

BRITISH COLUMBIA PACKERS LIMITED

PRESENT COMPANY AND PREDECESSORS
HAVE OPERATED CONTINUOUSLY SINCE 1876

TWENTY-FIRST *Annual* REPORT

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FOR THE YEAR ENDED
APRIL 30TH 1949



Fish...
IS OUR
BUSINESS

Treasures of the Sea



BRITISH COLUMBIA PACKERS LIMITED

VANCOUVER

CANADA

British Columbia Packers Limited

VANCOUVER, CANADA

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J. M. BUCHANAN, <i>President.</i>	G. M. FERGUSON, <i>Comptroller.</i>
A. HAMILTON, <i>Secretary and Treasurer.</i>	

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY,
Toronto and Vancouver, Canada.

Co-Transfer Agent
Chartered Trust Company,
Montreal, Canada.

Auditors
Price, Waterhouse & Co.

British Columbia Packers Limited

Report of Directors

To the Shareholders,

BRITISH COLUMBIA PACKERS LIMITED:

Your Directors present herewith a statement of the affairs of the Company, together with a Consolidated Balance Sheet as at April 30th, 1949, and a Consolidated Statement of Profit and Loss for the year ended on that date.

As set forth in the latter statement, the consolidated net earnings for the year were \$995,980.66 after providing for depreciation of \$563,780.56, interest on funded debt \$30,750.00 and income taxes of \$634,067.04. This compares with consolidated net earnings of \$1,578,897.71 for the previous twelve months. While earnings of the past financial year may be considered satisfactory in view of the lower average long-term earnings of the Company, attention should be drawn again not only to the operating risks inherent in the business, particularly in times such as these, but also to the seemingly continuous need of additional large capital expenditures to keep plants and equipment modern and competitive with other food industries, both in Canada and elsewhere. Detailed reference is made later on in this Report to the capital expenditures made during the year.

The following statement gives a comparison of the distribution of the past year's sales income with that of the previous two years.

SIMPLIFIED STATEMENT OF INCOME DISTRIBUTION

	1947	Per \$100.00 of Sales	1948	Per \$100.00 of Sales	1949	Per \$100.00 of Sales
We received from the sale of our products.....	\$26,524,111	\$100.00	\$28,752,968	\$100.00	\$27,333,390	\$100.00
Out of which were paid or accrued:						
For Fish and Labour.....	① 18,169,016	68.50	① 18,260,335	63.50	① 20,700,137	75.73
For Materials and Services	① 6,381,217	24.10	① 6,751,831	23.50	① 4,439,424	16.24
For Depreciation.....	611,467	2.30	575,482	2.00	563,781	2.06
For Income Taxes.....	712,328	2.70	1,586,422	5.50	634,067	2.32
For Dividends.....	282,558	1.00	283,971	1.00	353,198	1.29
	26,156,586	98.60	27,458,041	95.50	26,690,607	97.64
Balance retained in the business for maintenance, expansion and new ventures for the ultimate benefit of fishermen, employees and shareholders, and for future dividends.....	367,525	1.40	1,294,927	4.50	642,783	2.36

① Similar details in respect of one Subsidiary were not available, consequently the above figures include the distribution of its sales pro rated on the Parent Company's figures.

WORKING CAPITAL:

Current and Working Assets as at April 30th, 1949, amounted to \$8,792,680.29 and Current Liabilities to \$4,839,163.10. The Working Capital increased by \$437,539.38 over April 30th, 1948.

The inventory of merchandise and operating supplies amounted to \$2,370,803.39, a decrease of \$30,164.01 from last year. The Management is now engaged in a definite programme of reducing materially this inventory. In doing so, however, it will not depart from its policy of amply protecting with essential materials its diversified and geographically widespread operations. Its action only reflects the more ready availability of supplies and equipment, and the better coastal freight service.

The inventory of finished products amounted to \$4,055,972.20, an increase of \$1,506,444.86 over the previous year end. This is due to the fact that the 1948 pack was liquidated more slowly than were the packs of the post-war years of 1946 and 1947. This retarded rate of sale was particularly evident with coho and keta (chum) salmon. A large pack of keta salmon was produced at a high cost, and subsequent deteriorating market conditions made both canned keta salmon and frozen keta salmon unprofitable items. Since the year end, however, the inventory of products has been reduced by approximately \$2,400,000.00. It is anticipated that Balance Sheet values will be fully realized on liquidation of the present carryover.

FIXED ASSETS:

The net Fixed Assets as shown on the Consolidated Balance Sheet total \$5,777,274.79, an increase of \$751,209.65.

The expenditures during the year were larger than usual, owing particularly to the purchase of the outstanding shares of the Western Whaling Corporation Limited—a company in which we previously owned a partial interest only. Following this purchase, the processing facilities were greatly enlarged, a large whaler purchased and two of our ships equipped for whaling.

Further additions were made to our fish meal and oil plant capacities in the Fraser River area. The evaporating plant for stickwater, referred to in our last Report, was built and brought into operation. This plant recovers condensed fish solubles for livestock and poultry feeding purposes from the waste water of the fish meal and oil operation. Still further development in this direction is planned.

In addition to re-powering several boats, two large steel barges were purchased. Each barge is of 500-ton capacity and is suitable for transporting raw herring from the fishing grounds to processing plants or for carrying fish oil from plant to railway terminal.

The programme of rebuilding our plant and living accommodation at Namu, which commenced several years ago, was almost completed.

Adjustments have been made to capitalize an accumulation of smaller expenditures disallowed by the taxation authorities as direct charges to the operations of prior years. These will be subject to future depreciation allowances for taxation purposes over a varying number of years.

In an industry where operations are so widespread, and in which processing methods change rapidly, it must be expected that continuous capital expenditure will be necessary. The Company's plants and floating equipment, however, have been well maintained, and no large expenditures are contemplated other than those required for further recovery from waste products and certain additional storage facilities at Steveston.

DIVIDENDS:

Dividends were maintained during the year by semi-annual payments for Class "A" shares of 37½c each; and for Class "B" shares, 25c each. The total amount paid out in dividends during the year was \$353,197.50, or approximately 35% of the year's net earnings.

EARNED SURPLUS:

During the year an audit of the accounts of the Company and its principal Canadian Subsidiaries was made by the Federal Tax Authorities up to and including the 1948 taxation period and the Surplus Account as at April 30th, 1949, reflects a credit in respect of the relevant adjustment of taxes on income. Also incorporated in this adjustment is an improvement in the financial position due to increases in the standard profits of sundry Subsidiaries.

PRODUCTION STATISTICS FOR THE WHOLE PROVINCE OF BRITISH COLUMBIA:

The tables below show the total of the chief fisheries products of British Columbia for recent seasons. There were no commercial landings of pilchards during the overlapping season of 1948-49 but for the purpose of comparison this species has been listed in the tables.

