

*Comp. H. H. H.*



BURVIS HALL  
LONDON ONTARIO  
SEP 7 1954

TWENTY-SEVENTH ANNUAL REPORT

CANADA PACKERS LIMITED

AS AT MARCH 31st, 1954



# CANADA PACKERS LIMITED

## RAPPORT AUX ACTIONNAIRES

La 27<sup>ème</sup> année financière de Canada Packers Limited s'est clôturée le 31 mars 1954.

Le volume (livres de produits vendus) a établi un nouveau record,..... 1,932,000,000 lb.  
 Record précédent (année fiscale 1953)..... 1,859,000,000 "  
 Augmentation..... 73,000,000 "  
 Equivalant à..... 3.9 pour cent

Le rapport annuel pour l'année fiscale 1953 montrait une diminution des ventes en dollars en regard de l'augmentation de volume. Cette année-ci, ce phénomène s'est répété.

Ventes en dollars, année fiscale 1954..... \$374,000,000  
 " " " " 1953..... 386,000,000  
 Diminution..... 12,000,000  
 Equivalant à..... 3.1 pour cent

L'explication repose dans le déclin continu des prix de certains produits manipulés par notre Compagnie. Les résultats des trois dernières années sont révélés dans le tableau suivant:

TABLEAU I

Année fiscale	Volume	Ventes en dollars	Prix moyen par lb. de tous les produits
1952.	1,708,000,000 lb.	\$390,000,000	22.8¢
" " 1953.	1,859,000,000 lb.	\$386,000,000	20.7¢
" " 1954.	1,932,000,000 lb.	\$374,000,000	19.3¢
Recul ('53 à '54)...	Par livre		1.4¢
	Equivalant à		7%

N.B.—Chaque année, les prix de certains produits reculent alors que d'autres avancement. Le recul de 1.4¢ par lb. en moyenne n'a aucune signification quant à un produit particulier quelconque, mais il donne une mesure suffisamment exacte de la tendance d'ensemble.

Sur toutes ces réserves, les impôts entiers ont été payés. Elles pourraient être correctement comptabilisées comme des profits. Toutefois, on a suivi une politique plus conservatrice consistant à les reporter comme réserves. Elles constituent un amortisseur pour des chutes majeures dans les prix, et justifieraient la continuation des dividendes au cours d'une période limitée d'opérations sans profit. Les réserves comprennent la plus-value, au-dessus du prix payé, pour des filiales entièrement possédées. Actuellement, ces filiales sont au nombre de six.

Toutefois, si l'autre ligne de conduite avait été suivie et si toutes les réserves étaient maintenant portées comme profits, le net pour les 27 années serait, non de 1.09% (comme il figure ci-dessus), mais de 1.31% des ventes.

Ceci est un chiffre important.

C'est la mesure du profit total de la Compagnie, la rétribution que Canada Packers a reçue pour ses services en travaillant les animaux et en trouvant des marchés pour la viande et les sous-produits.

Qu'une certaine marge de profit est nécessaire, cela va sans dire. Sans l'attrait du profit, les très grosses sommes nécessaires aux usines et au fonds de roulement ne s'offriraient pas.

La marge, alors, est-elle trop grande ou trop petite?

Nous répondons qu'elle est de loin le plus bas pourcentage de profit (par rapport aux ventes) de n'importe quelle industrie majeure au Canada.

En outre, si aucun profit quelconque n'était fait, le bénéfice pour le producteur ou le consommateur serait négligeable.

Par exemple, les bouillons de choix se vendent aujourd'hui environ 20¢ la livre, poids vif. Si l'industrie de la salaison ne réalisait aucun profit, et si le 1.31% allait entièrement au producteur, ce dernier recevrait ¼¢ de plus par livre.

(1.31% de 20¢ égale .26¢)

D'un autre côté, si le profit de l'industrie de la salaison était réparti par moitié entre le producteur et le consommateur, le producteur recevrait pour ses bouillons 20¢ plus 1/8¢ la livre.\*

On peut se demander comment l'industrie de la salaison existe—et est même florissante—avec une marge de profit net tellement inférieure à celle des autres industries. La réponse réside dans le roulement rapide du capital. Le capital em-

Pour cette raison, nous nous trouvons devant ces faits déconcertants:

En 1950, les exportations de bétail sur pied et de bétail abattu aux Etats-Unis étaient..... 262,000,000 lb.  
En conséquence, les prix du bétail au Canada, au cours de toute cette année, se basèrent sur les prix de qualités similaires aux E.-U. (avec des corrections pour le coût du transport, les droits et le change).

En 1953, seulement trois ans plus tard, les exportations de bétail sur pied et de bétail abattu avaient reculé au point de ne plus représenter que..... 35,000,000 lb.  
Et, pour certaines catégories de bétail, et pendant des périodes très étendues, les prix au Canada furent réellement plus élevés qu'aux Etats-Unis.

Les raisons de ce changement déconcertant se trouvent dans le Tableau IV, ci-dessus.

TABLEAU IV\*

	A	B	C	D
	Abattage de bétail canadien inspecté	Estimation de la population humaine	Consommation de boeuf par tête	Consommation totale
1948	1,489,883	12,823,000	57.5 lb.	737 millions
1949	1,439,489	13,447,000	56.5	760 lb.
1950	1,284,683	13,712,000	50.3	690
1951	1,149,789	14,009,000	44.1	618
1952	1,237,630	14,430,000	44.7	645
1953	1,469,406	14,781,000	59.1	874

\*Source:—Abattages: Ministère de l'Agriculture, Ottawa. *Revue du marché des bestiaux*.  
Population: Bureau fédéral des statistiques. *Revue statistique canadienne*. Consommation de boeuf: *Memoranda du Bureau fédéral des statistiques*.

Une diminution dans les surplus doit provenir d'une cause ou de deux causes à la fois

- une production en recul, ou
- une consommation accrue.

Comme entre 1950 et 1953, le recul des surplus n'est certainement pas dû à une production en recul. Les abattages inspectés (colonne A ci-dessus) en

1950 étaient..... 1,284,683 bestiaux  
en 1953..... 1,469,406 bestiaux

Pour cette raison, le recul doit être entièrement dû à une consommation accrue. Cette consommation accrue est, à son tour, due à deux causes:—

- augmentation de la population humaine (colonne B ci-dessus),
- augmentation de la consommation de boeuf par tête (colonne C ci-dessus.)

En 1950, la population du Canada était estimée à 13,712,000 et la consommation de boeuf par tête à 50.3 lb. 690 millions de lb.  
En 1953, la population du Canada était estimée à 14,781,000 et la consommation de boeuf par tête à 59.1 lb. 874 millions de lb.  
Consommation (estimée) totale de boeuf.....

Le Canada approche-t-il du moment où il cessera d'exporter de la viande? Il y a dix ans, une telle question aurait paru fantastique.

En 1944, le Canada a exporté:—

au R.-U..... 692,000,000 lb. de bacon  
aussi au R.-U..... 98,000,000 lb. de boeuf  
Total..... 790,000,000 lb. de viande

C'était l'époque des restrictions de guerre, quand le Canada réduisait sa consommation pour mettre plus de viande à la disposition des forces armées et de la population du R.-U.

Il a déjà été constaté ci-dessus que, en 1953, les exportations de boeuf étaient réduites à environ..... 35,000,000 lb.

