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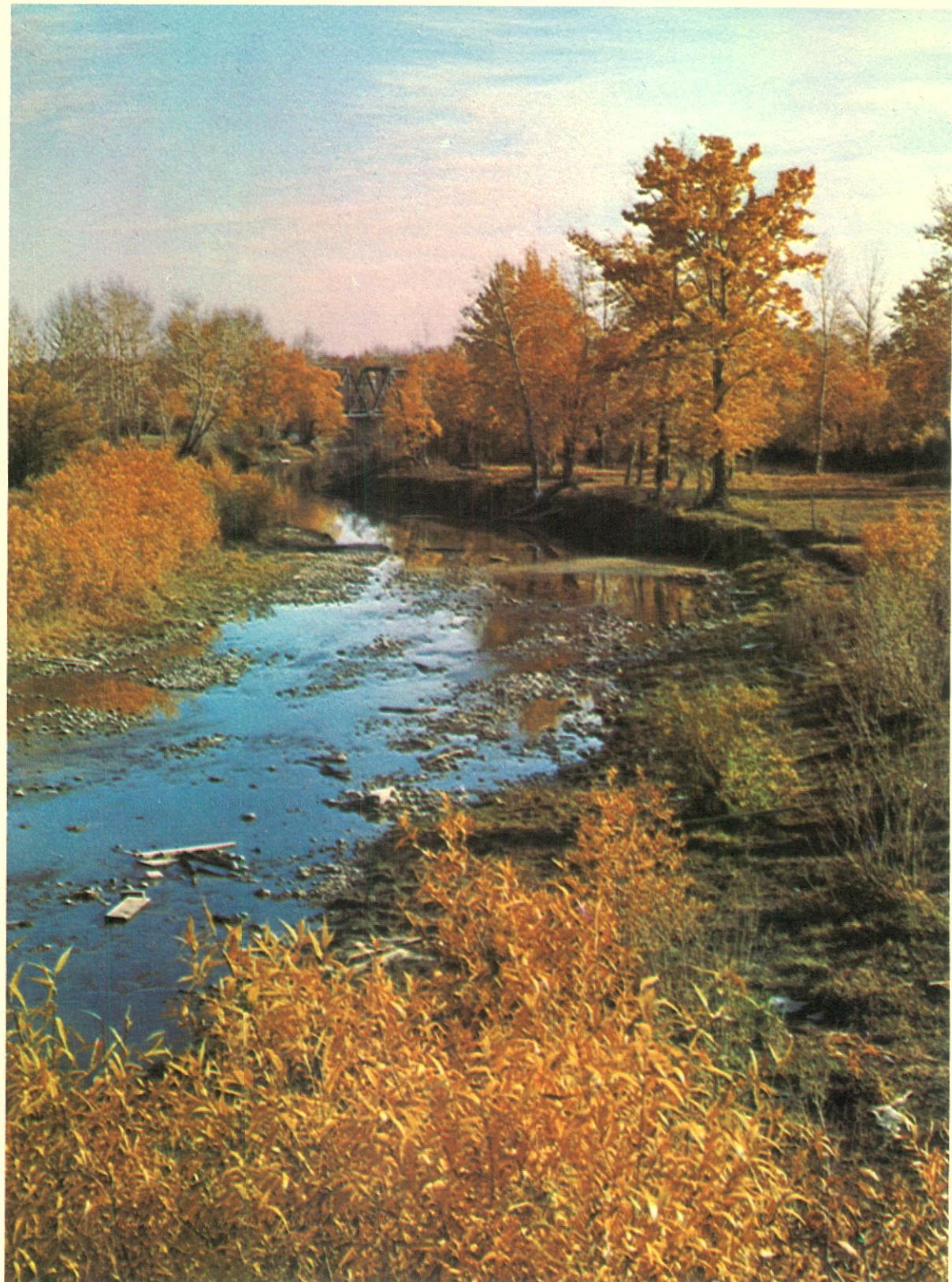
ALBERTA WHEAT POOL

1964

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY





Such a kindly autumn, so mercifully dealing
With the growths of summer, I never yet have seen.
— Bryant

ALBERTA WHEAT POOL

Board of Directors

G. L. HARROLD, LAMONT — *President*

NELSON MALM, VAUXHALL — *1st Vice-President*

A. J. MACPHERSON, DELIA — *2nd Vice-President*

KEITH ROSENBERGER, BALZAC

G. W. BRAITHWAITE, RED DEER

FRANK WHITE, SPIRIT RIVER

ARNE JOHNSON, CAMROSE

O. J. BROUGHTON — *Secretary to the Board*

Solicitors

ALLEN, MACKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH

Auditors

CLARKSON, GORDON & Co.

Head Office

ALBERTA WHEAT POOL BUILDING, CALGARY

SEASON 1963 - 1964

Officers

A. T. BAKER, *General Manager*
C. L. NOWLIN, *Country Operations Manager*
J. S. HARBURN, *Sales and Traffic Manager*
J. M. GARDINER, *Treasurer*
S. M. VICKERSON, *Chief Accountant*
G. M. CHANDLER, *Office Manager*
F. D. PATERSON, *Vancouver Manager*
C. F. USHER, *Victoria Manager*
H. K. MOEN, *Winnipeg Manager*
M. G. WOOD, *Edmonton Manager*
R. A. FINDLAY, *Seed Division Manager*

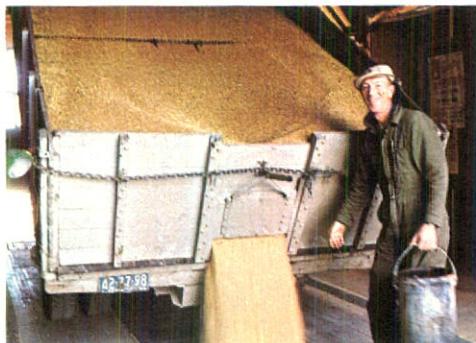
Bankers

BANK OF MONTREAL
THE BANK OF NOVA SCOTIA
THE ROYAL BANK OF CANADA



The world's teeming millions,
With nourishment are blessed,
A stream of nurture flowing,
From wheatfields of the west!

— Elma Helgason



A L B E R T A W H E A T P O O L

L I S T O F D E L E G A T E S

LETHBRIDGE — District One

101	Gogolinski, B.	Orion	106	Hallworth, Fred W.	Taber
102	Norris, Fred A.	Warner	107	Konynenbelt, Evert J.	Nobleford
103	Oliver, W. A.	Warner	108	Goughnour, Marvin J.	Enchant
104	Lee, Lester W.	Cardston	109	Thurston, Clarence F.	Bow Island
105	Patching, Harry R.	Lethbridge	110	Bayer, Robert	Schuler

CALGARY — District Two

201	Dyck, Nick	Pincher Creek	206	Christofferson, Karl B.	Brant
202	O'Neil, James Jesse	Claresholm	207	Bricker, Arthur G.	Calgary
203	Coote, Donald H.	Cayley	208		
204	Versluys, C. J.	Champion	209	Clayton, Clifford S.	Airdrie
205	Magnuson, Melvin O.	Lomond	210	Richards, Ralph E.	Olds

DRUMHELLER — District Three

301	Muza, John E.	Empress	306	Cammaert, Emile	Rockyford
302	Curry, Lyall A.	Sunnynook	307	Luoma, Sulo S.	Trochu
303	Schindeler, Albert P.	Brooks	308	Hoppins, Frank J.	Huxley
304	Arrison, Arthur W.	Bassano	309	Adie, John L.	Drumheller
305	Burne, G. W.	Gleichen	310	Nelson, Norman E.	Craigmyle

RED DEER — District Four

401	Warwick, Ernest	Oyen	406	Tipman, Joseph H.	Stettler
402	Smith, George F.	Provost	407	Stone, John J.	Alix
403	Cochrane, G. H.	Coronation	408	Johnson, K. K.	Red Deer
404	Turner, H. H.	Alliance	409	Phillips, J. Duane	Eckville
405	McCormick, J. E.	Byemoor	410	Wheeler, S. M. R.	Ponoka

CAMROSE — District Five

501	Redmond, D. R.	Edgerton	506	Hayes, Charles P.	Strome
502	Dobson, Parke	Paradise Valley	507	Drummond, Alexander	New Norway
503	Jackson, James	Irma	508	Pepper, Clifford G.	Ohaton
504	Flaade, Bennie Alfred	Hardisty	509	Ness, Ingvald	Kingman
505	Lefsrud, Harold	Viking	510	Rasmuson, Clarence H.	Gwynne

VEGREVILLE — District Six

601	Golightly, Robert C.	Streamstown	606	Ziegler, Alex	Winterburn
602	Mead, George B.	Vermilion	607	Montpetit, Paul	Legal
603	Ziegler, George	Vegreville	608	Boyko, John A.	Vilna
604	Ropchan, Mike	Willingdon	609	Lamothe, Armand	St. Paul
605	Galloway, Kenneth D., Fort Saskatchewan		610	Parson, Raymond R.	Boyle