(All canned production is shown in cases of 48 pounds)

	Calendar Years				
	1944	1945	1946	1947	1948
Canned Salmon: (in cases)					
Sockeye	247,714	329,001	543,027	286,109	260,642
Cohoe, Springs, Bluebacks and Steelheads	204,835	234,609	112,370	157,367	229,220
Pinks	389,692	825,512	116,608	599,883	321,722
Keta (Chums)	255,316	350,188	576,133	461,799	496,553
	<u>1,097,557</u>	<u>1,739,310</u>	<u>1,348,138</u>	<u>1,505,158</u>	<u>1,308,137</u>
Frozen Fish: (in pounds)					
Salmon	Figures	19,262,100	24,647,700	22,746,800	20,015,300
Halibut	not avail-	9,679,800	12,538,600	14,913,600	12,652,500
Black Cod (sablefish)	able.	999,900	1,771,700	923,200	1,720,300
Miscellaneous: (sole, Pacific cod, ling cod, red cod, smelts, etc.)....		3,931,300	5,845,800	2,578,300	4,597,400
Tuna		568,100	325,100	680,400	743,900
		<u>34,441,200</u>	<u>45,128,900</u>	<u>41,842,300</u>	<u>39,729,400</u>
Mild Cured Salmon: (in tierces each of 825 pounds net weight).....	<u>2,337</u>	<u>1,690</u>	<u>2,010</u>	<u>1,684</u>	<u>1,071</u>
Vitamin Liver Oils: (in pounds)	Figures not available		<u>1,980,553</u>	<u>2,608,298</u>	<u>2,147,780</u>
			Overlapping Seasons		
	1944-45	1945-46	1946-47	1947-48	1948-49
Herring:					
Total Catch (in tons)....	113,200	94,517	124,995	171,434	189,252
Canned (cases)	1,220,145	1,297,504	1,622,759	1,255,562	92,815
Oil (imp. gals.)	967,956	847,906	860,631	1,889,943	2,567,940
Meal (tons)	11,090	7,460	9,124	21,170	31,606
Pilchards:					
Total Catch (in tons)	59,116	34,387	3,991	485	Nil
Canned (cases)	94,164	78,854	4,359	1,666	Nil
Oil (imp. gals.)	1,962,041	1,180,856	74,612	12,959	Nil
Meal (tons)	10,278	5,939	673	67	Nil

COMMENTS ON PRODUCTION OF 1948-49 SEASON:

The production of salmon followed quite closely the cycle years with the exception of keta salmon, which greatly exceeded expectations. This factor of an unusually large pack was coupled with a price level to the fishermen which, at time of negotiation, was realized to be high—even in relation to the apparent strong market—but was agreed to in the interest of an uninterrupted operation. Resistance from buyers was soon evident and canned and frozen keta prices dropped steeply, adversely affecting our earnings and, as previously mentioned, contributing to our larger unsold inventories.

The catch of herring, totalling 189,252 tons, was the largest on record.

Pilchards again failed to appear along our coast, as was the experience along the shores of Washington and Oregon. Catches were also light in Northern Californian waters.

A larger than normal catch of tuna was taken. The raw fish commanded a high price, which was paid in competition with United States buyers. As in the case of keta, however, due to price structure, the demand for the canned product diminished greatly and considerable losses were taken by the industry.

PROSPECTS FOR 1949-50 PRODUCTION:

It is unwise to predict future runs of fish but the following comments may be considered as informed opinions as to the current season.

Little hope is held out for a run of pilchards this year. We are prepared to catch and process this species if runs should develop.

The total canned salmon pack as at August 6th, 1949, is 17% lower than the total pack for the corresponding period last year, but is only 3% behind the average of the past five years.

The current halibut season again produced the quotas authorized to be taken.

The runs of herring are expected to be normal but not so great as the record runs of last year. The very drastic reduction in herring oil prices may be a deterrent to fishing effort and result in reduced landings.

MARKET REVIEW:

Canned Salmon—

Very few export markets were open to us for the 1948 canned salmon pack and it was necessary to rely on the Canadian market more than ever before. Our traditional British market was unable to purchase due to dollar shortage.

The Canadian market was bare of stocks of canned salmon when the 1948 pack became available during late July. This resulted in a strong demand, which continued until the fall, when this seasonal demand for canned salmon lessens. This early demand, however, was not sufficiently strong to dispose of the total pack of coho and keta.

It was anticipated that the domestic market would readily absorb most of the surplus stocks of coho and keta during this spring when canned salmon consumption normally increases; also, that export markets would buy keta. The anticipated domestic demand did not materialize, as consumers apparently were not prepared to substitute coho and keta for sockeye and pinks, which were, by then, in small supply. The industry advertising programme referred to elsewhere in this Report will make available to the consumer information on the respective qualities of all species of salmon and give instructions on the best methods to prepare nourishing and attractive dishes from the now lesser-known grades.

Due to the lack of dollar funds in most overseas countries, export business did not materialize although many markets wanted supplies and endeavoured to arrange imports. South Africa, the last important Empire market, was lost in November, when imports of Canadian canned fish were prohibited, along with import restrictions on many goods from dollar areas. This prohibition cut off sales of many thousands of cases of Canadian canned salmon.

The Canadian market absorbed approximately 65% of the British Columbia 1948 canned salmon pack; 25% was sold in export markets; and 10% remained unsold at April 30th, 1949.

Canned Herring—

Orders for herring from relief organizations were practically non-existent during the past year. The small British Columbia pack of 92,815 cases for the past season reflects the present outlook for this product.

Edible Fish Meals and Oils—

The fish meal market during the past year has been firm. A much larger proportion of the production was exported than during the previous year.

The fish oil market was weaker than the meal market, with a definite softness showing towards the end of the season, when International and Canadian controls ceased. Nearly 40% of the total British Columbia production of fish oils went to export markets.

Fresh, Frozen, Filletted, Smoked and Mild Cured Fish—

The buoyant price level of April, 1948, mentioned in the previous Report, continued through the summer buying months; then began a period of depressed prices which persisted until the beginning of Lent, followed by an up-turn, particularly on halibut, at the close of the season.

The Company's total volume was the largest in recent years and good progress was made in further establishing important outlets, especially for frozen salmon and for our complete line of packaged fish fillets.

SALES PROSPECTS 1949-50:

Canned Salmon—

The domestic demand for canned salmon is reasonably strong, and with a planned industry advertising and promotional campaign, the market should absorb a larger quantity. In addition, the industry has been favored with a contract from Britain to supply 410,000 cases of the 1949 pack, which will partially restore lost export volume.

We are pleased to record the continued personal interest taken by our Federal Minister of Fisheries, the Honourable R. W. Mayhew, in the many problems of the industry. In particular we would mention that he was responsible in no small measure for pressing our claim for a fair share of the British food dollar allocated for Canadian products.

Canned Herring—

Although many countries desire supplies, few of them are capable of buying in volume due to the lack of dollars.

Edible Fish Meals and Oils—

The fish meal market is strong owing to a shortage of supplies, but a decrease in demand for animal feeding materials, or an increased availability of competitive protein feeding materials, could weaken the market.

The market for all fats and oils is weak due to an abundance of competitive products, both animal and vegetable, particularly in the United States.

Fresh, Frozen, Filleted, Smoked and Mild Cured Fish—

Current buying prices, with higher processing and transportation costs, make the marketing of Pacific Coast halibut and salmon more sensitive to general business conditions and particularly to the prices of competitive foods. This makes it more necessary than ever to merchandise these products in their most attractive and saleable form. The packages pictured in this Report show the Company's efforts in this direction.

INDUSTRIAL RELATIONS:

Agreements—

The British Columbia fishing and associated industries are highly organized. More than 5,000 fishermen, boat crews and plant employees make up the membership of the United Fishermen and Allied Workers' Union, which is an affiliate of the Trades and Labour Congress of Canada. Native Indians are represented by The Native Brotherhood of British Columbia. The operators negotiate agreements each year with these bodies covering minimum raw fish prices, wages, hours of work and working conditions.