Au cours de la même année, les exportations de produits porcins—principalement aux E.-U.—étaient..... 78,000,000 lb.  
Total..... 113,000,000 lb.

Cette comparaison, prise en elle-même, indique que, bientôt, les exportations de viande pourraient appartenir au passé. Toutefois, il demeure un fait qui ferait croire le contraire. Le Canada produit encore de considérables surplus de grain. Le report à la fin de cette année agricole sera le plus grand de l'histoire. Au même moment, les marchés pour le blé semblent se rétrécir.

Sur les fermes canadiennes, le problème le plus angoissant est celui de la conversion en argent comptant, d'un grain pour lequel il n'y a pas de débouché d'exportation. A ce problème, il n'y a, pour le moment, qu'une seule solution, celle de convertir le grain en produits alimentaires secondaires:—des produits alimentaires pour le bétail, les porcs, les volailles, les troupeaux laitiers. Tout fait prévoir qu'il y aura un accroissement substantiel de ces produits secondaires au cours des deux ou trois prochaines années.

Il est difficile de faire des prévisions pour une longue période. La tendance, quelle qu'elle soit, se dégagera graduellement d'elle-même.

J. S. McLEAN,  
président.

Toronto, le 5 juillet 1954.

On peut se procurer, sur demande, et tant qu'il en restera, des copies de ce rapport en s'adressant à Canada Packers Limited, Toronto 9.



Le profit net de l'année était.....	\$3,702,020
Profit net, année fiscale 1953.....	\$4,400,598
Diminution.....	\$698,578

Le profit net exprimé —

- (a) en pourcentage des ventes était .99%  
 (b) par 100 lb. était 19.2¢  
 c.-à-d. légèrement inférieur à 1/5¢ par lb.

Le tableau II ci-dessous, donnant le relevé des ventes et des profits nets pour les dix dernières années, montre que, pour la période décennale, le bénéfice net a été .93% des ventes en dollars. Au point de vue du profit net, l'année sous revue a donc été légèrement meilleure que la moyenne des dix dernières années.

TABLEAU II

Année fiscale	Ventes en dollars	Profit net	Profit net en pourcentage des ventes
1945	\$228,000,000	\$1,825,000	.80%
1946	209,000,000	1,817,000	.87%
1947	204,000,000	2,060,000	1.01%
1948	238,000,000	2,182,000	.91%
1949	314,000,000	2,807,000	.89%
1950	328,000,000	3,480,000	1.06%
1951	357,000,000	4,126,000	1.16%
1952	390,000,000	1,965,000	.50%
1953	386,000,000	4,400,000	1.14%
1954	374,000,000	3,702,000	.99%
Moyenne, 10 ans	\$303,000,000	\$2,836,000	.93%

Pour les 27 années, depuis la fondation de Canada Packers, les chiffres correspondants sont :—

Moyenne, 27 ans \$170,000,000 \$1,863,000 1.09%

REMARQUE: Il est rappelé aux actionnaires que, au cours des 27 années, il a été reporté de temps à autre des réserves qui n'ont pas été inscrites aux surplus gagnés de la Compagnie. Ces réserves comprennent :—

- (a) Réserve pour inventaire du temps de guerre, des sommes mises de côté, d'année en année, pendant la guerre et la période d'après-guerre. Chaque année, des explications complètes ont été fournies sur ces sommes par les rapports annuels de la Compagnie. Leur total constitue le poste principal dans les réserves. Elles y figurent maintenant pour un total de..... \$6,000,000
- (b) Diverses réserves mineures accumulées, de temps en temps, au cours des 27 années.
- (c) Augmentation en valeur boursière (au-dessus de la valeur d'achat) d'actions détenues par Canada Packers dans d'autres corporations. Ces placements ont été effectués dans des compagnies solides traitant des produits de base canadiens. L'estimation du capital varie selon les fluctuations en hausse ou en baisse du marché, mais la réserve est devenue substantielle.

ployé dans l'industrie de la salaison sert environ sept fois par an. Pour cette raison, un profit de 1.31% équivaut à un profit légèrement supérieur à 9% sur le capital. Une revue de l'industrie animale en 1953 serait incomplète si l'on ne parlait pas d'un facteur qui a pris toutes les branches de l'industrie par surprise (producteurs, transformateurs et officiels du ministère de l'Agriculture).

C'est la diminution déconcertante dans les exportations de bétail sur pied et de bétail abattu.

Pour le Canada, les surplus de bétail sur pied et de bétail abattu ont, normalement, les Etats-Unis comme marché presque unique. Au cours de la guerre et de la période qui l'a immédiatement suivie (septembre 1942 à août 1948), à la suite d'un accord entre Londres, Ottawa et Washington, le surplus total du boeuf canadien fut expédié au R.-U. Toutefois, ceci était dû à des considérations d'ordre stratégique et non pas économique. Le marché des E.-U. a été rouvert au bétail sur pied et au bétail abattu canadien le 16 août 1948 et, depuis cette date, le surplus presque entier a pris le chemin des Etats-Unis. (Des commandes petites mais régulières, et fort bien accueillies, viennent des Antilles anglaises.)

Depuis le 16 août 1948, les expéditions de bétail sur pied et de bétail abattu aux Etats-Unis — exprimées sous forme de boeuf — ont été les suivantes:

TABLEAU III\*

Expéditions de bétail sur pied et de bétail abattu aux Etats-Unis (Bétail converti sur la base de 500 lb. de boeuf par tête)	
1948 (16 août au 31 déc.)	234,834,000 lb.
1949	253,995,000
1950	262,749,000
1951	176,777,000
1952 (1 janv. au 25 fév.)	5,083,000
1953 (2 mars au 31 déc.)	28,428,000
1954 (janv. à mai, incl.)	18,941,000

\*Source: Ministère de l'Agriculture, Ottawa. Revue du marché des bestiaux et Rapport sur les bestiaux et le commerce de la viande. (Les exportations de bestiaux ont été converties sur la base de 500 lb. par tête.)

REMARQUE (1) Depuis le 25 février 1952 jusqu'au 2 mars 1953, l'embargo avait été mis sur les expéditions aux Etats-Unis par suite de la fièvre aphteuse. Au cours de cette période, le surplus de bétail abattu (en excès de la consommation domestique) fut acheté par le gouvernement fédéral et vendu, avec une perte sérieuse, au R.-U. (Les exportations de viande au cours de la période de fièvre aphteuse ne figurent pas dans le tableau III, vu qu'elles sont entièrement détachées des voies d'approvisionnement régulières et qu'elles n'ont, par conséquent, aucune signification quant à la tendance en discussion.)

REMARQUE (2) En 1953, la période d'expédition a été de dix mois. Le surplus pour douze mois peut être estimé à 35,000,000 lb.

\* La supposition n'a pas été poussée jusqu'au consommateur vu qu'elle se complique du fait qu'un autre chaînon intervient, le détaillant, entre l'industrie de la salaison et le consommateur.