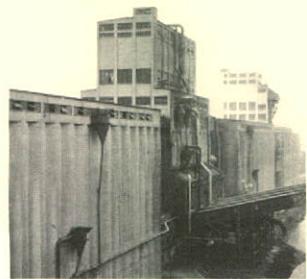
PEACE RIVER — District Seven

701	Parrent, Fred J.	Clyde	706	McNab, James A.	Beaverlodge
702	Anderson, Hubert N.	Freedom	707	Vandergrift, Lloyd F.	Dawson Creek
703	Hallowes, Arthur W.	Sangudo	708	Dufour, Gerard M.	Spirit River
704			709	Bulmer, Amos	Berwyn
705	Gummer, Howard F.	Buffalo Lake	710	Proctor, C. M.	Fairview

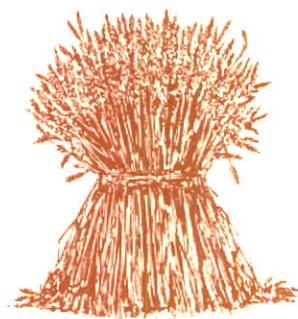
1963-1964 THE YEAR IN REVIEW

Net Earnings	\$ 4,896,435
Grain and Oil Seed Handlings — in bushels	87,053,830
Forage Seed Handlings — in pounds	12,414,054
Percentage of Alberta Grain Deliveries Handled	44.15%
Gross Value of Board Deliveries and Other Sales	\$ 120,977,037
Capital Expenditures	\$ 1,394,227
Total Invested in and Provided for Capital Assets	\$ 34,014,518
Working Capital	\$ 8,840,814
Patronage Dividends Distributed (out of previous year's earnings)	\$ 2,920,969
Percentage of Member Business in Previous Year	97.2%
Cumulative Total of Patronage Dividends Distributed	\$ 36,407,424
Cumulative Total of Reserves Purchased from Members	\$ 16,142,663
New Members	2,418
Total Membership	50,837
Number of Elevators — Country	543
Terminal	3
Elevator Capacities in Bushels — Country	42,875,500
Terminals	10,340,000
Number of Employees	1,074

COMPARATIVE SUMMARY



	1964	1963
Handlings — Grain in bushels	85,918,382	70,122,781
Oil seed in bushels	1,135,448	643,143
Forage seed in pounds	12,414,054	8,496,957
Cereal seed in bushels	315,318	144,424
 Gross Value of Deliveries to Canadian Wheat Board and Other Sales	 \$120,977,037	 \$87,229,318
Earnings Before Capital Cost Allowances	\$ 5,924,000	\$ 4,200,601
Net Earnings	\$ 4,896,435	\$ 3,190,941
Available for Patronage Dividends	\$ 4,785,345	\$ 3,116,100
 Current Assets	 \$ 44,210,540	 \$42,949,570
Current Liabilities	\$ 35,369,726	\$34,248,120
Working Capital	\$ 8,840,814	\$ 8,701,450
 Capital Expenditures on Properties and Equipment	 \$ 1,394,227	 \$ 1,030,800



Their faith's reward grows greater by year;
Across the plains Pool elevators rise;
Their terminals the largest at the pier,
Their wheatfields stretch toward the distant skies!

— Elma Helgason

Report of Board of Directors

ALBERTA WHEAT POOL

TO FORTY-SECOND ANNUAL MEETING OF DELEGATES

Gentlemen:

The year 1963-64 enabled the greatest use of your Association's facilities since its inception in 1923. Grain handlings exceeded by 10% the previous high record of 1952-53, and also represented an increased percentage of deliveries by Alberta farmers. The properties and facilities of your Association were maintained in good condition, and plans were made for an extended building and replacement program in the forthcoming year. Services to the membership were continued similar to previous years and, as in the past, several matters arose of interest and concern to our membership and to the agricultural industry, in which we undertook active representation.

SUMMARY OF OPERATIONS

Grain handlings through country elevators totalling 87,053,830 bushels were 16,287,906 bushels higher than the previous year. This represented about 44.15% of Alberta marketings. Terminal unloads of grain at Vancouver of 62,781,186 bushels were also an all-time record and exceeded those of the previous year by 13,257,278 bushels. Handlings at Victoria also increased to 7,790,408 bushels, being 1,605,540 bushels higher than the previous year.

Forage seed handlings increased sharply during the year, amounting to 12,414,054 lbs., nearly 50% greater than the previous year.

Rapeseed was again handled during the year on both a pooling and outright basis, while mustard was accepted on an outright purchase basis only.

Available for distribution from the year's operations are net earnings of \$4,896,435 before provision for income tax. This figure exceeds the previous record earning of the 1958-59 crop year by \$1,587,841.

GRAIN MARKETING

Canadian wheat exports in the form of wheat and flour set an all-time record during the 1963-64 crop year in a total of 594.1 million bushels. This was not only a record in itself, but exceeded the previous record of 407.6 million bushels set in 1928-29 by the substantial margin of 46%. Preliminary figures issued by the Board of Grain

Commissioners indicate exports of all grains totalling 614.9 million bushels. This is a new record, being some 90 million bushels above the previous high of 525.8 million bushels recorded in the year 1952-53. Wheat flour exports totalling 54.5 million bushels were the highest in the past ten years, but below the record 1946-47 of 79.5 million bushels. When included, Canada's grain and flour exports during the year total 669.4 million bushels. While wheat exports were most favorable, exports of other grains were moderate.

The record exports of wheat arose from Canada having adequate stocks of grain on hand through carry-over, an excellent crop in 1963, and an unprecedented market during the year in the Soviet Union. Shipments for that country alone totalled 234.0 million bushels of wheat and its equivalent in flour, representing 40% of Canada's exports for the year. Canada's other largest wheat customers during the year, in order, were: Britain, Japan, People's Republic of China, the Federal Republic of Germany, Poland, Belgium and Luxembourg. Wheat marketings to European-Communist nations during the year comprised 46.3% of Canadian shipments, while Commonwealth nations took 16.5% and countries of the European Common Market absorbed a total of 12% of our wheat exports.

WHEAT POOL REPRESENTATIONS

Railroad Rationalization

During the year our Association jointly with the two other wheat pools restated our position to members of the Federal Cabinet in respect to any rationalization of the Prairie section of Canada's railways. Briefly, we suggested that a railway rationalization board be established to design a long-term program for streamlining freight and passenger operations into a more efficient and lower cost railway service. On September 14, 1964 the Government introduced a bill to amend the Railway Act and purportedly to carry out some of the recommendations of the Report of the MacPherson Royal Commission on Transportation. This bill as introduced contained some proposals which we considered very unfavorable and, accordingly, we have sought and obtained assurance from the Minister of Transport and the Minister of Agriculture that an opportunity would be given for representations on behalf of our

membership. At the time of this report the bill has not yet come before the House for second reading, nor consideration by the Railway Committee of the House of Commons.

"At and East" Freight Rates on Export Grain

As reported to you in each of the last three years, your Association, along with the other two Prairie wheat pools, have protested the authorization of the Board of Transport Commissioners for a substantial increase in the rail rates on bulk grain moving from the Georgian Bay and related ports to the Atlantic winter ports. Through Orders in Council, the effective dates of these increases have been repeatedly postponed until December 31, 1964. These rates, amongst other matters, are expected to be dealt with in impending legislation.

LEGISLATION

The Temporary Wheat Reserves Act remained in effect during the year, and under its provisions the Federal Treasury provided funds for carrying charges on the volume of wheat held by the Canadian Wheat Board on August 1, 1963 in excess of 178 million bushels. Under the provisions of this Act, the Canadian Wheat Board received \$44,933,537 during the 1963-64 crop year, which has been allocated as follows:

1962-63 Pool Account —	\$18,136,144
1963-64 Pool Account —	\$26,797,393
For a total of	\$44,933,537

Prairie Grain Advance Payments Act

The Prairie Grain Advance Payments Act was again in force during the crop year. This Act provides for an advance to grain producers on the basis of 50¢ per bushel on wheat, 20¢ per bushel on oats and 35¢ per bushel on barley, which the permit holder has on his farm and undertakes to deliver on a quota of six bushels per specified acre. The maximum advance to any one permit holder is \$3,000. The funds for advances made under this Act were provided by the Canadian Wheat Board to the elevator companies with interest charges absorbed by the Federal Government. Advances in an amount of \$62,136,418 were made to 63,427 producers in the Prairie Provinces. Of this amount payments totalling \$16,269,248 were made to 19,205 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$6,982,961 to 7,621 producers.