Due to the numerous problems facing the industry, necessitating adjustments by all concerned, agreements have been difficult to reach. All major employee agreements, however, have been concluded and these will reflect increased costs throughout most sections of our operations. The minimum prices established for pink and keta salmon are slightly lower than last year while the minimum prices of the other species remain the same as last year.

Still to be negotiated are minimum prices for fall salmon, the price to be paid for winter herring, and contracts covering employees in fish meal and oil plants and shipyards.

CONSERVATION OF FISHERIES RESOURCES:

Fisheries Research Board of Canada—

The Federal Department of Fisheries has continued its recent forward policy of providing more staff for its essential functions, the most important of which is the development and conservation of our fish resources. In this programme the Fisheries Research Board of Canada continues to play an important part. It is gratifying to report that the need of enlarged and modern equipment at its Biological Station at Departure Bay, Nanaimo, was recognized, and that new buildings and facilities have been provided. This Station is the headquarters of biological research on fisheries for the entire West Coast of Canada.

Spawning Grounds—

During the high water on the Fraser River in June 1948 there was general apprehension throughout British Columbia that spawning areas in some districts might have been affected adversely through gouging, silting or the deposit of driftwood or other debris. Indications are that no great harm has resulted to the spawning grounds through the flood, but the facts will not be known until 1952, the cycle year of 1948.

Water Power and Dams—

As the work of the International Pacific Salmon Fisheries Commission proceeds it is becoming increasingly valuable, not only to the fishing industry but to Canada as a whole, for the Commission is coming to be regarded as the guardian of a valuable food resource. Concern is felt for the safety of priceless spawning grounds through the present possibility that water for the development of power may be sought from two sockeye producing sections—one is an area that currently provides a tract of the Fraser's finest sockeye spawning beds, the other is a lake-and-river chain that at one time was the Fraser River's largest supplier of sockeye and now is included in a plan of rehabilitation. The scientific knowledge of the International Pacific Salmon Fisheries Commission has been placed at the disposal of the Governmental Departments entrusted with the preservation of these fisheries, and it is earnestly hoped that its counsel and influence will assist in removing the danger threatening entire races of sockeye.

Important Spawning Areas of the Fraser River System—(see map on page 9)

In considering the Fraser River sockeye fishery, which is the greatest single river fishery in the world, there is a tendency to think of it as the "Fraser River run" and to overlook the fact that this is composed of races native to numerous streams which are tributary to the Fraser. With the main river these affluents form the Fraser River System, having a drainage area of some 90,000 square miles of British Columbia.

The general practice of designating the salmon fisheries of British Columbia by the names of river systems has the disadvantage of obscuring the part played by the lesser streams, creeks, rivulets and lakes which are integral parts of those systems. The great rivers are important in supplying highways from and to the spawning grounds, but the sockeye grounds are invariably located in secluded, sheltered sites where the young remain until they are sufficiently mature to depart on the migration to salt water.

To appreciate fully the importance of even the small streams in the Fraser System it is necessary to keep in mind two characteristics of the sockeye: their homing instinct, and their preference for streams that have lakes at the head or that pass through lakes. This partiality for lakes arises from the sockeye's provision for the care of their young. From spawning grounds on the shores of lakes, or on gravel bars in streams connected with lakes, it is possible for the hatchlings to swim to the lake and there spend the usual one year or more in fresh water before proceeding to sea.

In the Fraser River System normally there are runs of sockeye to the various streams every year, but every fourth year members of one individual race (meaning a run of salmon native to a particular stream) appear in greater numbers than did members of that race during the previous three years. Every fourth year, therefore, is the cycle year for some race. For instance, there is the "Adams River run", which appeared in quantity in 1942 and 1946. This is a race that at one time seemed near extinction, but has been rehabilitated to become our present heaviest cycle. Another run, the "Stuart Lake run", for many years was considered the Fraser's scantiest cycle. Recent information, however, indicates an already unusually large escapement of early sockeye this year to the Stuart Lake spawning area, and the migration still continues. This is a return from the brood year of 1945—the first year in which the fish ladders at Hell's Gate were in partial operation. The fish, moreover, are reported to be in very good condition on arrival at their destination. No doubt this is due to their easier passage through the Canyon. This escapement is another proof of what can be done by intelligent planning and engineering based on scientific knowledge. It is expected, however, that the greatest number of returning migrants to make use of these fishways during the present season will be those of the "Chilko run".

The Chilko run is unique in that it provides two good years in succession on two separate cycles of four-year fish. Attention is called to this fact in a recent report on the Chilko River Watershed made by International Pacific Salmon Fisheries Commission, to which we are indebted for use of the map on the Fraser River Watershed which appears on page 9. (The Commission's report is the source material for many of these remarks, although reports of the Provincial Fisheries Department also have been consulted.) The Chilko runs of recent years have been in 1944-1948 and 1945-1949. This showing is the more remarkable when it is remembered that the 1913 obstruction of Hell's Gate occurred in the year of a Chilko run—of which the present season is the recurrent successor—a cycle which, for as long as records had been kept, before the blockage had furnished consistently the highest number of returning migrants. The ability of the Chilko runs practically unassisted to sustain the sockeye fishery of the Fraser River System through some of the leanest years, lies in the strength, tenacity and virility of the races of the Chilko area—qualities probably derived in great measure from the ideal conditions surrounding their spawning grounds and the lake home of the fingerlings.

Chilko Lake has an area of approximately 75 square miles, being about 45 miles long and from 1 to 4 miles wide. It is about 378 miles from the mouth of the Fraser, into which its overflow ultimately passes by way of the Chilko River emptying into one of the Fraser's large tributaries, the Chilcotin River. Having an elevation of 3,880 feet, this calm lake is set in mountains which vary in height from 8,800 to 10,600 feet.

Chilko River, the outlet of the lake, is 43 miles long. For the first $3\frac{3}{4}$ miles after leaving Chilko Lake the river is a wide stream of clear water flowing over beds of fine gravel. These are conditions that make ideal spawning grounds; also the proximity to the lake renders its comparative security easily available to the young sockeye when they become capable of free movement after emerging from the gravel beds. It is this combination of favourable factors that makes the Chilko River a rival of the Adams River for present-day supremacy as the greatest sockeye spawning area in British Columbia.

In the early years of the salmon fishery in British Columbia, the Quesnel-Horsefly Lakes area ranked first for sockeye producing grounds. At one time Quesnel Lake was considered the most important in the entire watershed of the Fraser for the excellence of its spawning grounds and rearing waters. Lying some 500 miles from the sea, at an elevation of about 2,400 feet, Quesnel Lake has an area of approximately 105 square miles. Horsefly Lake, which is about 23 square miles in extent, is south of Quesnel Lake into which its overflow is carried by the Horsefly River. The sockeye races of this area suffered severely in the 1913 blockade of the Canyon and at various times from other stream blockages. The result has been that this once fine run has dwindled to such a point that grounds, on which 4,000,000 sockeye were counted in 1909, now are barren of spawning sockeye three years out of four. The International Pacific Salmon Fisheries Commission, realizing the great potential of this area, is constructing a salmon hatchery on Horsefly Lake to attempt to rehabilitate the Quesnel-Horsefly runs and place the spawning grounds again in production.