## OFFICERS

*President*  
J. S. McLEAN

*Vice-President  
and Assistant to the President*  
G. A. SCHELL

*Vice-President*  
S. G. BENNETT

*Vice-President  
and General Manager*  
N. J. McLEAN

*Vice-President  
and Secretary-Treasurer*  
A. J. E. CHILD

*Vice-President*  
W. F. McLEAN

*Vice-President  
and Assistant General Manager*  
W. R. CARROLL

*Assistant Treasurer*  
J. D. A. EVERS

## DIRECTORS

* S. G. BENNETT	* N. J. McLEAN
* W. R. CARROLL	* W. F. McLEAN
* A. J. E. CHILD	H. M. MURRAY
A. G. HALL	W. R. PARLIAMENT
J. P. LABERGE	C. C. POLKINGHORNE
* J. S. McLEAN	* G. A. SCHELL

F. A. WIGGINS

\* Member of the Executive Committee

## CANADA PACKERS LIMITED

### Plants at

TORONTO	MONTREAL	HULL	PETERBOROUGH	CHARLOTTETOWN
WINNIPEG	EDMONTON	VANCOUVER	CHICAGO	DANVILLE





MEMBERS OF THE EXECUTIVE COMMITTEE



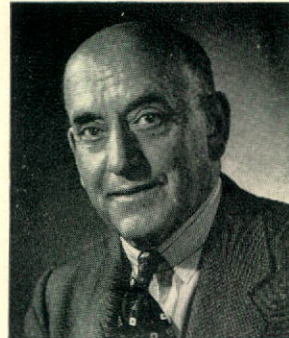
J. S. McLEAN



G. A. SCHELL



S. G. BENNETT



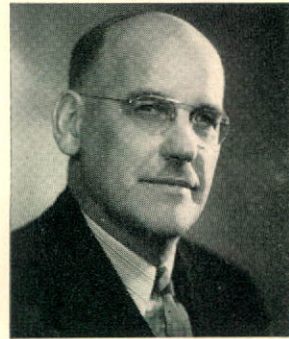
N. J. McLEAN



A. J. E. CHILD



W. F. McLEAN



W. R. CARROLL

## REPORT TO SHAREHOLDERS

The 27th year of Canada Packers Limited closed March 31st, 1954. (Hereinafter the year is designated 'Fiscal 1954'.)

Tonnage (pounds of product sold) again reached a new high . . . . .	1,932,000,000 lbs.
The previous high (Fiscal 1953) . . . . .	1,859,000,000 "
Increase . . . . .	73,000,000 "
Equivalent to . . . . .	3.9 per cent.

The Annual Report for Fiscal 1953 showed a decrease in Dollar Sales in the face of an increase in Tonnage. This year the pattern is repeated.

Dollar Sales, Fiscal 1954 . . . . .	\$374,000,000
" " " 1953 . . . . .	386,000,000
Decrease . . . . .	12,000,000
Equivalent to . . . . .	3.1 per cent.

The explanation lies in the continuing decline in price of certain of the products handled by the company. The trend of the last three years is revealed in the following table:

TABLE I

	Tonnage	Dollar Sales	Average price per lb. of all products
Fiscal 1952 . . . . .	1,708,000,000 lbs.	\$390,000,000	22.8¢
" 1953 . . . . .	1,859,000,000 lbs.	\$386,000,000	20.7¢
" 1954 . . . . .	1,932,000,000 lbs.	\$374,000,000	19.3¢
Decline ('53 to '54) . . . . .	Per pound		1.4¢
	Equivalent to		7%

N.B.—Each year prices of some products decline while others advance. The decline of 1.4¢ per lb. average has no significance in respect of any individual product, but is a sufficiently accurate measure of the overall trend.

CANADA PACKERS LIMITED

Net Profit for the year was . . . . .	\$3,702,020
Net Profit, Fiscal 1953 . . . . .	\$4,400,598
Decrease . . . . .	\$ 698,578

The Net Profit, expressed as,—

- (a) A percentage of sales, was .99%
- (b) Per 100 lbs. was 19.2¢
- i.e., just under 1/5¢ per lb.

Table II below, giving the record of Sales and Net Profits for the past ten years, shows that, for the ten-year period, Net Profit has been .93% of Dollar Sales. In respect of Net Profit, therefore, the year under review was slightly better than the average of the last ten years.

TABLE II

Fiscal Year	Dollar Sales	Net Profit	Net Profit as Percentage of Sales
1945	\$228,000,000	\$1,825,000	.80%
1946	209,000,000	1,817,000	.87%
1947	204,000,000	2,060,000	1.01%
1948	238,000,000	2,182,000	.91%
1949	314,000,000	2,807,000	.89%
1950	328,000,000	3,480,000	1.06%
1951	357,000,000	4,126,000	1.16%
1952	390,000,000	1,965,000	.50%
1953	386,000,000	4,400,000	1.14%
1954	374,000,000	3,702,000	.99%
Average, 10 years	\$303,000,000	\$2,836,000	.93%

For the 27 years since Canada Packers was formed, the corresponding figures are:—

Average, 27 years	\$170,000,000	\$1,863,000	1.09%
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NOTE: Shareholders are reminded that throughout the 27 years, reserves have from time to time been reported, which have not been recorded in the Earned Surplus of the Company. These reserves include:—

- (a) Wartime Inventory Reserve, — sums set aside from year to year during the war and post-war period. These sums have been fully explained from

year to year in the Annual Reports of the Company. In total they constitute the chief item in the reserves. They now stand at a total of . . . \$6,000,000

- (b) Sundry minor reserves accumulated from time to time throughout the 27 years.
- (c) Increase in market value (above cost) of shares owned by Canada Packers in other corporations. The investments are in sound companies dealing in basic Canadian products. Capital appreciation varies up and down with market fluctuations, but the reserve has become a substantial one.

On all these reserves, full taxes have been paid. They could properly be recorded as profits. However, the more conservative policy has been followed of carrying them forward as reserves. They constitute a cushion against major price declines, and would justify a continuation of dividends throughout a limited period of unprofitable operations. The reserves include the equity, in excess of price paid, for wholly-owned subsidiaries. There are now six of these subsidiaries.

However, if the other course had been followed and if all reserves were now set up as profits, the net for the 27 years would be,—not 1.09% (as appears above), but 1.31% of sales.

This is an important figure.

It is the measure of the Company's total profit,—the fee which Canada Packers has received for its services in processing the live stock and finding markets for the meats and the by-products.

That some margin of profit is necessary goes without saying. Without expectation of profit, the very large sums required for plant and working capital would not be forthcoming.

Is the margin, then, too large or too small?

One answer is that it is much the lowest percentage of profit (relative to sales) of any major industry in Canada.

Moreover, if no profit whatever were made, the benefit to the producer or to the consumer would be negligible.

For example, choice steers are to-day selling for approximately 20¢ per lb. live weight. If the packer made no profit, and if the 1.31% went entirely to the producer, he (the producer) would receive an additional ¼¢ per lb.

(1.31% of 20¢ equals .26¢)

On the other hand, if the packer's profit were divided evenly between producer and consumer, the producer would receive for his steers 20¢ plus ⅛¢ per lb.\*

It may be asked how the Packing Industry exists,—and even prospers,—on a margin of net profit so much smaller than that of other industries. The answer lies in the rapid turnover of capital. Capital employed in the Packing Industry is turned over approximately seven times per year. Therefore, a profit on turnover of 1.31% is equivalent to a profit on capital of just over 9%.

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A review of the Live Stock Industry in 1953 would be incomplete without reference to a factor which has taken all sectors of the Industry by surprise (producers, processors and Department of Agriculture officials).