Export Credits Insurance Act

The export credit and credit insurance facilities available under the Export Credits Insurance Act were of considerable value in the marketing

of Canadian wheat during the crop year. Late in June 1964 further amendments were made to the Act, exempting the Corporation from the payment of income tax and increasing the amount of liability of Export Credits Insurance Corporation under contracts of insurance from \$400-million to \$600-million. In addition, the funds available to the Corporation for export financing were increased from \$300-million to \$400-million. In the current trend toward credit sales of grain in world markets, provisions of this legislation are of valuable importance to the economy of Canada.

Farm Credit Act

During June 1964 the Farm Credit Act was amended to permit an increase in the capital of the Farm Credit Corporation from \$16-million to \$24-million. This extended the lending capacity of the Corporation from \$400-million to \$600-million. As a result the Corporation was able to offer expanded farm efficiency loans on a long-term mortgage basis to farmers. The maximum standard loan was doubled to \$40,000 and the maximum package loan, which is supervised by the Corporation, was likewise doubled to a total of \$55,000.

On the maximum loans two rates of interest will apply. For the first \$20,000 of a standard loan or \$27,500 of a package loan, the rate will be 5%, as formerly, while current rates of interest plus costs of administration will apply on the remainder. Currently this is set at 6 3/8%.

Farm Improvement Loans Act

In September 1964 the Farm Improvement Loans Act was amended, increasing the aggregate principal amount of guaranteed loans that may be made under its provisions and increasing from \$7,500 to \$15,000 the maximum amount available to an individual borrower.

Farm Machinery Syndicates Act

The Farm Machinery Syndicates Act was passed by Parliament in October 1964, and under its provisions three or more farmers in partnership may borrow the equivalent of \$15,000 each up to a maximum of \$100,000 for the purchase of farm machinery which they use co-operatively. Farmers wishing to take advantage of this legislation are required only to set themselves up in a partnership agreement. Security for loans under its provisions, which may equal 80% of the purchase price of the machinery, will lie in joint and several liability of the participating farmers. Interest on these loans will be at prevailing rates and repayments will be established at slightly more than the rate of depreciation on the machinery purchased.

Crop Insurance Act

During 1964 Parliament amended the Crop Insurance Act to provide Federal reinsurance for provincial crop insurance programs. Reinsurance to the extent of 75% of total liability will be possible under this amendment. It is proposed to set the premium rate for this reinsurance at a level which will, over a period of years, equal Federal indemnities paid.

Feed Grain Freight Assistance

A revised set of feed freight assistance regulations were announced to the House of Commons on August 28, 1964 by the Minister of Forestry, the principal features of which were to effectively introduce the competition of truck rates into feed shipments in Eastern Canada. In announcing the new policy, the Minister stressed that it was an interim policy only. The matter of feed grain price differential had been referred to the House of Commons Committee on Agriculture in June and formulation of a permanent policy will await its report.

In the last two or three years some Eastern representatives within the Canadian Federation of Agriculture have proposed a feed grains agency designed to operate in the interests of Eastern purchasers and consumers of feed grains. Our Organization will follow any developments in this regard closely in the belief that provisions for such an agency or objective should not infringe on the operations of the Canadian Wheat Board as a producers' marketing agency.

PROVINCIAL

The Alberta Crop Insurance Act came into force on the 15th day of April, 1964. This Act establishes the Alberta Crop Insurance Corporation with the power to engage in all-risk crop insurance in the Province. Advantage will be taken in its operation of the provisions of the Crop Insurance Act passed by Parliament in 1959. The Corporation is now conducting the necessary surveys with a view to offering insurance in certain areas during 1965. Under its provisions, insurance will be on a voluntary basis in areas where either 25% of the insurable persons or 25% of the aggregate insurable acreage in an area can be covered. Insurance under this Act is intended as a protection against major losses rather than minor variations in yield which frequently occur.

The Farm Purchase Credit Act

At the 1964 session of the Legislature the Farm Purchase Credit Act mentioned in previous reports of our Association was amended increasing to \$14-million from \$12-million the Farm Purchase Revolving Fund.

FARM MACHINERY CO-OPERATIVES

The 1964 session of the Alberta Legislature amended the Co-operative Marketing Associations Guarantee Act to make provision for the province to guarantee repayment of loans incurred by co-operative associations for the purchase of farm machinery. To qualify for such guarantees the co-operative must have paid at least 15% of the purchase price of such equipment and made provision for full payment over a period not exceeding twenty years. Chattel mortgages on equipment purchased will be held by the Provincial Treasurer as security, thereby involving the co-operative in limited liability only.

The provisions of this legislation cannot be used in conjunction with the recently passed Federal Farm Machinery Syndicates Act.

CANADIAN WHEAT BOARD

The record marketings of wheat by Canada during the 1963-64 crop year resulted from several favourable circumstances. Our carryover stocks of grain were high, which, with the large crop of 1963, afforded us ample supplies and a good variety of grades. Facilities were available for credit sales and buoyant markets developed early in the year.

The extent to which we were able to take advantage of market opportunities was, to a considerable degree, attributable to Canada's orderly system of grain marketing as carried on by the Canadian Wheat Board coupled with its promotional activities and active pursuit of markets. The Board's efforts in moving the unprecedented volume of wheat, taking advantage of new markets while adequately serving our traditional customers throughout the year, warrant confidence and commendation.

INTERNATIONAL WHEAT AGREEMENT

In the spring of 1964 the International Wheat Council decided to recommend to member governments that the 1962 International Wheat Agreement which expires on July 31, 1965 be extended in its present form without amendment for a period not exceeding two years. This matter was considered by the Directors of the three wheat pools in July, following which we requested the Government of Canada to pursue negotiation of a new International Wheat Agreement to become effective in 1965, and should this not be found advisable the pools would favour an extension of the present Agreement for a period of one year only.

ALBERTA WHEAT POOL SEED DIVISION

The seventh year of your Association's seed operations were completed during 1963-64 with forage seed handlings up approximately 50% from the year previous. While these handlings reflected a larger crop, demands for seed were fairly constant and markets were generally favourable. Cereal seed handlings improved considerably during the year with a market for wheat in the United States. Forage seeds were handled on both a pooling and an outright purchase basis during the year. Generally, final payments on pooled seeds resulted in equal and sometimes higher prices than on outright purchases. Fertilizer sales exceeded 16,000 tons, up more than 70% from the previous year.

Net earnings of \$192,093 resulted from the year's operations of this division.

INTERIOR FEEDS LIMITED

Interior Feeds Limited, a British Columbia incorporated company entirely owned by our Association, operated for its fourth year in the domestic feed grain business in the coast province. A little over 1½-million bushels were handled by this Company during the year, mainly through the four country elevators in northern British Columbia. Through a good demand for feed grains in the southern interior and a lower volume of grain offered by producers, favourable selling margins were maintained throughout the year resulting in a net surplus of \$16,244 after provision for income tax. Elevation and storage charges were realized by our Association on this volume of business in addition to reimbursement for all necessary services rendered.

VICTORIA ELEVATOR LIMITED

The Victoria Elevator Limited property in Victoria, British Columbia, wholly owned by our Association, enjoyed a successful year during 1963-64, its fourth as a part of Alberta Wheat Pool. The use of this terminal was again entirely devoted to wheat, totalling 7,790,408 bushels. Net earnings of these facilities amounting to \$30,748 after provision for income tax resulted from the year's operations. The properties were kept in good repair and full capital cost allowances were taken in arriving at our net position.

Full details of the operations of this Company and of Interior Feeds Limited will later be presented to the Meeting.

MEMBERS' ACCIDENT INSURANCE PLAN

The experience of the sixth year of operation of the Members' Accident Insurance Plan was similar to that of 1962-63. Reports of 742 acci-

dents involving members and their dependents and sponsored farm workers of members were received during 1963-64. Claims on 316 of the accidents have been paid or are in the process of settlement. Claims on 282 were closed as ineligible for benefits. Claim papers have not yet been received for the remaining 144 accidents. Fatal accidents claimed forty-four lives — thirty one adults and thirteen children. There were twenty cases of dismemberment and four of loss of eyesight. Members placed coverage on 868 farm workers, a slight reduction from the previous year. One fatality occurred in this group, and eight additional accidents involved workers and their dependents.

To meet the claims already paid and those which are in the process of adjustment, the sum of \$86,516 has been charged to the 1963-64 operation.

The cost of operation of the accident insurance plan during the six-year period August 1st, 1958 to July 31, 1964 has been \$428,339. Benefits were paid in 1853 accidents which involved 196 fatalities, 122 adults and 74 children. There were 116 cases of dismemberment and loss of eyesight was suffered in 24 accidents.