At various times in recent years there have been discussions on the utilization of the waters of Chilko Lake-Chilko River and the Quesnel-Horsefly Lakes for different projects, from the development of power to the control of flood waters in the Lower Fraser. Always, the fishing industry of British Columbia has pointed out the short-sightedness of such proposals in a country where water power is available on streams less productive of sockeye.

This is clearly explained in the following paragraphs taken from the Report of the International Pacific Salmon Fisheries Commission already referred to:

"It is realized that the Chilko River is not the only tributary of the Fraser River which produces sockeye salmon. However, it does produce from seventy to seventy-five per cent of the catch of Fraser sockeye in two out of each four years. In view of this fact, a loss of such large proportions might render unstable the economic balance of the fishing

industry, and place many of its segments near or past the break-even point. Even in its present state the salmon industry is subject to large fluctuations in supply of raw material. To reduce the supply of sockeye by removal of the Chilko stock could not help but make successful operation by the fishermen and canners much more difficult. Chilko thus assumes a greater importance than is immediately apparent.

"For a number of years the salmon stocks in the Pacific have shown declines in abundance in certain regions, primarily because of obstructions placed in the spawning streams. During this period, the human population of the Pacific Coast has increased. As a result of these factors a gradually increasing pressure on the fisheries of the Fraser has been observed. Men who know no other trade turn from one fisheries area to another, seeking a livelihood. So the Fraser River sockeye stocks come to bear perhaps more than their share of the fishing intensity. The number of fish available is limited, and a further reduction, through loss of spawning ground, would but add to the difficulty."

* * * * *

"The widely-held impression that power represents the pre-eminent utilization of a water resource, and the companion belief that power and fisheries may always exist on the same watershed, give cause for grave concern. Many of the Fraser's tributaries produce more wealth through fisheries than would be possible through their development for hydro-electric use. The Chilko appears to stand on its own for fisheries. Where major power projects have been built the fishery declines, not infrequently to extinction. When new industries are being proposed, there is a very human tendency to forget those we already have. If power is developed on the Fraser Watershed without the greatest care to protect the fisheries, the region may gain a new industry but in doing so lose an existing one, and the loss could negate the gain."

GENERAL:

The responsibility of a public company to all interested groups of society should be recognized, not alone by the company but by each group. Our employees are interested in fair wages with good working conditions: the fishermen are entitled to fair returns for their efforts and investment: the consumers expect quality products within reach of their purse: the suppliers of goods and services wish to maintain stable outlets: shareholders must have equitable returns on their savings with reasonable security. The same margin that gives security to the shareholders gives perhaps greater security to the other groups if these accumulated margins are conserved and/or wisely used to develop new sources of employment and earnings.

The greater development of the resources of the sea is a corollary to these objectives. The Directors have felt justified this year in purchasing outright the Western Whaling Corporation Limited and embarking on a programme to increase greatly the capacity and efficiency of the plant. With the exception of a small operation at Eureka, California, this is the only whaling plant operating on the west coast of the Americas north of Valparaiso, Chile. We have equipped two of our larger herring packers for use in whaling and, as the herring and whaling seasons do not overlap, we are thereby able to get greater use out of these boats. While our boat men and plant organization at first were handicapped somewhat from lack of practical knowledge of some of the finer techniques of hunting and processing, almost all of these have now been mastered. Our plant also is now a complete and efficient unit, capable of utilizing all parts of the whale.

The Company has continued its programme of widening its field of specialty products and of developing greater utilization of waste products, such as stickwater. The newest product which we have marketed is "Pet" dog food. This quality product is meeting with ready acceptance in British Columbia—unfortunately it is not likely to be packed in large volume, as high freight rates to the large Eastern markets make us non-competitive in price. "Pet" has all the necessary vitamins dogs need for a completely nourishing diet, and contains a guaranteed analysis—44% whale meat, vitamin rich fish oil, vegetables, edible bone flour, vitamins A, B-1, B-2, D, Niacin, Calcium Pantothenate.

The Company has been pleased to co-operate in a nation-wide advertising programme to promote the domestic sale of canned salmon. This "no-brand" programme will commence in September and will feature the reasons why canned salmon should be used as an all-year-round food rather than as a hot weather and salad dish. In addition to this industry campaign the Company will carry on its own "brand" advertising.

During the year the Company set up a Home Economics Bureau, including an experimental kitchen and the services of a qualified dietitian.

The Company is stressing the need of greater dollar purchases by the industry from Britain if we, in fairness, expect Britain to continue to buy our products. The Company is prepared to go to any reasonable length in this direction to achieve the overall objective of increasing Britain's earned dollar supply in Canada.

The Company will again make a grant towards the support of the course in Fisheries being given at the University of British Columbia.

BY-LAWS:

So many changes have been made in the By-laws of the Company since its incorporation that your Directors felt it was advisable to consolidate these changes for ease of reference and to incorporate certain additional provisions. The revised By-laws enclosed with this Report to the Shareholders will be submitted at a Special General Meeting of Class "B" Shareholders for sanction, notice of which meeting accompanies this Report. The new By-laws may be summarized as follows:

By-law No. 29 will have the effect of repealing the By-laws which relate generally to the transaction of the affairs of the Company and renumbering those By-laws which it is necessary to retain.

By-law No. 1 will replace the By-laws repealed by By-law No. 29. In the revision nothing has been omitted which will detract from the procedure laid down in the former By-laws. On the other hand certain additional provisions have been introduced which, in the opinion of your Directors, are in line with good business practice.

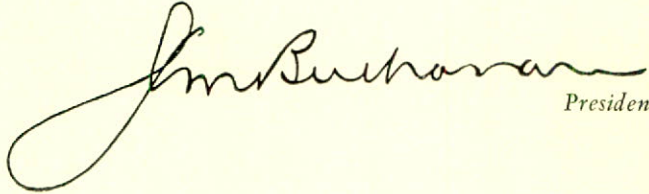
By-law No. 6 will change the termination of the financial year from April 30th to March 31st. During April certain fishing operations get under way, crews proceed to the Company's plants to prepare for the season, and considerable supplies are in transit. This change in year end will facilitate our inventory taking and audit. For these reasons your Directors consider March 31st a more suitable date on which to report on the affairs of the Company.

CONCLUSION:

The Directors regret to report the passing of an unusual number of senior employees and boat captains by natural causes and in the course of duty during the last twelve months, and pay sincere tribute to the contribution they have jointly and severally made to the Company's development.

A capable and efficient organization possibly is the greatest asset a company possesses. We, therefore, record with pleasure the thanks of the Directors to the many fishermen, plant and boat employees, office and sales staffs in several parts of the world for their continued loyal support during the past year. We solicit their continued co-operation in what may be a challenging year ahead, in a manner that will ensure reasonably priced production and efficient distribution of our many quality food products.

Respectfully submitted,


President.

Vancouver, Canada,
August 9th, 1949.



Courtesy International Pacific Salmon Fisheries Commission.

A portion of the ideal sockeye spawning grounds at the outlet of Chilko Lake. The lake extends southward in the background.