It is the startling diminution in exports of cattle plus beef.

For Canada's surplus of cattle plus beef, United States normally is almost the sole market. During the war and immediate post-war period (September 1942 to August 1948), by agreement between London, Ottawa and Washington, Canada's total surplus of Beef was shipped to the U.K. However, this was due to strategic, not economic, considerations. The U.S. market was reopened to Canadian Cattle and Beef August 16th, 1948, and since that date almost the entire surplus has gone to the United States. (Small but regular and very welcome orders come from B.W.I.)

Since August 16th, 1948, shipments to United States of cattle plus beef,—expressed in terms of beef,—have been as follows:

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\* The illustration is not followed through to the consumer, as it becomes complicated by the fact that another link in the livestock chain,—viz. the retailer,—intervenes between packer and consumer.

TABLE III\*

Shipments to U.S. of Beef Cattle plus Beef (Cattle converted on basis 500 lbs. beef per head)	
1948 (Aug. 16 to Dec. 31)	234,834,000 lbs.
1949	253,995,000
1950	262,749,000
1951	176,777,000
1952 (Jan. 1 to Feb. 25)	5,083,000
1953 (Mar. 2 to Dec. 31)	28,428,000
1954 (Jan. to May, incl.)	18,941,000

Note (1) From February 25th, 1952, to March 2nd, 1953, shipments to U.S. were embargoed, due to foot and mouth disease. During that period the surplus beef (in excess of domestic consumption) was purchased by the Federal Government and sold,—at heavy loss,—to the U.K.

(Exports of meats during the 'foot-and-mouth' period are not shown in Table III, as they are entirely detached from the regular channels, and therefore without significance in relation to the trend under discussion.)

Note (2) For 1953 the shipping period was ten months. The surplus for twelve months may be estimated at 35,000,000 lbs.

We are, therefore, faced with these startling facts:

In 1950, exports of cattle plus beef to United States were . . . . . 262,000,000 lbs.

As a result, cattle prices in Canada throughout that year were based upon prices for similar grades in U.S.,—(with corrections for freight, duty and exchange).

In 1953, only three years later, exports of cattle plus beef had declined to a trickle of . . . . . 35,000,000 lbs.

And on certain grades of cattle, over quite extended periods, prices in Canada were actually higher than in United States.

\* Source: Department of Agriculture, Ottawa. *Livestock Market Review and Livestock and Meat Trade Report*. (Live cattle exports converted at 500 lbs. per head.)

The reasons for this startling transformation are to be found in Table IV, below.

TABLE IV\*

	<u>A</u> Canadian Inspected Cattle Slaughterings	<u>B</u> Estimated Human Population	<u>C</u> Consumption of Beef per capita	<u>D</u> Total Consumption
1948	1,489,883	12,823,000	57.5 lbs.	737 million lbs.
1949	1,439,489	13,447,000	56.5	760
1950	1,284,683	13,712,000	50.3	690
1951	1,149,789	14,009,000	44.1	618
1952	1,237,630	14,430,000	44.7	645
1953	1,469,406	14,781,000	59.1	874

A decline in surplus must come from one or both of two causes,—

- (a) decreased production, or
- (b) increased consumption.

As between 1950 and 1953, the decline in surplus is clearly not due to decreased production. Inspected slaughterings (Column A above) in 1950 were . . . 1,284,683 cattle  
In 1953 . . . . . 1,469,406 “

Therefore, the decline must be due entirely to increased consumption. That increased consumption, in turn, is due to two causes:—

- (1) increase in human population (Column B above)
- (2) increase in consumption of beef per capita (Column C above).

In 1950, Canada's population was estimated at . . . . . 13,712,000  
and consumption of beef per capita at . . . . . 50.3 lbs.  
Total (estimated) consumption of beef . . . . . 690 million lbs.

In 1953, the estimated population was . . . . . 14,781,000  
and consumption of beef per capita . . . . . 59.1 lbs.  
Total (estimated) consumption of beef . . . . . 874 million lbs.

\* Source:—Slaughterings: Department of Agriculture, Ottawa. *Livestock Market Review*  
Population: Dominion Bureau of Statistics. *Canadian Statistical Review*.  
Beef Consumption: Dominion Bureau of Statistics Memoranda.

CANADA PACKERS LIMITED

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Is Canada approaching the time when she will cease to be an exporter of meats?

Ten years ago such a question would have appeared fantastic.

In 1944 Canada exported:—

to the U.K. (see table p. 18) . . . . .	692,000,000 lbs. bacon
also to the U.K. . . . .	98,000,000 lbs. beef
Total . . . . .	790,000,000 lbs. meats

That was at the pinch of the war years, when Canada was restricting consumption in order to make meats available for the allied armies, and the civilian population of the U.K.

It has already been stated (p. 8) that by 1953, beef exports had dwindled to approximately . . . . .	35,000,000 lbs.
In the same year exports of pork products,—chiefly to the U.S.,—were . . . . .	78,000,000 lbs.
Total . . . . .	113,000,000 lbs.

This comparison, taken by itself, would seem to indicate that exports of meats might soon be a thing of the past.

However, one fact remains which tends towards an opposite view. Canada still produces a heavy surplus of grains. The carryover at the end of this crop year will be the largest in history. At the same time the markets abroad for wheat appear to be shrinking.

On Canadian farms the most perplexing problem is how to convert into cash, grains for which there is no immediate export outlet. To this problem there is, at the moment, only one solution, viz. to convert the grain into secondary food products:—cattle, hogs, poultry and dairy products. Every fact points to a substantial increase in these secondary products throughout the next two or three years.

It is difficult to look ahead for a longer period. The trend, whatever it is, will gradually reveal itself.

---

**EMPLOYEE RELATIONS** Out of the earnings of the year, \$1,200,000 was set aside as bonus to employees. This was less than in Fiscal 1953, by reason of the lower Net Profit. However, it is still a substantial sum.

Last year it was announced that, of the total bonus for Fiscal 1953, one-half, or \$750,000 would be paid in cash and the balance, after paying income taxes thereon, would be invested by a



Board of Trustees acting for an Employees' Profit Sharing Plan. This year two-thirds of the bonus, or \$800,000 (less income tax), will be similarly invested, and next year all of the bonus will be so treated.

These sums will be invested in the securities of carefully chosen companies engaged in developing the basic resources of Canada. The experience of the first year of operation has exceeded expectations. On the amount of \$612,065 available for investment (\$750,000 less tax \$137,935) there have been:

(1) Earnings in interest and dividends to March 31st, 1954 . . . . .	\$26,785	4.4%
(2) Capital appreciation due to increase in market value of the investments to March 31st, 1954 . . . . .	63,623	10.4%
	\$90,408	14.8%
(3) A total increment of . . . . .		

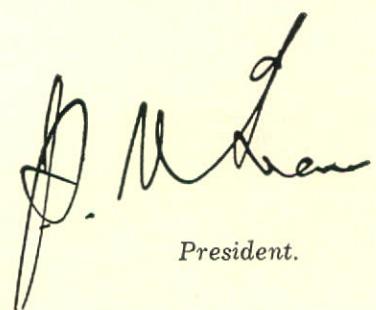
(As at July 5th, when this report goes to print, capital gain has advanced to 18% and total increment to 24%.)

All employees who have twelve months' continuous service at the end of any fiscal year become participants in the Profit Sharing Plan. Each participant shares proportionately in the increment.