CONSTRUCTION AND PROPERTIES

Your Association's facilities were maintained in good order throughout the year, and a replacement program similar to previous years was continued. Authorization was granted for the construction of six new elevators, four of these being replacements for existing facilities, a new elevator on the northern railway extension and one composite elevator as a replacement for a fire loss. The year's program also included authorization for annexes at eleven points. Provision was also made for fourteen new dwellings and the modernization of six existing dwellings. During the year also, designs were completed and authorization granted for the construction of a new seed plant at Grande Prairie. Some additional cleaning equipment was installed in Terminal No. 1 at Vancouver, and lease of additional property was made at that point to provide for possible future expansion of our terminal facilities. Dust collection equipment and car movers for a number of country points were also authorized during the year, and all properties were kept in good repair. Some facilities beyond repair and of no further use to us were dismantled for salvage and others were sold.

Following lengthy negotiations, we are able to report a final settlement of the completion costs of the Alberta Wheat Pool Building on a basis satisfactory to our Association.

FERTILIZER

Following the last Annual Meeting and further investigation, plans were finalized early in the new year for the establishment of fertilizer manufacturing facilities jointly with Saskatchewan Wheat Pool and Federated Co-operatives Limited. Early in May a contract for the design and construction at Calgary of a fully integrated plant with an annual capacity of 225,000 tons was awarded. Construction commenced in June with a view toward production in the late summer of 1965. Approximate cost of these facilities will be \$21-million.

Plans are now being developed in respect to organization and distribution facilities within Alberta Wheat Pool for fertilizer which will be available from the co-operative fertilizer plant commencing 1965.

At the time of the last Annual Meeting studies respecting fertilizer manufacturing had not progressed to the point where it was considered necessary to discuss methods of financing such a project. It is the expectation of the Board that fertilizer manufacturing and distribution will "stand on its own feet" as ventures of our Association. As this is a matter of policy and the long-term implications of the method chosen for financing this venture should be carefully considered, it will be placed before the Meeting this year.



PUBLICITY AND PROMOTIONAL ACTIVITIES

During the year programs were maintained to keep the members informed and interested in the affairs and operations of the Association. Through the "Budget", news releases, radio and television programs and the Field Service Department, a good deal of information on the agricultural industry and on farm and co-operative organizations was presented to our membership and to the public in general.

In September 1964 the Publicity, Field Service and Country Information Departments were combined and will in the future be known as the Public Relations Department.

Our Association maintained its affiliation with the provincial and national Federations of Agriculture and the Farmers' Union and Co-operative Development Association during the year, as well as liaison with the Farmers' Union of Alberta.

ALBERTA FEDERATION OF AGRICULTURE COMMITTEE ON FARM ORGANIZATION

The report completed in November 1963 of the Committee established by the Alberta Federation of Agriculture to study the needs of Alberta farmers for organization to advance their cultural, social and economic welfare has been considered and studied by your Board during the year. As its findings are of interest to our membership and its recommendations are of a policy nature, it will be referred to the Annual Meeting of our Association for consideration.

MEMBERSHIP

The membership in your Association continued to increase during the year as 2,418 new members were accepted. Cancellations resulting from retirement from farming numbered 1,495 and 690 memberships were terminated by death. As a result, the total membership at August 1, 1964 stood at 50,837, a net gain of 233 over the previous year. This is a continuation of the upward trend which has prevailed for several years, and is particularly gratifying as it also represents an increased percentage of the commercial farmers of this province.

ELECTION OF DELEGATES

Following the election of Mr. Arne Johnson of Camrose to the Board of Directors for District 5 in December 1963, a by-election was held in Sub-district 508. This resulted in the election of Mr. Clifford G. Pepper of Ohaton. During the summer of 1964 elections were held in the odd-numbered sub-districts. Thirty Delegates whose terms had expired and three new Delegates were elected by acclamation. An election was held

in Sub-district 603 resulting in the re-election of Mr. George Ziegler of Vegreville. A by-election in Sub-district 303 was necessary as no nomination for Delegate was received within the prescribed time. This resulted in the election of Mr. Albert P. Schindeler of Brooks.

A by-election in Sub-district 704 became necessary due to the resignation on September 10, 1964 for personal reasons of Mr. Paul Houde of Girouxville. The results were not yet known at the time of printing this report. On October 23, 1964 Mr. Allan D. Matheson of Balzac, Delegate for Sub-district 208 tendered his resignation due to other commitments, and a by-election to fill the vacancy was initiated on that date.

IN MEMORIAM

We regret to record the passing since our last Annual Meeting of six former Delegates of our Association.

On December 31, 1963 the death at Vancouver, British Columbia occurred of Mr. Neil Golley, formerly of Delia, who had served as Delegate for Sub-district D7 from 1941-45.

Mr. Harry Taggart of Olds, Delegate for Alberta Wheat Pool from 1930 to 1959, passed away on February 11, 1964.

On May 19, 1964, the death occurred of Mr. A. W. Green of Byemoor, who served as a member of our delegate body from the years 1946 to 1951.

Mr. William N. Basaraba, formerly of Smoky Lake who served as a Delegate from 1956 to 1961, lost his life in an accident on June 13, 1964.

Mr. Guy Voisey of Vulcan, Delegate from 1933 to 1948, passed away June 25, 1964.

The death of Mr. Herman S. Peterson, formerly of Viking, Delegate for Sub-districts E6 and F4 from 1942 to 1952, occurred on July 13, 1964 in Vancouver, where he was living in retirement.

We wish to record our sincere appreciation for the service and support these men extended to our Association.

STAFF

The competent manner in which the year's volume of grain was handled is evidence of the efficiency of our personnel. It is a pleasure to extend our appreciation to the staff for the faithful and valuable services rendered during the past year.



BOARD OF DIRECTORS

At the first Meeting of the Board of Directors of Alberta Wheat Pool held after the 1963 Annual Meeting, the following officials were elected:

President G. L. Harrold
First Vice-President N. Malm
Second Vice-President A. J. Macpherson

The same three Directors were elected to the Board of the three Central organizations — Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited and Pool Insurance Company. Messrs. Harrold and Malm were also elected to represent our Association on the Board of Northern Canadian Seed Sales Limited.

Committees of the Board were established to deal with internal matters concerning office, elevators, field service, publicity, legislation and liaison with the Farmers' Union of Alberta.

Regular meetings were held each month during the year, and the Board met with Directors of Saskatchewan and Manitoba Wheat Pools on two occasions. Your Directors accompanied the Delegates' Committee to Vancouver and Victoria to inspect our terminals in those cities, and most of them were able to attend the annual meetings of the Alberta Federation of Agriculture, Canadian Federation of Agriculture and the Western Agricultural Conference.

In addition to many routine and recurring duties, representations were made on several other matters during the year, including a proposal for the licensing of off-track elevators; agriculture's viewpoint respecting changes in the General Agreement on Tariffs and Trade; proposals for improved hog marketing practices, and changes in the Federal Government's feed grain freight assistance program. In the matter of box car

allocation at country elevators, your Association has put forward a good deal of effort by way of representation to the Canadian Wheat Board, the Cabinet Minister to whom the Board reports, and to the railways in the past few years. As a result of our unfavourable experience in June and July of 1963, strenuous efforts were again made last year. We believe this resulted in more equitable provisions for the relief of congested elevators, and we are hopeful that its application in the future will permit greater use of your Association's facilities by the membership.

The Directors were also called upon to spend considerable time on behalf of the Association on various external endeavors. In January of 1964 Mr. Malm was elected President of the Alberta Federation of Agriculture, subsequently to the Board of Directors and Executive Committee of the Canadian Federation of Agriculture. He also was elected a Director of the newly formed Co-operative Insurance Services Limited in March. Messrs. Harrold and Macpherson were appointed to the Board of Directors of the newly-formed Western Co-operative Fertilizers Limited early in 1964.

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Canadian Co-operative Wheat Producers Limited continued during the year its role as a liaison and co-ordinating organization of the three prairie wheat pools. It dealt in various ways with a number of matters of common concern, all of which will be included in its Annual Report to be submitted to you later in this Meeting.

GENERAL

The fortunate coincidence of record crops and wheat exports in 1963-64 serves as a timely reminder of agriculture's importance to the overall economy. Extra income from the huge wheat sales was one of the dominant upward forces contributing to recent strong advances in business activity. Canada's Gross National Product rose more than 6 per cent in 1963 and even greater gains are expected in 1964. High levels of consumer and business spending have resulted in an upsurge in industrial growth. In particular, additional purchases of new farm machinery and equipment were a sizable part of this trend.

Another important tangible contribution was made toward improvement of Canada's balance of international payments. At the end of 1963 exports had risen to create a \$484,000,000 surplus in merchandise trade. Increases in wheat sales alone accounted for more than \$200,000,000

of the gain in exports. Although sales of goods and services to other countries continued to climb in 1964, there was a greater rise in imports which tended to off-set part of this improvement. Nevertheless, the recent large wheat exports were important to the Canadian economy from the point of view of both internal prosperity and international trade.