British Columbia and Subsidiary

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

Cash on hand and in transit \$ 271,229.30

SUNDRY DEBTORS—

Due from Government of Canada (including excess profits taxes of \$5,068.72 recoverable within one year) \$ 15,900.07
Accounts receivable, advances to fishermen and others, secured and unsecured, less reserve 1,973,873.27 1,989,773.34

INVENTORIES—

Canned and fresh and frozen fish, and fish products on hand, valued on the basis of the lower of cost or market prices \$ 4,055,972.20
Store merchandise, cans and boxes, new nets, packing materials, etc., at the lower of cost or market prices 2,370,803.39
Used nets, fishing and operating supplies as valued by the management, in part, at nominal value 39,197.11 6,465,972.70

Unexpired insurance premiums and other prepaid items 65,704.95

\$ 8,792,680.29

PORTION OF EXCESS PROFITS TAX RECOVERABLE AFTER ONE YEAR

132,514.98

FIXED ASSETS:

Freehold land at 1938 assessed values plus subsequent additions—
at cost \$ 168,291.05

Leasehold lands—at nominal value 1.00

Buildings, plant, machinery, etc., at replacement values of assets appraised in 1929 by the Canadian General Appraisal Co. Ltd., less retirements and abandonments thereof at such values plus the cost of subsequent additions and floating equipment at cost or less 11,939,332.23 \$12,107,624.28

Less—

Reserve for depreciation 7,638,485.97

\$ 4,469,138.31

Licences, trade marks, goodwill, etc. 1,308,136.48 5,777,274.79

Note:

Net assets of United States subsidiary companies amounting to U.S. \$708,691.55 have been incorporated in the consolidated accounts at par of exchange.

Approved on behalf of the Board:

H. R. MacMILLAN, *Director.*

J. M. BUCHANAN, *Director.*

\$14,702,470.06

TO THE SHAREHOLDERS, BRITISH COLUMBIA PACKERS LIMITED:

We have examined the consolidated balance sheet of British Columbia Packers Limited and subsidiary companies as at April 30, 1949, and the related consolidated statement of profit and loss for the year ended on that date, and have obtained all the information and explanations which we have required. With the exception of the accounts of six subsidiary companies referred to below, our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

With reference to the six subsidiary companies, the accounts of which were not examined by us, we inspected the balance sheets thereof prepared as of a date within one month of April 30, 1949, together with related statements of profit and loss and earned surplus,

Packers Limited

Companies

as at April 30th, 1949

LIABILITIES

CURRENT LIABILITIES:

Bank loans and overdrafts	\$ 1,948,607.94	
Sundry creditors, including accrued interest, etc.	2,295,545.64	
Instalment on 3% First Mortgage Serial Bonds due March 1, 1950 (see below)	150,000.00	
Reserve for taxes on income and other taxes	445,009.52	\$ 4,839,163.10

MINORITY INTEREST IN CAPITAL AND SURPLUS OF A SUBSIDIARY HOLDING COMPANY

31,031.66

3% FIRST MORTGAGE SERIAL BONDS, redeemable at par at company's option in amounts of not less than \$25,000.00 or a multiple thereof:

Aggregate principal amount which may be outstanding

\$ 1,500,000.00

OUTSTANDING—

Balance payable in equal annual instalments of \$150,000.00 each to March 1, 1955

\$ 900,000.00

Deduct—

Instalment due March 1, 1950, included in current liabilities (above)

150,000.00

750,000.00

CAPITAL AND SURPLUS:

CAPITAL—

Authorized:

781,988 Convertible non-redeemable Class "A" shares without nominal or par value, entitled to fixed cumulative dividends of 75c per share per year.

781,988 Class "B" shares without nominal or par value.

1,563,976

Issued:

282,558 Convertible non-redeemable Class "A" shares without nominal or par value

282,558 Class "B" shares without nominal or par value

\$ 3,730,000.00

565,116

EARNED SURPLUS—

Balance as at April 30, 1948

\$4,011,163.18

Add—

Profits (net) on disposals of fixed assets, etc., in prior years transferred from capital surplus

336,467.74

Adjustments in respect of profits of prior years:

Excess provisions for taxes on income

\$243,837.12

Other adjustments

118,024.10

361,861.22

Profit for the year ended April 30, 1949—per statement attached

995,980.66

Deduct—

\$5,705,472.80

Dividends paid

353,197.50

5,352,275.30

9,082,275.30

CONTINGENT LIABILITIES:

Bills under discount, endorsements, etc.

\$ 363,742.86

\$14,702,470.06

and the reports thereon of the Chartered Accountants who are the appointed auditors of the companies. The net assets of these companies are included in the attached consolidated statement and represent approximately 29% of the consolidated net assets.

In our opinion, based on such examination, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at April 30, 1949, and the related consolidated statement of profit and loss presents fairly the results of the operations of the companies 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 which we examined and the audited accounts of the six subsidiary companies referred to above.

Vancouver, B.C.,
August 1, 1949.

British Columbia Packers Limited

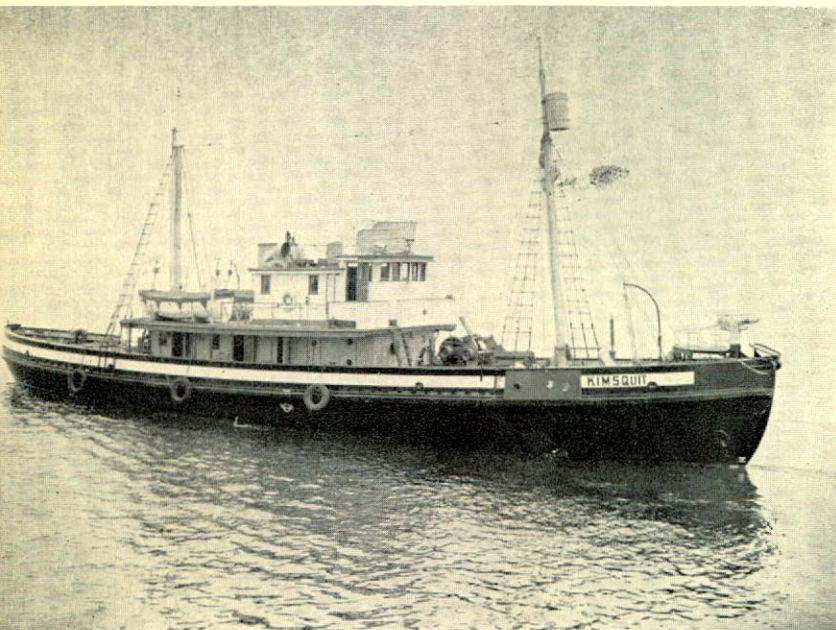
and Subsidiary Companies

Consolidated Statement of Profit and Loss for the year ended April 30, 1949

Sales of fish and fish products—net		\$27,333,390.35
Cost of sales		23,142,098.47
		\$ 4,191,291.88
 <i>Deduct—</i>		
Selling, administrative and general expenses, including interest on bank loans, etc., less profits (net) of \$18,049.99 on sales of fixed assets, and other miscellaneous profits and income		1,857,020.64
		\$ 2,334,271.24
 <i>Deduct—</i>		
Depreciation	\$563,780.56	
Directors' fees	4,500.00	
Management and executive salaries	77,300.00	
Legal fees and expenses	27,332.66	
Interest on bonds	30,750.00	
Provision for taxes on income	634,067.04	1,337,730.26
Profit before the undernoted deduction		\$ 996,540.98
 <i>Deduct—</i>		
Portion of subsidiary holding company's profit accruing to minority shareholders		560.32
Profit for the year carried to earned surplus (consolidated balance sheet)		\$ 995,980.66