It cannot be expected that a rate of increment of 24% per year will be maintained without interruption. Periods of recession (in market values) are bound to occur. However, the funds are being invested in the equities of the most conservative companies engaged in the development of Canada's natural resources, and over a long term a very important capital gain is expected.

Directors hope that in time the realization from this fund, plus company pensions, plus Government pensions, plus personal savings, will enable employees at retirement age to carry on without diminution of their standard of living.

Directors report with pleasure that employee relations throughout the year have been harmonious and co-operative. On behalf of the Shareholders, they extend cordial thanks to employees of all ranks.



*President.*

# CONSOLIDATED BALANCE SHEET

(Incorporated under The

as at MARCH 31, 1954

	COLUMN 1	COLUMN 2
<b>ASSETS</b>	The companies engaged primarily in packinghouse operations	Including all subsidiaries
Cash on hand . . . . .	\$ 84,347	\$ 87,549
Investments:		
Bonds and Shares—at cost less amounts written off (approximate market value \$336,000) . . . . .	47,740	49,206
Trade Accounts Receivable (after provision for losses) . . . . .	13,695,643	15,687,038
Inventories:		
Products, Materials and Supplies on hand, in transit and committed for —as determined and certified by the management and valued at the lower of cost or market, less Reserve of \$6,000,000 . . . . .	32,168,839	38,329,049
Life Insurance (cash surrender value) . . . . .	883,022	883,022
Prepaid Expenses . . . . .	743,427	820,353
Sundry Advances and Balances Receivable . . . . .	566,300	795,442
<b>TOTAL CURRENT ASSETS</b> . . . . .	<b>\$48,189,318</b>	<b>\$56,651,659</b>
Investments in and amounts due to or from Subsidiary Companies not consolidated herein—		
Investments in Subsidiary Companies—at cost . . . . .	\$ 5,408,766	
Less amounts due to or from Subsidiary Companies (net) . . . . .	323,669	
	<u>\$ 5,085,097</u>	
Investment in Other Securities—at cost less amounts written off . . . . .	\$ 107,617	\$ 107,617
Land, Buildings, Plant and Equipment—at cost or at depreciated appraisal values for assets appraised in the years 1919 to 1927 . . . . .	40,887,594	45,916,575
Goodwill . . . . .	1	1
	<u>\$94,269,627</u>	<u>\$102,675,852</u>

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF CANADA PACKERS LIMITED:

We have examined the consolidated balance sheet of Canada Packers Limited, including the companies engaged primarily in packinghouse operations, as at March 31, 1954 (Column 1 above) and the statements of consolidated profit and loss and consolidated earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Included in the current liabilities are provisions and reserves which in our opinion are, in the aggregate, some \$2,750,000 in excess of the actual liabilities.

In our opinion, subject to the exception noted in the preceding paragraph, the accompanying consolidated balance sheet of Canada Packers Limited, including the companies engaged primarily in packinghouse operations (Column 1 above) and statements of consolidated profit and loss and consolidated earned surplus are properly drawn up so as to exhibit a true and

# OF CANADA PACKERS LIMITED

(Companies Act, Canada)

March 31, 1954

	COLUMN 1	COLUMN 2
<b>LIABILITIES</b>	The companies engaged primarily in packinghouse operations	Including all subsidiaries
Borrowings from Banks . . . . .	\$ 8,675,108	\$ 8,970,333
Liability to Banks for cheques issued but not yet cashed . . . . .	7,644,516	8,148,383
Accounts Payable and Accrued Charges . . . . .	12,238,408	13,100,758
Provision for Income, Sales, Municipal and Other Taxes . . . . .	4,688,292	4,854,251
Dividends on Class A and B Shares payable April 1, 1954 . . . . .	900,000	900,000
<b>TOTAL CURRENT LIABILITIES</b> . . . . .	<u>\$34,146,324</u>	<u>\$35,973,725</u>
3% Serial Debentures maturing \$100,000 annually on February 16, 1955 and 1956 . . . . .		200,000
Accumulated Depreciation of Fixed Assets . . . . .	26,884,986	29,600,850
Surplus on Appraisals . . . . .	5,663,432	5,663,432
Interest of Minority Shareholders in Subsidiary Companies . . . . .		406,369
Capital:		
Authorized and Issued—		
400,000 Class A Shares of no par value } . . . . .	1,438,284	1,438,284
800,000 Class B Shares of no par value } . . . . .		
Earned Surplus . . . . .	26,136,601	29,393,192
	<u>\$27,574,885</u>	<u>\$30,831,476</u>
On behalf of the Board		
J. S. McLEAN, <i>Director</i>		
A. J. E. CHILD, <i>Director</i>		
	<u>\$94,269,627</u>	<u>\$102,675,852</u>

correct view of the state of the affairs of these companies as at March 31, 1954 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

We have also examined the consolidated balance sheet of Canada Packers Limited, including all subsidiaries, as at March 31, 1954 (Column 2 above) and, subject to the exception noted in paragraph two above, in our opinion such balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of these companies as at that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

Under Section 118 of the Companies Act, Canada, we report that net profits for the year ended March 31, 1954, of the subsidiary companies whose accounts are not consolidated in the attached statement of consolidated profit and loss have been taken into account therein only to the extent of the dividend of \$15,000 received from one subsidiary company during the year.

Toronto, Canada.  
June 21, 1954.

CLARKSON, GORDON & CO.  
Chartered Accountants.



CANADA PACKERS LIMITED

		% to SALES 1954	% to SALES 1953
FORWARD . . . . .	\$ 3,617,576	.97%	1.12%
Add Income from Investments (including a dividend of \$15,000 from a subsidiary company) . . . . .	84,444	.02	.02
Net Profit for the Year . . . . .	\$ 3,702,020	.99%	1.14%

NOTE: The expenditures for the year include the following—

Directors' Fees . . . . .	nil
Remuneration to Executive Officers and Directors and Legal Fees . . . . .	\$267,929

**STATEMENT OF CONSOLIDATED EARNED SURPLUS**

FOR THE YEAR ENDED MARCH 31, 1954

Balance at credit March 25, 1953 . . . . .		\$24,234,581
Net Profit for the year . . . . .		3,702,020
		\$27,936,601
Less Dividends paid or payable for the year:		
Two Dividends of 75¢ per share on 400,000 Class A shares . . . . .	\$ 600,000	
Two Dividends of 75¢ per share on 800,000 Class B shares . . . . .	1,200,000	1,800,000
Balance at credit March 31, 1954 . . . . .		\$26,136,601