In the past, agriculture's position relative to other industries, has often been obscured by rapid and dramatic industrial growth. It is true that many problems, including the cost price squeeze and declining farm population, continue to beset agriculture but it still remains as the basis of much employment in other industries and, as such, contributes much more than its apparent share to national income. Because of this, agriculture remains one of the most important industries in Canada.



THE ROAD AHEAD

The year ended July 31, 1964 was one of the most spectacular in the history of the grain industry of Western Canada. The year began on a note of uncertainty with large world stocks of wheat on hand, and in Canada the prospects of a crop exceeding all previous records. While world markets for grain were expanding at a very moderate rate, the benefits of modern technology; state incentives for increased production in some parts of the world; protective policies in others and the usual balance of payments and reciprocal trade problems all exerted an influence. Concessional sales were also a factor. Early in that year, however, the huge and unexpected Russian order for wheat turned the situation to one of buoyancy. Our traditional customers made early arrangements to ensure themselves of supplies of grain and the greatest problem facing the Canadian Wheat Board and the wheat industry became one of speeding up shipments to meet our

sales commitments and opportunities. The record of that year is a tribute to all concerned. The programming of the Canadian Wheat Board, the efforts of the railroads, the operation of the terminals and country elevators, all in combination enabled us to achieve record exports with resulting benefits to the prairie and the national economy.

For some years it has been felt by our Association that additional benefits might accrue from a closer co-ordination of the various facilities and services involved in our grain marketing system. In the past, several institutions and practices have evolved which lend to a more orderly and efficient system. These begin with the Wheat Board system itself, its procedure for the sale of grain and, one of its developments where the farmer is directly concerned, the quota system of delivery opportunity. In respect to country and terminal facilities, no major changes have occurred in recent years, but these facilities have shown themselves flexible and competent under a variety of circumstances. In the field of transportation some decided advancements have occurred

through dieselization and the railways' facilities for the operation and dispatch of its crews and trains. Additional use can be made of these respective advances, we believe, for the common good.

Our Association is keenly interested in the development of greater efficiency in the movement of grain, beginning at the country shipping point. To the extent that we strive toward goals of more efficiency, benefits we believe will accrue to all concerned, and any proposals for abandonment of railroad lines may be much less justified.

All of which is respectfully submitted.

G. L. Harrold
Nelson Malm
Allan J. Macpherson
O. Keith Rosenberger
George W. Braithwaite
Frank White
Arne Johnson



Report of the General Manager

ON THE 1963-64 CROP YEAR

To: The President and Directors,
Alberta Wheat Pool,
Calgary, Alberta.

Gentlemen:

The story of the production and marketing of the 1963 crop is one of the most exciting in the annals of grain production on the prairies. After an uncertain start, near ideal growing conditions prevailed. Good weather at harvest time, except in northern areas, made it possible to garner, in excellent condition, a crop of 723 million bushels of wheat, the largest in our history. When the magnitude of the harvest was realized fears were expressed about a burdensome surplus. Then, with dramatic swiftness the pattern of world wheat trade changed. Large sales were made to countries which had not previously bought much from us and regular customers took their usual quantities. Faced with the task of exporting huge amounts, the Wheat Board secured unprecedented co-operation and effort from all engaged in the handling and transportation of grain. By July 31st, 1964 Canadian exports of wheat and flour were 594 million bushels, exceeding the previous record of 407.6 million. Canada had met and surpassed her commitments. Thus our largest wheat crop disappeared in the crop year in which it was harvested. Indeed the carryover at July 31st, 1964 was actually less than a year earlier.

Good increases in barley exports were also experienced but clearances of oats declined slightly. There were no great changes in the market for oil seeds and other coarse grains.

In spite of drouth in the south eastern part, Alberta had a yield of 25.1 bushels per acre which was nearly 6 bushels above the long-time average and produced 149 million bushels. The previous high was 180 million in 1940. Coarse grain yields were good with barley production of 119 million bushels being the second highest on record. While No. 2 Northern was the predominant grade of wheat in southern Alberta, grades in the north were lower as a result of wet weather at harvest time. A significant amount of tough and damp grain was delivered in the Peace River region.

A quota of 8 bushels per specified acre for Board grain was in effect at all Alberta delivery points at the end of the crop year. In addition, a supplementary quota of 10 bushels per seeded acre was allotted in two separate 5 bushel amounts late in the season in order to obtain a large enough volume of wheat to meet sales com-

mitments. Flax, rye and rapeseed were on open quota. The resulting large grain movement, combined with excellent crops, made a sizeable contribution to an expanding Canadian economy during the year.

Country Operations

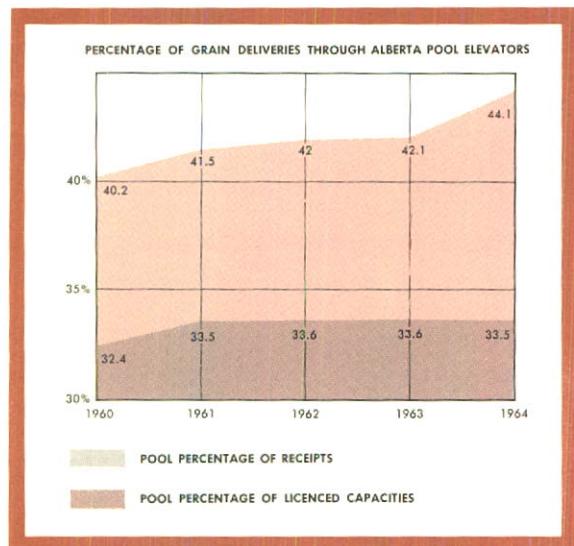
The year started with our country elevator space practically all utilized and 133 elevators completely congested. Competitors, on the other hand, had a considerable amount of available space. In August a large accumulation of loaded cars, combined with full terminals, caused the railways to place embargoes against country loadings. A further complication was the threat of a longshoremen's strike which contributed in no small measure to a shortage of ships. Even after settlement of the longshoremen's dispute the railways had to maintain tight control of car loading for Vancouver because ships had been diverted to traffic other than grain and were extremely slow in returning to grain service. There were periods at this time when over 5,000 cars were under load for the West Coast and additional country loadings could not be justified until ship arrivals were assured. During the initial months, boxcars were not distributed in a manner which recognized the needs of congested elevators. The result of these factors was that the Pool's percentage of the Alberta handlings declined seriously during August, September and October.



In late November the effects of the Russian sale began to be felt and the volume of shipments picked up. Thereafter a generous supply of shipping orders was in the hands of agents and from the end of December a good supply of boxcars, distributed according to new instructions issued to the trade and to the railroads by the Wheat Board. This combination of circumstances which prevailed for the balance of the year gave the Pool adequate space, at nearly all stations, to take the grain our customers wished to deliver.

The total handling for the year was 87,053,830 bushels, which represented 44.15 per cent of all grain delivered in the province, compared to last year's percentage of 41.84. The year commenced with 38 million bushels of grain in store and ended with 33,500,000, reflecting shipments of over 91 million bushels, in 42,041 boxcars. This was a remarkable achievement considering the slow movement in the early months and is a tribute to all who participated.

Receipts averaged 162,414 bushels for each of our 536 elevators doing business, an increase of better than twenty per cent from the previous year's figure of 130,775. The elevator at Fort St. John, with a handling of 966,900 bushels, established the all-time high for a single Pool elevator.



Even during such an active season the policy of weighing up as many elevators as possible was continued and stocks were checked at 200 elevators. Overage of .086 per cent, compared with .095 per cent a year ago, demonstrated the consistency of the weighing practices of Pool agents.

Rapeseed was handled on both an outright purchase and a pooling basis, at the option of the grower. The total handling was 1,031,490 bush-

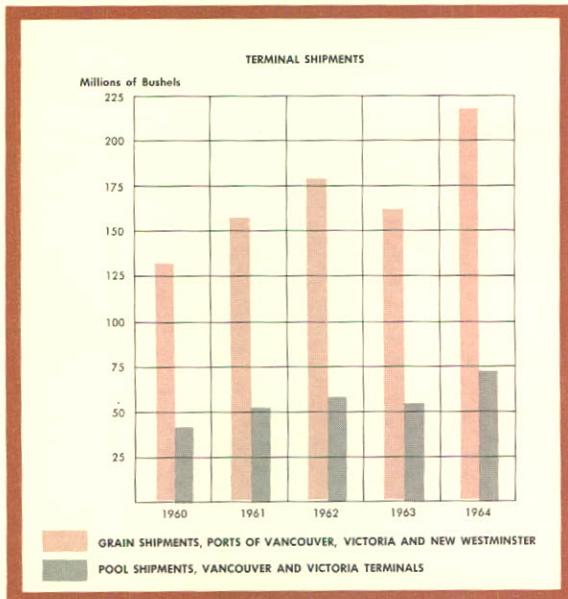
els, of which 888,153 were purchased outright and 105,553 were pooled indicating that producers had a decided preference for the outright basis. The instituting of rapeseed futures on the Winnipeg Grain Exchange, in September 1963, removed the opportunity for negotiating forward contracts at premium prices earlier in the year, but also provided the means for reducing price risks through hedging of purchases. The market remained strong throughout the year with the result that the final pooling return was \$2.61 per bushel, basis Vancouver, compared to \$2.10 a year ago.