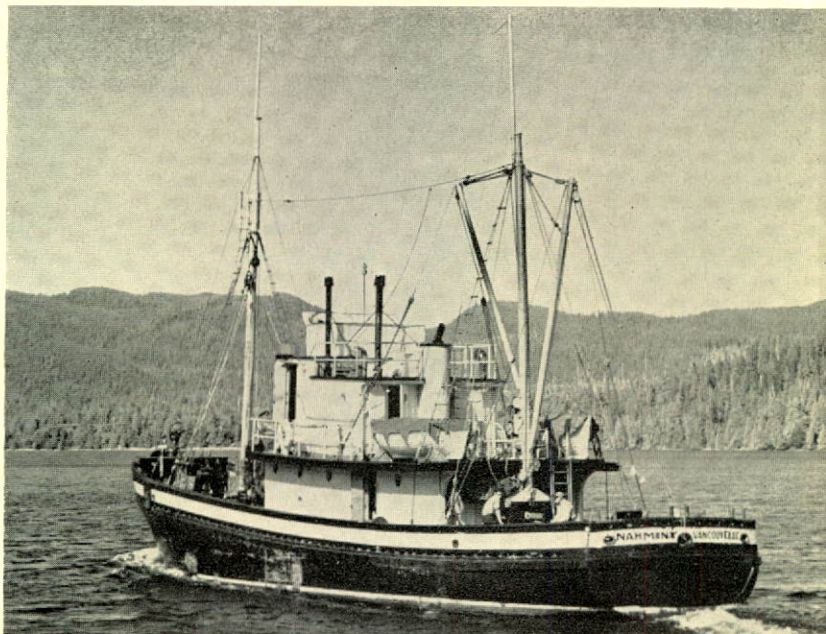


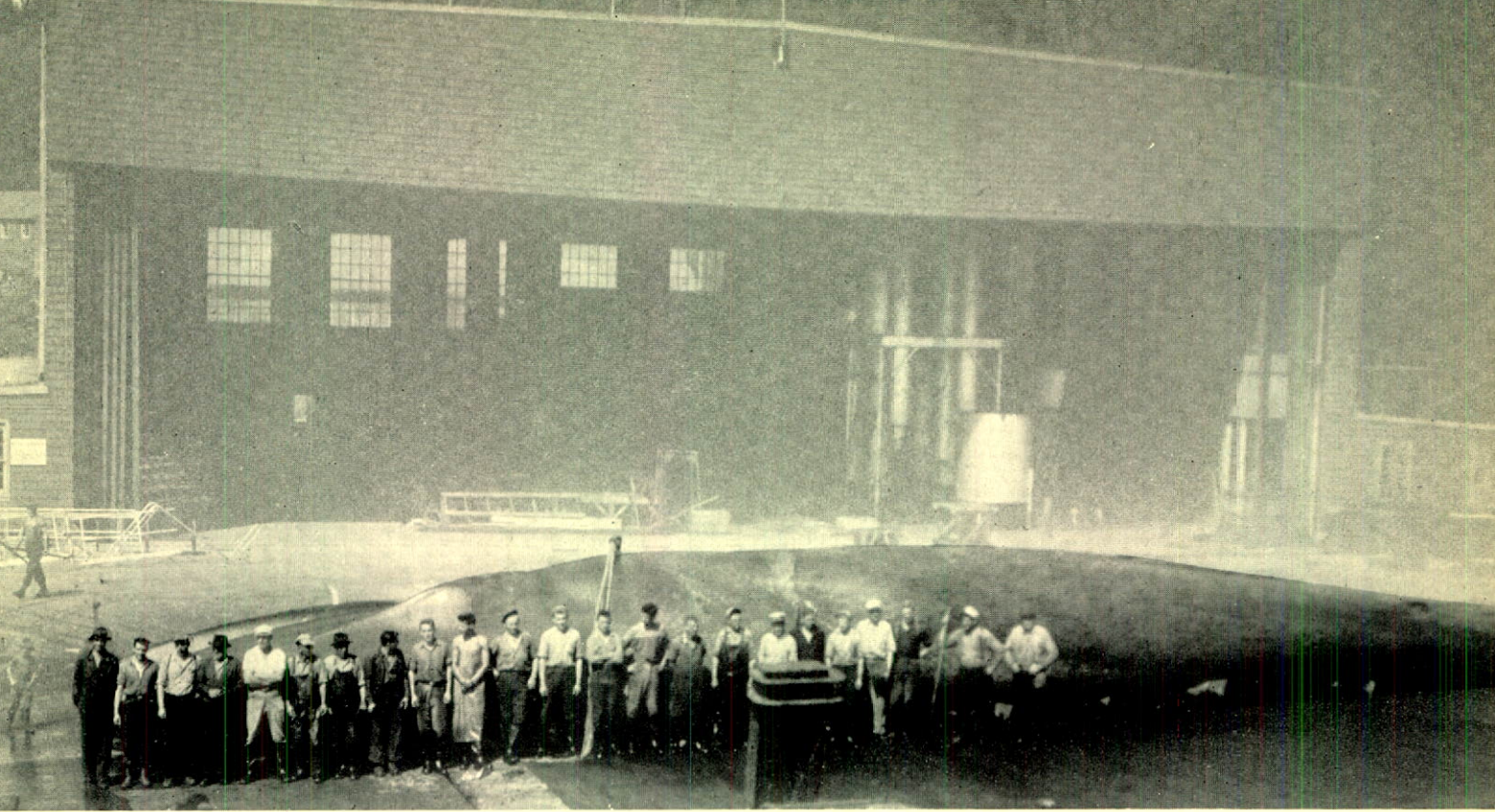
ABOVE—Namu Plant, Fitchugh Sound, approximately 250 miles north of Vancouver, showing cold storage, ice plant, salmon cannery and fish meal and oil plant.



LEFT—MV "Kimsquit"—Length 104 ft.—Beam 23 ft. 2 in.—Powered with two 200 h.p. Cummins diesel engines. A large fish packer now equipped to hunt whales. (Captain Jack Haan.)

RIGHT—MV "Nahmint"—Length 98 ft.—Beam 21 ft.—Powered with a 500 h.p. General Motors Diesel engine. A large fish packer now equipped to hunt whales. (Captain Einar Jensen.)





