them.

There are large quantities of Spring salmon on this coast frequenting banks that Herring never appear on. It has also been brought to the writer's attention by the Trollers themselves, that they get very few Spring salmon in the vicinity of the Herring grounds with Herring in their stomachs. Of one point the Trollers may rest assured -- the seine boat will have to stop fishing long before the Herring becomes so scarce that the salmon can't catch them. But it is well known that this occasion will never present itself, for have they not been catching Herring in the North Sea in an area not as large as our's for centuries, not in quantities of a few thousand a year, but in hundreds of thousands a year? Our neighbour Alaska with a fishing area no larger than our's has been producing Herring meal and oil since 1916 in far greater quantities than we have and there is no indication of depletion.

In this connection let us give you a quotation from "Fiskaren", which is the official journal of the Norwegian fisherman: "During the fishing season of 1937 Norwegian reduction plants processed 3.3 million hectolitres of Herring". This is the equivalent of approximately 363,000 tons of raw Herring which would yield about 75,000 tons of meal compared to British Columbia's production of 14,000 tons of Herring meal in 1937. The intensive fishing in Norway has been carried on for years without any record of appreciable depletion of the Herring resources.

We are convinced that when the true facts mentioned above are known to those concerned, a broader viewpoint will be taken of the reduction of Herring in British Columbia.

Yours truly,
BRITISH COLUMBIA PACKERS LIMITED,

(Signed) M.H. Wilson
PORT EDWARD REDUCTION PLANT

MMMc/C.