Terminal Operations

West Coast ports enjoyed a good proportion of the unprecedented grain export with Vancouver and New Westminster terminals shipping 207,409,594 bushels, some twenty per cent higher than ever before. Your terminal handled 62,781,186 bushels as against 49,523,908 last year and the previous high of 51,268,741. There were always enough cars available to keep all Vancouver terminals operating but, unfortunately, the situation in the country, referred to above, resulted in too small a percentage of these being Pool cars. For much of the time less than twenty per cent of cars under load were consigned to the Pool. Consequently, for the first five months of the year we kept running out of Pool grain and diversions from other terminals were not easy to obtain. After navigation closed on the Great Lakes the railways were able to concentrate on the westward movement and, with a more equitable distribution of available boxcars in the country, the percentage of Pool cars in transit became more realistic. From January on, the railways did an outstanding job, we were never short of cars and our terminal enjoyed an efficient operation on Pool loads only. But for the irregular arrival of ships, which seems to be inherent in the export movement, even more grain could have been put through our terminal. The movement was also slowed up to some extent by the necessity of servicing slow loading tankers and by the heavy dockage content which required a greater than usual amount of cleaning. As an indication of this, refuse screenings totalled 64,367,000 pounds, compared to 37,190,000 last year.

Your terminals at Vancouver and Victoria have demonstrated that they have ample capacity to handle any amounts of grain which will be shipped by the country elevator system in the foreseeable future. Extra cleaning capacity has been installed to handle even larger volumes more effectively and without undue delay. Neverthe-

less, additional dock facilities will become increasingly desirable to service the larger ships and additional storage space would provide some protection against the results of irregular ship arrivals. The construction of a new terminal by the Saskatchewan Wheat Pool, at Vancouver, will, however, assure the Port of Vancouver adequate grain handling capacity for many years.



Shipments to the Lakehead and other eastern interior destinations totalled 11,659,400 bushels which is about the usual volume for this movement. However, there was a larger than usual proportion of malting barley which totalled 4,035,800 bushels, reflecting an increase in marketings to the United States and Europe. Although most of Alberta's grain movement is westward, the Lakehead retains significant importance. Manitoba Pool Elevators continues to operate the Alberta Wheat Pool Port Arthur Terminal, to provide us with a useful service for eastern marketing.

Seed Division

A successful year was experienced by the Seed Division which handled 12,414,054 pounds of forage seed. This contributed substantially to the division's earnings of \$192,093. Handlings show a considerable increase over the 8,496,957 pounds taken in last year but are less than the peak of 16,366,000 in 1961-62. The quality was excellent as indicated by a high germination rate and two per cent less dockage than one year ago. Most of the seed received has been sold, resulting in moderate year-end carryovers. Good prices, along with an early completion of harvest, encouraged producers to deliver most seed early in the crop year. By the end of October, seventy-seven per cent of total deliveries had been received and ninety-six per cent by January 31st, 1964. The pattern of purchases

between outright and pooling was very similar to that of the previous year with approximately seventy-five per cent bought outright and twenty-five per cent on a pooling basis. Final payments, totalling \$102,671, gave prices for pooled seed which, in most cases, were better than the average received for seed sold outright.

It was also a good year for selling cereal seeds, partly because of an unusually good demand for spring wheat seed in the United States, resulting from some winter kill in fall wheat areas. Total cereal handlings amounted to 315,318 bushels. Good spring moisture conditions in southern Alberta also resulted in greater interest in flax seed.

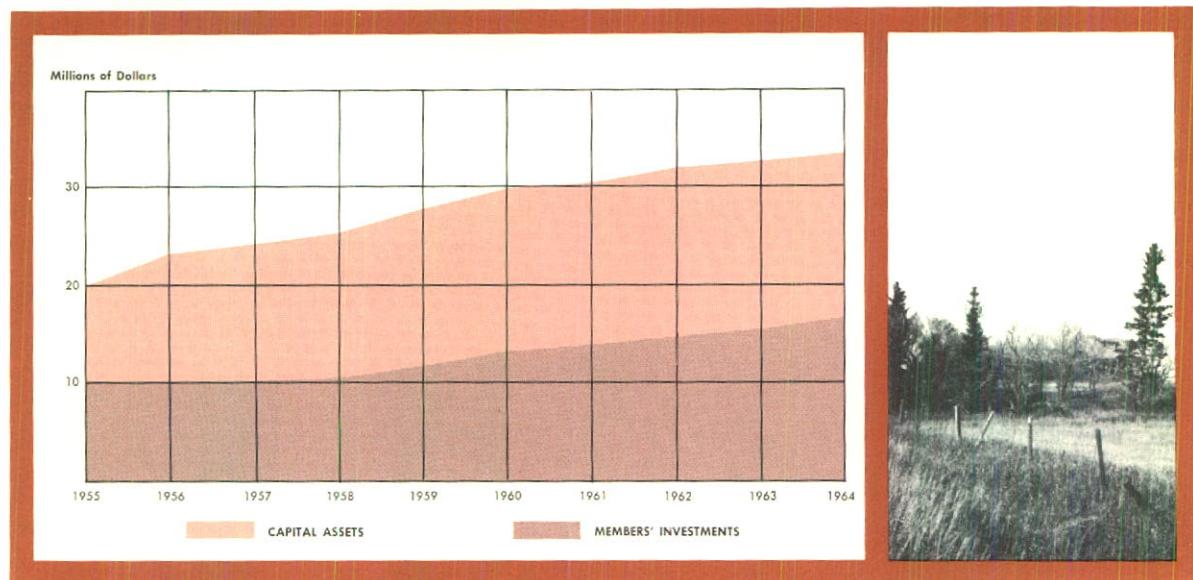
Fertilizer sales were 16,179 tons, as compared to 9,443 last year and 7,013 in 1961-62. While this represents a substantial increase from a year ago, it by no means reflects the great potential for increased sales and cannot be considered as a satisfactory share of the business. Again, shortages of chemical fertilizers prevented your Organization from fully meeting member requirements and participating in the rapidly growing market. Although serious shortages will continue for another year, members can look forward to adequate supplies and good service in 1965-66 when the plant of Western Co-operative Fertilizers Limited will be in operation. Plans are rapidly being made for a distribution system to serve the needs of the plant and our members.

Subsidiary Companies

Both operating subsidiaries of the Alberta Wheat Pool reported successful years.

Victoria Elevator Limited, owning and operating a grain terminal at Victoria, B.C., had the largest handling in the twelve year history of the company. Receipts of grain consisted of wheat only and amounted to 7,790,408 bushels, compared with 6,184,868 in the previous year. Terminal revenues increased with the larger handling but operating expenses also were up with the result that net earnings were about the same as a year ago. Payments of \$236,726 were made to the parent organization for diversion premiums, allowances for screenings, management fees and interest. No capital additions were made to the plant throughout the year. Net earnings were \$30,748 after provision for income taxes of \$30,554.

Interior Feeds Limited is a grain marketing organization, operating entirely within the province of British Columbia. The grain marketed comes principally from the Peace River area with the remainder, in very limited quantities, from Creston. Conditions for the marketing of feed grains were favourable and the company had an



excellent year. Purchases from growers amounted to 1,621,225 bushels of wheat, oats and barley, compared to 2,371,265 of the same grains a year ago. Reduced volume led to an active market, with better price spreads and more rapid movement of the grain. These conditions made possible operating earnings of \$32,488, the best showing yet for this company. Payments to the Alberta Wheat Pool for elevator handling charges, storage, interest and other services, amounted to \$78,685.

Operating Results

This is a consolidated report on the operations of the Alberta Wheat Pool, Victoria Elevator Limited and Interior Feeds Limited. Net earnings before income taxes were \$4,896,435 after making provision for normal capital cost allowances of \$1,002,546 and special capital cost allowances of \$25,019.

The year was exceptional in many respects and amply demonstrated the effect of large volumes on net earnings. Country elevator revenues reflected the exceptional handlings and shipments and the high degree of utilization of storage capacity. Terminal revenues also followed the same pattern. The seed division and the subsidiary companies enjoyed a favourable year. On the other hand, expenses did not increase proportionately. The cost of the various expense items continued to rise but with the larger volume of grain, expense per bushel was actually considerably less than the year before. The net earning is the largest in our history.