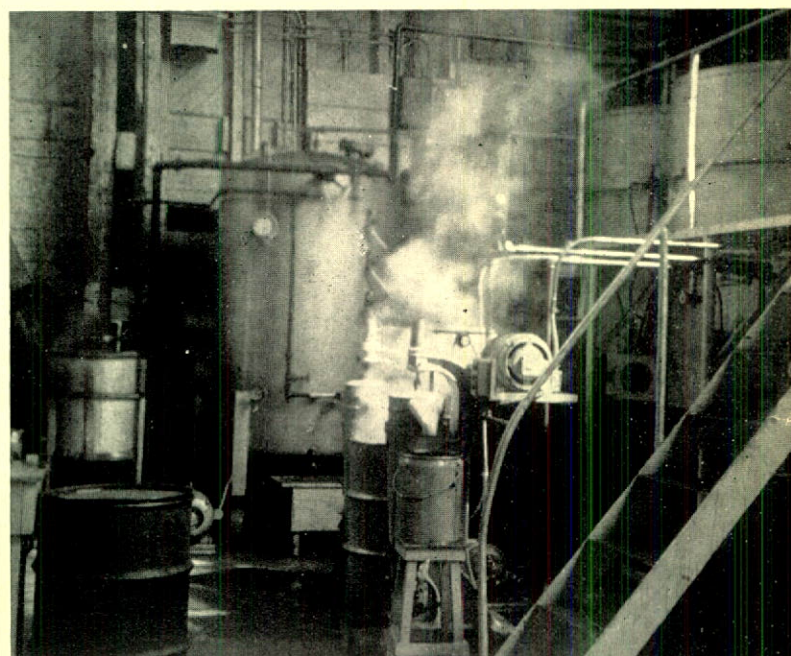
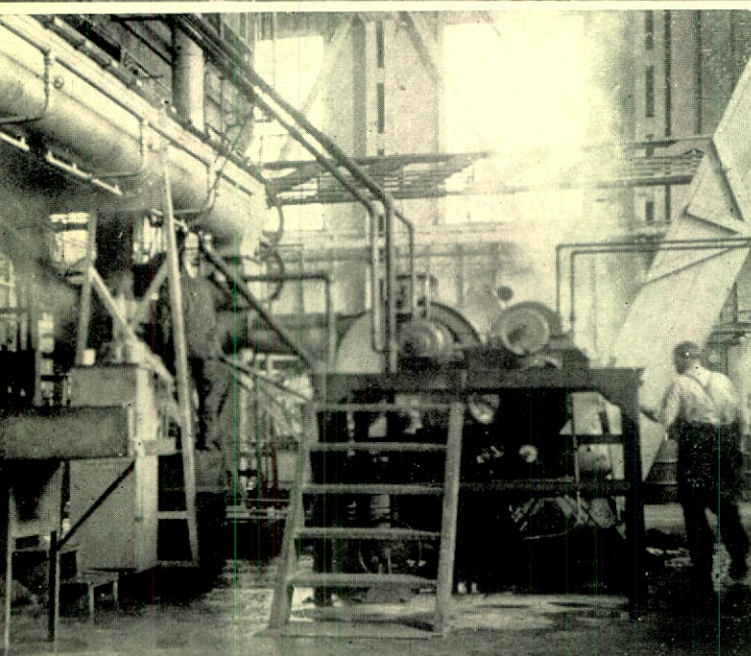
ABOVE—Blue whale landed at our Coal Harbour Plant, length 78 feet. The building shown in background is one of two large structures housing essential processing equipment and also serves as a meal warehouse.



LEFT—Gunner on the MV "Tahsis Chief" (Captain Henry Mahle) giving demonstration of shooting a whale.

LOWER LEFT—Steam cookers and presses at the whaling plant.

LOWER RIGHT—Liver Oil recovery equipment at whaling plant.





ABOVE—"Clover Leaf" basketball team, Dominion of Canada Champions, 1946-47, 1947-48, 1948-49 with trophies representing Dominion Championship, Western Canadian Championship and B.C. Championship.



RIGHT—Display of "Clover Leaf" fish products in Company's experimental kitchen—Miss Daphne McColl, dietitian in charge of our Home Economics Bureau, preparing canned salmon loaf.

Queen Charlotte Sound and Adjacent Waters

Following our practice of depicting in each year's Report some section of British Columbia prominent in its marine resources, we incorporate in this Report a map featuring the coastal waters in which whaling is being conducted by Western Whaling Corporation Limited, a wholly owned Subsidiary of British Columbia Packers Limited. Also shown in our map are the southern end of the Queen Charlotte Islands, that section of Vancouver Island south to Kyuquot Sound, and the adjacent mainland coastline. Unique in geographical characteristics and interesting in the history of the Northwest Pacific, this region is of outstanding importance to the fishing industry of British Columbia.

Of note is the fact that its islands are in reality unsubmerged portions of an area of British Columbia that at some remote time, either through erosion or subsidence, became lower than the principal land mass. This depression formed the British Columbia Coastal Trench—the famed Inland Passage which, from the Province's southern to northern boundary under various names for the different reaches, forms a sheltered waterway connecting, rather than separating, the scattered bodies of land. This continuous channel of the many names has its widest access to the open Pacific through Queen Charlotte Sound, the broad entrance between Cape Scott, at the far northwesterly point of Vancouver Island, and Cape St. James, near the southern tip of the Queen Charlotte group.

Through the waters off this western coast sailed the early explorers. First of these was Juan Perez, who, in the service of Spain, 175 years ago followed the shoreline until, on his east, the Queen Charlottes came into view. Considering this land to be a range of mountains he turned south and returned to Mexico without landing anywhere on the soil of British Columbia. The discoverer of British Columbia, Captain James Cook, after having established his headquarters near Nootka in March 1778, later that year explored the entire outer coast northward until he came to Arctic ice. Of those who followed Captain Cook, however, the name of Captain George Vancouver is most prominent, because his visits in the years 1792 and 1793 resulted in confirming the existence of the Strait of Juan de Fuca, the discovery of the Strait of Georgia, the circumnavigation of Vancouver Island, a survey of the coast as far north as the 56th degree, and the bestowal of many place names.

The value of this area to the economy of British Columbia may be gauged by considering the variety and extent of its fisheries, which comprise:

Halibut—Taken in Hecate Strait, Queen Charlotte Sound, off the West Coast of the Queen Charlotte Islands, and in the waters off Quatsino Sound and Kyuquot Sound;

Salmon—The five varieties of Pacific Salmon run to the rivers of the mainland, Vancouver Island and the Queen Charlottes. As elsewhere in British Columbia sockeye ascend the streams that are lake fed or that pass through lakes; spring salmon favour the longer rivers; coho run to most streams in the area; pinks repair to the short rivers having tributaries near salt water; while keta are found in practically all streams of this section;

Herring—Frequent the West and the East Coasts of Vancouver Island, and the East Coast of the Queen Charlotte Islands;

Sole—The main commercial species of Pacific sole are found in the waters of Hecate Strait, and the catch from this fishery is commanding a growing acceptance in Canadian and export markets.

Cod—Black cod (sablefish) are found off the West Coast of Vancouver Island; while Pacific cod, red cod and ling cod are taken throughout the area;

Tuna—Are fished offshore from the West Coast of Vancouver Island and the West Coast of the Queen Charlotte group, in waters warmed by the Japan Current.

Shellfish—Crabs are found along the coasts of the mainland and the islands throughout this region, and some clams are taken.

Elsewhere in this Report mention has been made of the variable nature of the pilchard fishery. Here, however, it may be said that in those seasons when pilchards run to our waters they are found off the West Coast of Vancouver Island.

In ocean waters, from fifty to one hundred miles off the coastline shown, whaling is carried on. This activity is a fishery only to the extent that pursuit is conducted in boats and the kill retrieved from salt water, for the quarry is composed of sea-going mammals whose fish-like form, according to computations, enables them to submerge to a depth of six hundred feet and within thirty seconds return to the surface to breathe. Whales are warm blooded animals breathing through lungs, their nostrils being known as blow-holes; their visible ears are tiny openings placed not far behind the eyes, which are small in contrast to the great bulk of the bodies and are so arranged as to withstand the pressure of the water. Their thick layers of fat, known as blubber, preserve the body temperature. Whales reproduce and feed their young like land mammals. At birth the young has essentially the form of the adult, in some species exceeding one-third the length of the mother.

Of the nine or ten commercial varieties, four are commonly found off this coast: the finback, humpback, sei and sperm. Very rarely a blue whale comes to our waters.

With the exception of the sperm whale, all the species named here are baleen, or whalebone, whales. That is to say, attached to the roof and sides of the mouth (instead of teeth) they have several hundred whalebone plates fringed with bristles. This apparatus serves the two-fold purpose of trap and strainer to extract from the ocean the small marine creatures on which these animals generally feed, although some of the baleen whales, such as the finback and humpback, occasionally swallow herring and young cod.