## TOTAL CANADA HOG GRADINGS

CALENDAR YEAR	EASTERN CANADA	WESTERN CANADA	TOTAL
1926 . . . . .	1,644,940	1,109,565	2,754,505
1927 . . . . .	1,770,949	1,077,439	2,848,388
1928 . . . . .	1,658,755	1,117,218	2,775,973
1929 . . . . .	1,403,445	1,255,564	2,659,009
1930 . . . . .	1,157,704	1,143,645	2,301,349
1931 . . . . .	1,252,460	1,390,912	2,643,372
1932 . . . . .	1,417,122	1,781,061	3,198,183
1933 . . . . .	1,438,580	1,766,845	3,205,425
1934 . . . . .	1,294,237	1,734,501	3,028,738
1935 . . . . .	1,351,468	1,606,153	2,957,621
1936 . . . . .	1,919,617	1,877,335	3,796,952
1937 . . . . .	2,174,005	1,811,575	3,985,580
1938 . . . . .	1,995,471	1,250,064	3,245,535
1939 . . . . .	2,086,881	1,619,298	3,706,179
1940 . . . . .	2,805,568	2,651,274	5,456,842
1941 . . . . .	2,853,793	3,362,414	6,216,207
1942 . . . . .	2,473,843	3,754,320	6,228,163
1943 . . . . .	2,566,054	4,583,367	7,149,421
1944 . . . . .	3,168,358	5,694,820	8,863,178
1945 . . . . .	2,449,137	3,411,936	5,861,073
1946 . . . . .	2,360,223	2,100,513	4,460,736
1947 . . . . .	2,901,597	1,854,374	4,755,971
1948 . . . . .	2,935,039	1,832,821	4,767,860
1949 . . . . .	2,942,497	1,486,758	4,429,255
1950 . . . . .	3,239,133	1,536,424	4,775,557
1951 . . . . .	3,290,160	1,604,382	4,894,542
1952 . . . . .	4,307,330	2,391,312	6,698,642
1953 . . . . .	2,815,372	2,187,442	5,002,814
1954—5 Months . . . . .	1,140,102	889,761	2,029,863

**TOTAL CANADA SLAUGHTERINGS AT INSPECTED  
ESTABLISHMENTS**

CALENDAR YEAR	CATTLE	CALVES	SHEEP AND LAMBS	HOGS
1926 . . . . .	739,822	374,175	545,769	2,491,425
1927 . . . . .	733,357	414,675	618,057	2,540,342
1928 . . . . .	699,384	415,990	638,752	2,547,024
1929 . . . . .	701,866	414,781	725,004	2,353,161
1930 . . . . .	602,007	376,237	745,119	1,926,325
1931 . . . . .	592,036	371,076	820,891	2,242,765
1932 . . . . .	553,342	383,449	788,222	2,722,825
1933 . . . . .	654,000	438,428	868,679	2,802,377
1934 . . . . .	804,290	542,842	854,222	2,871,980
1935 . . . . .	789,711	586,851	861,228	2,805,825
1936 . . . . .	920,229	602,616	830,975	3,562,534
1937 . . . . .	923,961	702,405	821,758	3,802,141
1938 . . . . .	859,260	676,579	801,679	3,137,203
1939 . . . . .	872,574	679,922	786,274	3,628,369
1940 . . . . .	889,898	703,779	763,982	5,454,930
1941 . . . . .	1,004,101	719,168	830,963	6,273,851
1942 . . . . .	970,315	666,645	825,288	6,196,850
1943 . . . . .	1,021,334	594,385	889,269	7,173,550
1944 . . . . .	1,354,104	660,556	949,096	8,766,441
1945 . . . . .	1,820,127	781,817	1,169,124	5,683,727
1946 . . . . .	1,666,310	752,817	1,209,545	4,253,511
1947 . . . . .	1,293,246	659,701	896,017	4,458,160
1948 . . . . .	1,489,883	787,410	768,943	4,487,649
1949 . . . . .	1,439,489	766,277	629,673	4,098,609
1950 . . . . .	1,284,683	773,205	521,089	4,405,055
1951 . . . . .	1,149,789	583,718	438,518	4,488,007
1952 . . . . .	1,237,630	567,760	512,966	6,234,145
1953 . . . . .	1,469,406	740,723	543,371	4,611,312
1954—5 Months . . . . .	638,966	360,064	116,145	1,866,288

## EXPORTS OF BACON, CANADA TO GREAT BRITAIN

CALENDAR YEAR	POUNDS	IN TERMS OF HOGS
1926 . . . . .	90,843,600	757,030
1927 . . . . .	53,059,100	442,159
1928 . . . . .	37,078,600	308,988
1929 . . . . .	25,822,900	215,191
1930 . . . . .	13,011,400	108,428
1931 . . . . .	10,961,700	91,347
1932 . . . . .	30,693,400	255,778
1933 . . . . .	71,524,700	596,039
1934 . . . . .	119,707,600	997,565
1935 . . . . .	124,327,900	1,036,065
1936 . . . . .	154,768,800	1,289,740
1937 . . . . .	192,058,700	1,600,488
1938 . . . . .	169,463,600	1,412,188
1939 . . . . .	186,473,000	1,553,941
1940 . . . . .	344,147,100	2,867,892
1941 . . . . .	460,800,200	3,840,002
1942 . . . . .	524,951,900	4,374,599
1943 . . . . .	560,304,800	4,669,207
1944 . . . . .	692,310,300	5,769,252
1945 . . . . .	446,069,300	3,656,305
1946 . . . . .	286,029,100	2,364,876
1947 . . . . .	232,001,400	1,917,366
1948 . . . . .	200,138,000	1,667,816
1949 . . . . .	65,577,100	546,476
1950 . . . . .	72,340,300	602,836
1951 . . . . .	1,891,500	15,763
1952 . . . . .	Nil	Nil
1953 . . . . .	Nil	Nil
1954—5 Months . . . . .	Nil	Nil



CANADA PACKERS LIMITED

**CASH INCOME FROM THE SALE OF FARM PRODUCTS\***

CALENDAR YEAR	CASH INCOME FROM SALE OF LIVESTOCK EXCLUDING POULTRY	CASH INCOME FROM ALL FARM PRODUCTS	DIRECT† GOVERNMENT PAYMENTS	TOTAL INCLUDING DIRECT GOVERNMENT PAYMENTS
1926	\$193,253,000	\$ 963,423,000	.....	\$ 963,423,000
1927	194,538,000	940,936,000	.....	940,936,000
1928	210,445,000	1,072,478,000	.....	1,072,478,000
1929	214,904,000	936,297,000	.....	936,297,000
1930	157,747,000	640,545,000	.....	640,545,000
1931	111,789,000	450,455,000	.....	450,455,000
1932	79,844,000	388,500,000	.....	388,500,000
1933	83,761,000	402,038,000	.....	402,038,000
1934	111,507,000	491,604,000	.....	491,604,000
1935	131,122,000	519,463,000	.....	519,463,000
1936	149,048,000	580,109,000	.....	580,109,000
1937	186,218,000	639,991,000	.....	639,991,000
1938	156,989,000	660,790,000	.....	660,790,000
1939	178,930,000	717,015,000	\$1,686,000	718,701,000
1940	226,399,000	748,231,000	9,691,000	757,922,000
1941	301,592,000	896,371,000	29,477,000	925,848,000
1942	373,742,000	1,099,216,000	55,362,000	1,154,578,000
1943	444,949,000	1,407,460,000	31,414,000	1,438,874,000
1944	513,838,000	1,829,900,000	17,872,000	1,847,772,000
1945	526,409,000	1,694,739,000	6,440,000	1,701,179,000
1946	502,769,000	1,742,786,000	16,950,000	1,759,736,000
1947	496,386,000	1,967,263,000	11,577,000	1,978,840,000
1948	726,350,000	2,463,148,000	20,748,000	2,483,896,000
1949	754,543,000	2,486,598,000	17,628,000	2,504,226,000
1950	820,437,000	2,227,032,000	13,806,000	2,240,838,000
1951	896,336,000	2,816,461,000	10,356,000	2,826,817,000
1952	682,123,000	2,826,616,000	5,131,000	2,831,747,000
1953	640,875,000	2,741,252,000	1,572,000	2,742,824,000

\*Excluding Newfoundland.