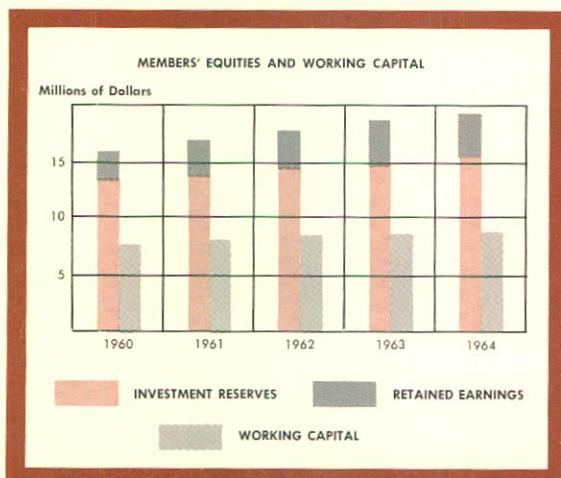
As in previous years the policy of revolving members' reserves was continued and with this practice the ownership of the Pool organization is kept in the hands of active farmers. When members, through disposal of their lands and retirement from farming, have no further use for elevator services, or reach designated age categories, their reserves are purchased by the Pool in redemption of its liability to them. These purchases this year amounted to \$828,000. Reserves, amounting to \$1,800,000, were issued to member patrons of the previous year. As a result of these purchases and issues, the liability of the Pool to its members was increased to \$15,683,000. The redemption of all or any part of this liability is subject to policies laid down from time to time by the delegates. In addition to increased equities in the Organization, patrons of the 1962-63 season received \$1,121,000 in cash patronage dividends making a total distribution from the earnings of that year of \$2,921,000.

Capital expenditures during the year were \$1,218,111 for buildings, properties and operating machinery. \$176,116 was spent for new equipment making a total for capital purposes of \$1,394,227. For the first time in several years capital expenditures exceeded the combined total of depreciation taken and the proceeds of disposal of capital assets.

Properties

During the year 8 elevators were dismantled or sold, 3 were converted to twin houses and the Falher #2 elevator was destroyed by fire. Six elevators were built by Pool crews and three more were under construction at the end of the year, none of them at new shipping points. No elevators

were affected by railway line abandonment throughout the year, but five shipping points were abandoned where the patronage did not justify continuation of elevator services and where alternate delivery points were available. Total country capacity was increased by 529,500 bushels. At the end of the year the country elevator system consisted of 543 elevators, with 603 annexes and storage sheds having a combined capacity of 42,875,500 bushels or 33.5 per cent of the licensed country elevator space in Alberta and British Columbia. Pool crews also built 8 agents' dwellings, 9 cribbed annexes and 23 storage sheds for fertilizer. Surplus properties were sold for a total of \$42,525. These changes, together with a steady programme of maintenance and renovations, have kept the properties in excellent shape.



In addition to the country elevators and annexes, the Pool owned at the year end 388 employees' dwellings, 3 seed cleaning plants, 86 seed and fertilizer warehouses and sheds, 18 flour sheds and 12 coal sheds not otherwise used, 2 warehouses for construction purposes, 3 terminal elevators, an office building and parking lot.

Public Relations

When the Pool originated a large proportion of the population lived on farms. Many of those who lived in the towns and cities had strong ties with the land and had a good understanding of the problems of the farmer and the industry of agriculture. This was evidenced by their active help and support during the formative years. Now the picture has greatly changed. With the technological revolution in agriculture the farmer's productivity increased spectacularly. Fewer and

fewer people are required to produce food and this has forced a large proportion of the farm population to move to towns and cities and seek other employment. The cumulative effect of many years of this gradual process is a dangerous apathy toward the problems of the farmer. At the same time his political significance declined as his numbers decreased.

The efforts of your Public Relations departments will continue to be directed toward informing members about the Pool and emphasizing to all farmers the great importance of strongly supporting their organizations. Increasing attention will also be given to the non-rural communities in an effort to restore the same measure of sympathetic understanding and support which farm people once enjoyed.

Staff

Staff 'fringe' benefits are continually becoming a larger part of the employees' reward for satisfactory service and now represent a very heavy expense to the employer. The Pool recognizes an obligation to provide good working conditions and remuneration fair to all concerned. The extensive revision of the Retirement Pension Plan, which now provides for pensions comparing very favourably with others available in Canada, is ample demonstration of this. In return each employee is expected to discharge fully his responsibility to do the best job he is capable of.

Awards, recognizing 25 years of service, were made to 21 employees. Two hundred and sixty-five employees have now received such awards and of this number 123 are still with us. Two employees this year completed 40 years of service with the Pool and one more will do so in the coming year.

The important contribution made by the staff to the successful progress of the Pool was recognized by the payment of a generous year-end bonus. However, appreciation for a job well done cannot be fully conveyed in monetary terms alone. I take this opportunity to express my personal thanks for the accomplishments of the staff during the past year.

Respectfully submitted,

General Manager.



ALBERTA WHEAT POOL BUILDING, CALGARY

Clarkson, Gordon & Co.
Chartered Accountants
Calgary

AUDITORS' REPORT

To the Members of
ALBERTA WHEAT POOL

We have examined the consolidated balance sheet of Alberta Wheat Pool and subsidiary companies as at July 31, 1964 and the statements of consolidated earnings, consolidated earnings retained from prior years and factors affecting working capital 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.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the organizations, the statements mentioned above are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Alberta Wheat Pool and subsidiary companies at July 31, 1964, the results of their operations for the year then ended and the factors affecting working capital during the year, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Calgary, Alberta.

October 20, 1964.

CLARKSON, GORDON & CO.

Chartered Accountants.

ALBERTA W and Subsidiary

CONSOLIDATED

AS AT JULY 31, 1964 and

ASSETS

	1964	1963
Current:		
Cash in banks, on hand and in transit	\$ 351,114	\$ 387,619
Stocks of grain (Note 2)	41,107,750	40,037,439
Stocks of seed and supplies (Note 3)	766,328	710,156
Advances on grain	42,543	23,526
Accounts receivable	1,332,906	1,202,386
Accrued items receivable	136,312	103,346
Prepaid expenses	473,587	485,098
Total current assets	<u>44,210,540</u>	<u>42,949,570</u>
Fixed — at cost:		
Buildings, sites and operating machinery	32,777,938	31,826,404
Less accumulated capital cost allowances	<u>23,453,389</u>	<u>22,637,122</u>
9,324,549	9,189,282	
Uncompleted construction (see contra)	570,966	198,083
9,895,515	9,387,365	
Elevator and office equipment, autos, trucks and miscellaneous equipment	665,614	658,327
Less accumulated capital cost allowances	<u>402,962</u>	<u>395,033</u>
262,652	263,294	
Net fixed assets	<u>10,158,167</u>	<u>9,650,659</u>
Investments — at cost:		
Shares in affiliated companies	293,830	118,670
Grain Exchange memberships and Trade associations	11,152	10,152
Co-operative associations	1,053	926
306,035	129,748	
Other:		
Deferred accounts receivable	50,468	141,802
Claims	313,783	313,783
Excess of cost of investment in subsidiary company over book value at date of purchase	<u>155,420</u>	<u>155,420</u>
519,671	611,005	
\$55,194,413	<u>\$53,340,982</u>	

See accompanying notes to consolidated financial statements.

HEAT POOL

Companies

BALANCE SHEET

Comparison with July 31, 1963

LIABILITIES

	1964	1963
Current:		
Outstanding cheques, cash tickets and orders	\$ 7,849,946	\$ 6,121,939
Bank loans (secured)	6,680,000	9,860,000
Call and short term loans	3,812,695	5,988,437
Loans from members	9,053,226	6,627,465
Accounts payable	1,678,211	1,433,171
Construction commitments (see contra)	570,966	198,083
Income tax payable	44,340	30,258
Mortgage debenture instalment due February 1	416,667	416,666
Accrued items payable	352,472	322,343
Growers' outstanding payments	125,858	133,658
Net earnings — current year (Note 4)	4,896,435	3,190,941
Less estimated minimum income tax (Note 5)	(111,090)	(74,841)
Total current liabilities	<u>35,369,726</u>	<u>34,248,120</u>
Deferred:		
4½ % mortgage debentures		<u>416,667</u>
Reserves and Surplus:		
Reserves (Note 6) —		
Authorized	<u>\$20,000,000</u>	
Issued to members —		
Members' investments	15,683,365	14,712,152
Surplus —		
Retained from earnings of prior years	3,504,787	3,362,269
Arising from disposals of properties	636,535	601,774
	<u>19,824,687</u>	<u>18,676,195</u>
Contingencies and Commitments (Notes 9 & 10)		
	<u>\$55,194,413</u>	<u>\$53,340,982</u>