The sperm whale differs from those of the baleen group in being a toothed whale, having in the lower jaw, approximately forty large conical shaped teeth, which fit into sockets in the toothless upper jaw. For the most part the food of sperm whales consists of cuttlefish and squid, although they vary their diet by eating fish. Another feature in which the sperm whale differs from others is that its large, blunt head—which is about one-third the length of the body—contains a cartilaginous case in which is secreted an oily fluid. When exposed to the air this liquid hardens into a waxlike substance from which spermaceti may be extracted. Another product from the sperm whale, although it seldom occurs, is ambergris, which is an accretion formed in the intestines. This substance now has only a fraction of the value it once commanded when, before the use of synthetic compounds, it was considered indispensable as a fixate in perfume manufacture.

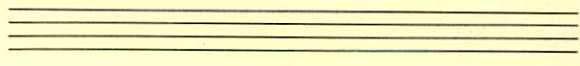
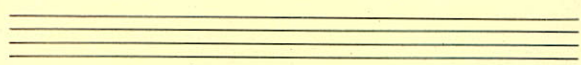
Whaling in British Columbia goes back more than three-quarters of a century, as this industry commenced about 1870—the year also in which the first commercial salmon cannery was established in this Province. There has been a vast difference, however, in the continuity of the two operations, for whereas the canning of salmon has been a recurring seasonal operation from that day to this, whaling in British Columbia was conducted intermittently over the years with varying returns. Up to last year, when Western Whaling Corporation Limited began operations, there had been no whaling in British Columbia for the previous four years.

Now in the whale hunting season, from the fully modern Whale Processing Plant at Coal Harbour, our vessels "Tahsis Chief", "Kimsquit" and "Nahmint", armed with harpoon guns mounted on the bow, journey on their quest. Even in this day of up-to-the-minute methods, when a whale is sighted there is a feeling of subdued excitement, followed by a few seconds of tenseness until the gunner has his range and hits the target. After the animal is dispatched a pipe having a sharp point is driven into the carcass and air is pumped in to prevent it from sinking while being towed to the Plant.

Immediately upon arrival at Coal Harbour the work of flensing (or removing the blubber) begins; then comes the salvage of lean meat, for use fresh or for conversion into meal for animal and poultry feeding; next in sequence is the salvage and separate processing of the livers for recovery of Vitamin "A"; the fourth step is the placing of the remainder, including bone, in pressure cookers for the recovery of oil; finally, after recovery of oil, the residue is treated for recovery of fine protein solids, which go into feeding meal.

It is hoped that eventually the maximum development of this marine resource will be attained. In this programme the Company has in mind the establishment of a base at Rose Harbour, at the south end of the Queen Charlotte Islands, where it now holds property.

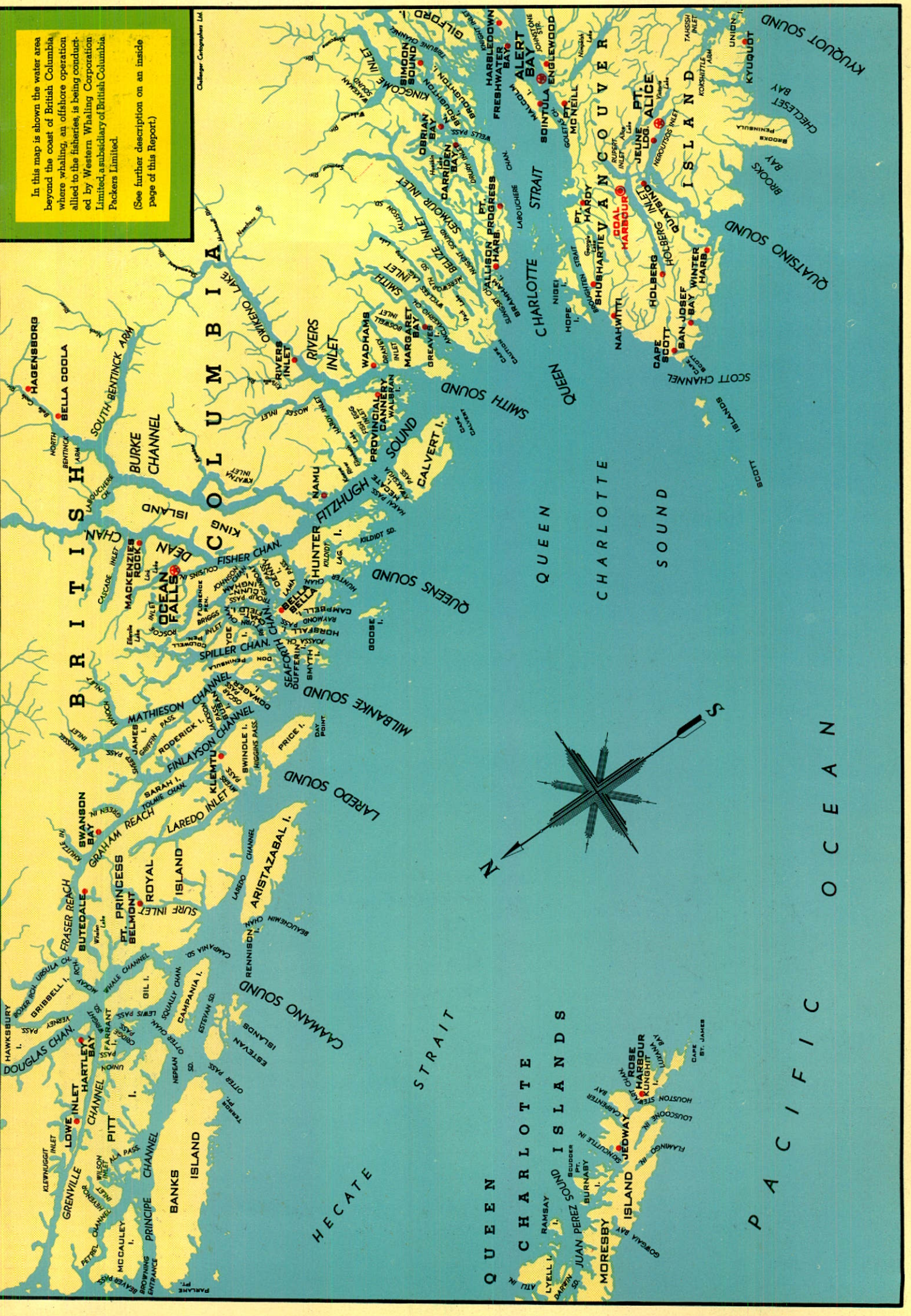
Treasures of the Sea



In this map is shown the water area beyond the coast of British Columbia where whaling, an offshore operation allied to the fisheries, is being conducted by Western Whaling Corporation Limited, a subsidiary of British Columbia Packers Limited.

(See further description on an inside page of this Report.)

Challenger Cartographers Ltd.



PACIFIC OCEAN

QUEEN CHARLOTTE ISLANDS

HECATE STRAIT

QUEEN CHARLOTTE STRAIT

SMITH SOUND

QUEENS SOUND

LAREDO SOUND

CAMANO SOUND

BRITISH COLUMBIA

QUEEN ISLANDS

SCOTT SOUND

QUATSINO SOUND

KYUQUOT SOUND