†Includes payments made under the Wheat Acreage Reduction Act, the Prairie Farm Assistance Act and the Prairie Farm Income Act. (Other farm subsidies paid by Dominion and Provincial Governments are included under "Cash Income from Farm Products".)

## PER CAPITA CONSUMPTION OF MEAT IN CANADA BY CIVILIANS

Source: Dominion Bureau of Statistics

CALENDAR YEAR	BEEF	VEAL	MUTTON AND LAMB	PORK	OFFALS	CANNED MEATS*	TOTAL
	lb.	lb.	lb.	lb.	lb.	lb.	lb.
1926 . . . . .	55.2	7.8	4.9	53.5	†	‡	121.4§
1927 . . . . .	54.5	7.8	5.6	54.5	†	‡	122.4§
1928 . . . . .	50.5	8.2	5.5	58.4	†	‡	122.6§
1929 . . . . .	51.1	8.1	5.8	58.0	†	‡	123.0§
1930 . . . . .	49.1	9.5	6.5	52.8	†	‡	117.9§
1931 . . . . .	48.5	8.5	5.9	51.9	†	‡	114.8§
1932 . . . . .	45.5	8.5	6.1	55.3	†	‡	115.4§
1933 . . . . .	45.8	9.1	5.7	52.0	†	‡	112.6§
1934 . . . . .	50.6	10.4	6.0	47.4	†	‡	114.4§
1935 . . . . .	53.6	9.8	6.0	39.3	5.5	1.7	115.9
1936 . . . . .	55.1	10.2	5.6	41.4	5.9	2.0	120.2
1937 . . . . .	54.6	11.9	5.6	42.5	6.2	2.0	122.8
1938 . . . . .	57.2	10.3	5.4	37.7	5.7	1.7	118.0
1939 . . . . .	53.2	10.4	5.4	38.4	5.1	2.1	114.6
1940 . . . . .	54.5	10.8	4.5	44.7	5.5	1.5	121.5
1941 . . . . .	58.3	11.1	4.9	46.3	6.0	3.2	129.8
1942 . . . . .	60.1	10.8	5.0	53.3	6.4	3.1	138.7
1943 . . . . .	69.3	10.2	4.6	61.0	7.3	3.1	155.5
1944 . . . . .	66.6	11.0	4.8	61.4	7.4	2.8	154.0
1945 . . . . .	64.6	11.9	4.7	50.9	6.0	4.8	142.9
1946 . . . . .	67.2	10.5	4.8	51.3	5.5	5.9	145.2
1947 . . . . .	67.2	9.5	4.8	51.9	6.4	5.6	145.4
1948 . . . . .	57.5	10.9	3.5	53.9	6.0	3.5	135.3
1949 . . . . .	56.5	9.1	3.0	59.2	5.6	5.1	138.5
1950 . . . . .	50.3	9.2	2.5	60.8	5.6	5.3	133.7
1951 . . . . .	44.1	7.7	2.6	67.8	5.2	6.5	133.9
1952 . . . . .	44.7	6.7	1.9	65.9	5.5	8.2	132.9
1953 . . . . .	59.1	9.1	2.3	57.0	5.2	7.4	140.1

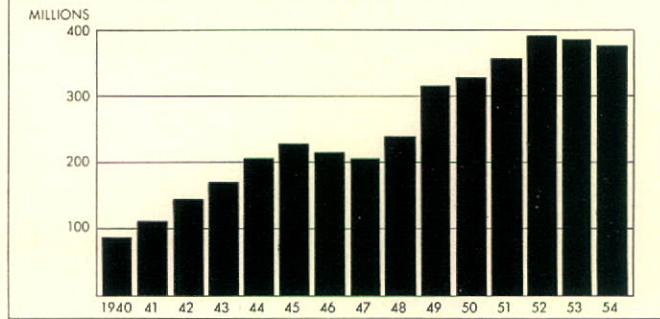
\*Canned meats expressed in terms of carcass weight  
†Estimate not available.

‡Included with other meats.

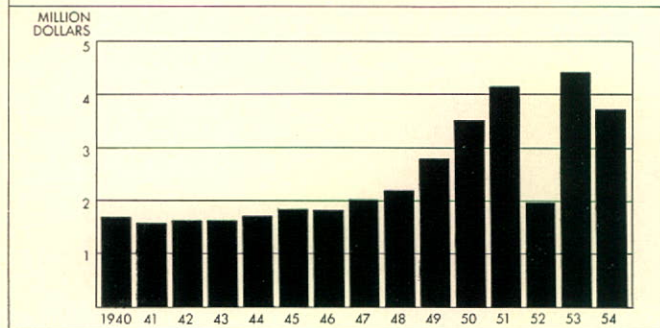
§Total figures prior to 1935 do not include offals.

## COMPARATIVE STATISTICS

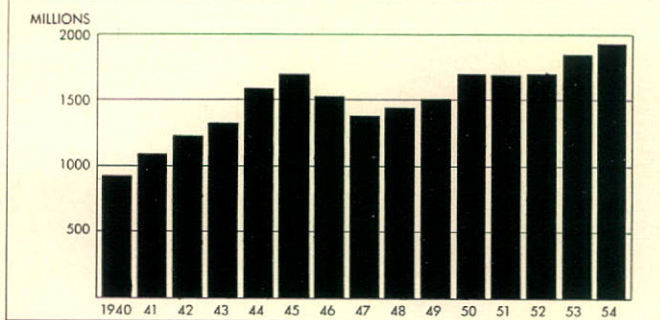
### DOLLAR SALES



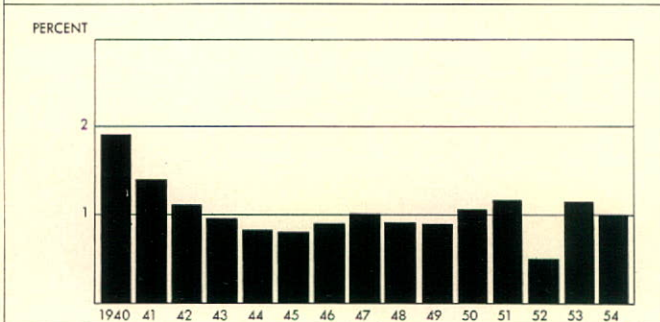
### NET PROFIT



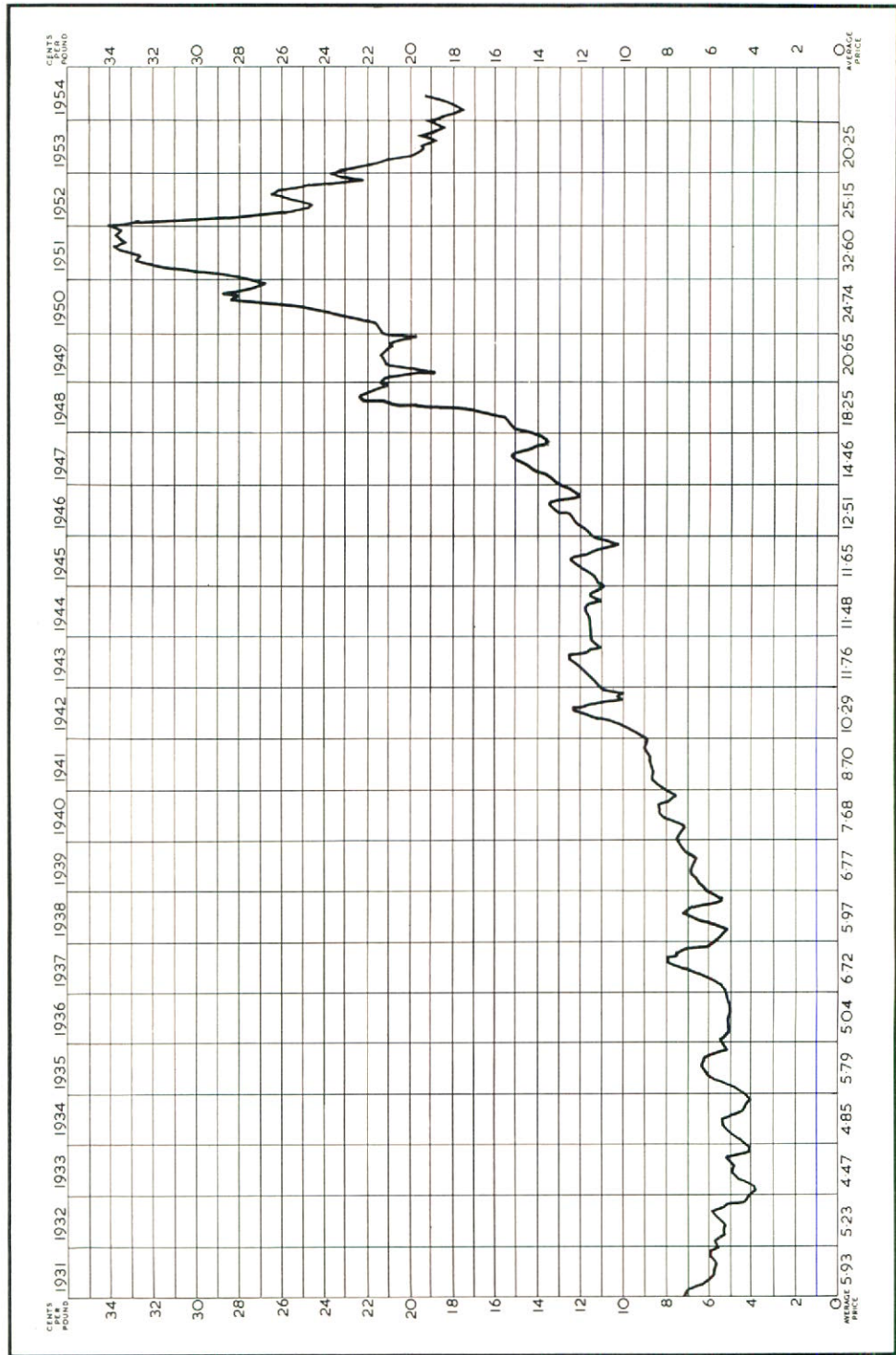
### SALES IN POUNDS



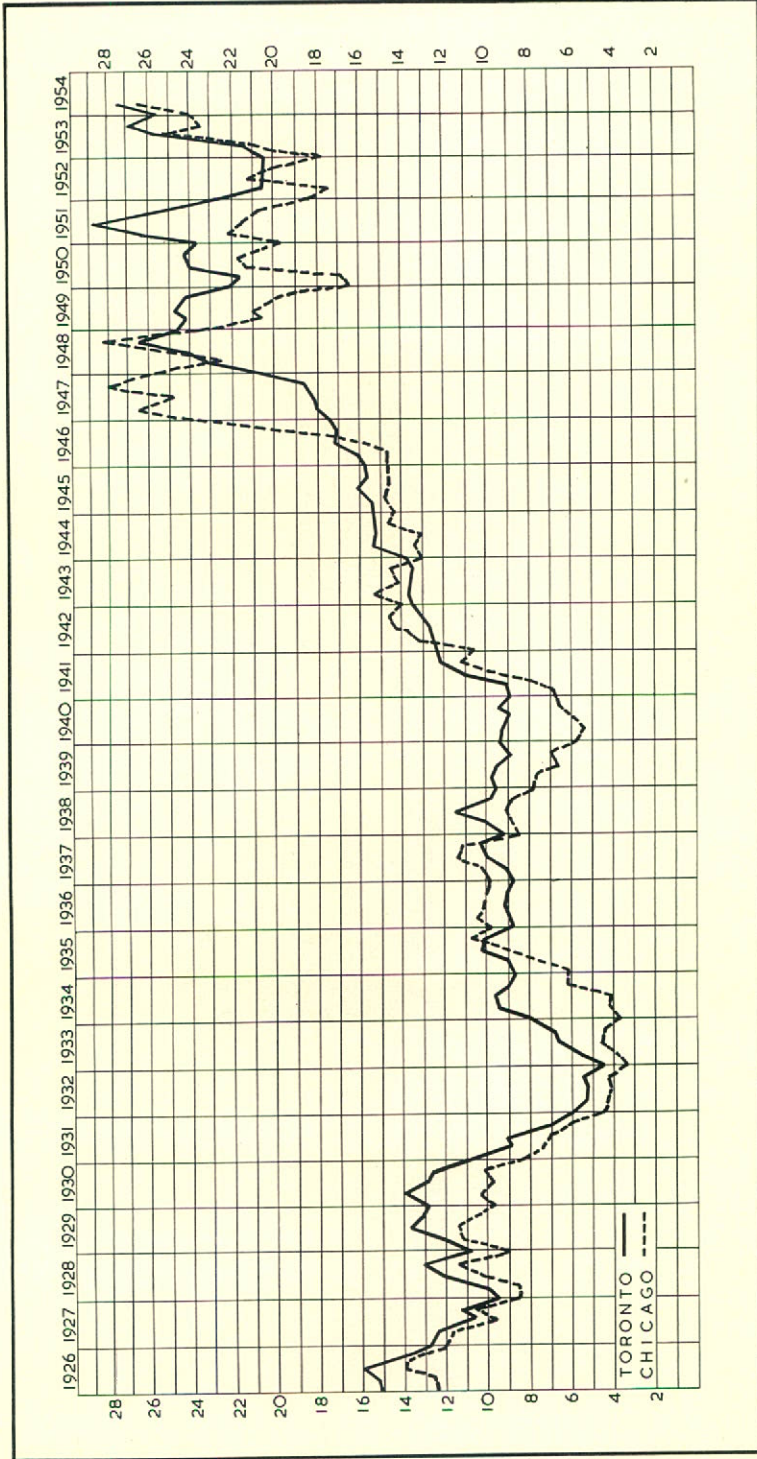
### PROFIT AS % OF SALES



## GOOD STEERS—1000 POUNDS DOWN, TORONTO AVERAGE MONTHLY PRICE



## COMPARATIVE LIVE HOG PRICES TORONTO\* AND CHICAGO—TOP GRADES



\*Since July, 1939, Hogs on the Toronto Market have been bought on a dressed (rail grade) basis. From that date, the live price has been arrived at by conversion from the dressed price of Grade A Hogs, assuming a yield of 75%. Bonuses are included in the price.