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED EARNINGS

	Year ended July 31	
	1964	1963
Operating revenues (Note 7)	<u>\$17,147,426</u>	<u>\$13,220,241</u>
 Deduct:		
Elevator and seed plant operating expenses	4,528,304	4,154,963
Office, administration and supervisory expenses	2,407,413	2,253,711
Terminal elevator operating expenses	1,790,799	1,558,196
 Contribution to employees' pension plan —		
re past services	1,277,589	
Interest charges	<u>1,219,321</u>	<u>1,052,770</u>
 	<u>11,223,426</u>	<u>9,019,640</u>
 Earnings before capital cost allowances	5,924,000	4,200,601
Capital cost allowances	<u>1,027,565</u>	<u>1,009,660</u>
 Net earnings for the year before income tax	<u>\$ 4,896,435</u>	<u>\$ 3,190,941</u>

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED SURPLUS RETAINED FROM EARNINGS OF PREVIOUS YEARS

	Year ended July 31 1964	1963
Balance at beginning of year	\$ 3,362,269	\$ 3,248,590
Less sundry adjustments	<u>259</u>	<u>447</u>
	<u>3,362,010</u>	<u>3,248,143</u>
 Add:		
Earnings from the previous year	3,190,941	2,787,769
Less patronage dividends:		
In cash	1,121,083	1,465,538
In members' investments redeemed	828,811	929,736
In members' investments increased	<u>971,075</u>	<u>189,620</u>
	<u>269,972</u>	<u>202,875</u>
Less income taxes paid	<u>127,195</u>	<u>88,749</u>
	<u>142,777</u>	<u>114,126</u>
Balance at end of year	<u><u>\$ 3,504,787</u></u>	<u><u>\$ 3,362,269</u></u>

See accompanying notes to consolidated financial statements.

1963-1964 FACTORS AFFECTING WORKING CAPITAL

Working Capital, July 31, 1963	\$ 8,701,450
1962-63 Earnings (Note 8)	3,190,941
Operating Earnings, 1963-64, before capital cost allowances	5,924,000
 Proceeds of Disposals —	
Buildings and Operating Machinery	138,704
Equipment	92,665
Capital Gains	34,761
Return re Winnipeg Office Investment	667
Decrease in Deferred Accounts	91,334
	<hr/>
	\$18,174,522

1963-64 Net Earnings held Pending Disposition	\$4,785,345
New Buildings and Operating Machinery	1,218,111
New Equipment	176,116
Patronage Dividends Paid in Cash	1,121,083
Members' Investment Reserves Purchased	828,811
Payment on Debentures	416,666
Funds Provided for Completion of Construction Program	372,882
 Income Taxes Paid or Provided for —	
1963 — Dominion of Canada	127,022
1964 — Dominion of Canada	111,090
1963 — Province of Ontario	173
Increase in Investments	176,287
Sundry Adjustments	122
Working Capital, July 31, 1964	\$ 8,840,814

1963-1964 NOTES TO FINANCIAL STATEMENTS

July 31, 1964

- NOTE 1 The consolidated financial statements include the accounts of the Alberta Wheat Pool and its wholly-owned subsidiary companies, Alberta Pool Elevators Limited, Victoria Elevator Limited and Interior Feeds Limited.
- NOTE 2 Stocks of wheat, oats and barley have been valued at Canadian Wheat Board delivery prices and stocks of other grains at market or open sales contract prices where applicable. Allowance has been made for handling and other charges.
- NOTE 3 Stocks of forage and cereal seeds and other supplies have been valued at lower of cost or market, or where applicable, at open sales contract prices less costs of handling.
- NOTE 4 Current year's net earnings, less estimated minimum income tax, are shown as a current liability pending action by the delegates at the annual meeting regarding patronage dividends.
- NOTE 5 Income tax has been provided on the current year's earnings at the estimated minimum amount under the provisions of the Income Tax Act.
- NOTE 6 Ownership in Alberta Wheat Pool is by investment in the reserves of the organization. Funds to make this investment have been provided from patronage dividends. Effective March 26, 1964 the authorized reserves were increased from \$15,000,000 to \$20,000,000 by amendment of the Alberta Wheat Pool Act, 1929.
- NOTE 7 Revenues accrue from grain and seed handlings, terminal operations and diversion premiums, carrying charges, storage and interest, rentals from office building and agents' dwellings, etc.
- NOTE 8 Earnings of the previous year, after provision for income tax, were made available for distribution in the current year giving effect to action taken at the last annual meeting. See also Note 4.
- NOTE 9 The Alberta Wheat Pool is contingently liable in respect of notes discounted by Western Co-operative Fertilizers Limited to a maximum of \$1,666,666, and in addition has undertaken to purchase bonds of that company to a maximum of \$7,000,000.
- NOTE 10 Based on an actuarial evaluation of the Employees' Pension Plan as at January 1, 1964 the Alberta Wheat Pool has an unrecorded liability of approximately \$1,000,000 at July 31, 1964 in respect of past service benefits.
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1923-1964 SOURCE AND APPLICATION OF FUNDS

SOURCE

Depreciation and Capital Cost Allowances	\$23,856,351
Members' Investment Reserves	15,683,365
Earned Surpluses Retained	3,504,787
Capital Surpluses from Properties	636,535
	<u>\$43,681,038</u>

APPLICATION

Elevators, Terminals, Cleaning Plants and other Properties	\$33,348,904
Elevator and Office Equipment, Automobiles and Trucks, Miscellaneous Equipment	665,614
Excess of Cost of Investment in Subsidiary Company	
over Book Value at Date of Purchase	155,420
Investments in Affiliated Companies and Miscellaneous Memberships	306,035
Deferred Accounts	364,251
Working Capital	8,840,814
	<u>\$43,681,038</u>

RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Dividends	Earnings Retained
1964	87,053,840	\$17,147,426	\$11,223,426	\$1,027,565		(See Note 4)
1963	70,765,924	13,220,241	9,019,640	1,009,660	\$2,920,969	\$142,777
1962	60,104,981	12,913,333	9,018,268	1,107,296	2,584,894	114,126
1961	59,802,637	13,929,055	9,830,341	1,238,306	2,526,905	177,518
1960	59,849,309	12,724,923	9,068,946	1,229,468	2,192,499	124,074
1959	61,980,782	12,709,152	8,254,234	1,146,324	3,083,089	100,523
1958	56,888,650	11,553,430	7,804,335	1,383,490	2,185,165	82,168
1957	61,457,190	10,586,430	7,272,755	2,020,860	1,033,444	142,208
1956	54,220,106	9,304,240	6,516,206	1,745,227	746,925	162,018
1955	55,429,377	9,076,597	6,255,963	1,487,356	1,116,275	118,623

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
1964	543	\$34,014,518	\$44,210,540	\$35,369,726	\$8,840,814	\$3,504,787
1963	548	32,682,814	42,949,570	34,248,120	8,701,450	3,362,269
1962	559	32,131,549	31,124,651	22,494,865	8,629,785	3,248,590
1961	563	31,227,253	43,424,884	35,247,611	8,177,273	3,071,203
1960	567	29,921,931	48,680,149	40,615,283	8,064,866	2,947,844
1959	533	27,470,298	44,521,860	37,189,985	7,331,875	2,847,628
1958	533	25,218,934	41,333,292	33,959,572	7,373,720	2,765,591
1957	533	24,105,592	40,373,295	31,409,903	8,998,392	2,623,331
1956	526	22,840,802	42,601,104	34,628,447	7,972,657	2,453,483
1955	523	19,829,873	39,238,425	32,374,102	6,864,323	2,351,200

Yellow, mellow, ripened days,
Sheltered in a golden coating;
O'er the dreamy, listless haze,
White and dainty cloudlets floating;
Winking at the blushing trees,
And the sombre, furrowed fallow;
Smiling at the airy ease,
Of the southward flying swallow.
Sweet and smiling are thy ways,
Beauteous, golden Autumn days.

— Will Carleton



**CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED
DIRECTORS' REPORT**

1963-1964

October 1, 1964

To the Shareholders

**CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED**

Winnipeg, Manitoba

Gentlemen:

This report, covering the crop year 1963-64, is the fortieth annual report submitted by the directors of Canadian Co-operative Wheat Producers Limited. The report in the main deals with grain production and marketing in the crop year 1963-64. It covers also the activities of the board of directors, the Wheat Pools and affiliated organizations since the last report.

The supplies of wheat for the 1963-64 crop year reached an all-time high of 1,210.7 million bushels. Production and exports of wheat reached a record. Farm deliveries in western Canada of the five principal grains amounted to 735.4 million bushels; a near record, resulting in an increase in the carryover of Canadian grain by 37 million bushels. Wheat producers were unable to deliver all the grain produced and wheat stocks on farms at the end of the year were 56 million bushels above those of the year previous. A basic quota of eight bushels per specified acre was provided for by the Canadian Wheat Board; in addition, on June 22, 1964, a supplementary quota of ten bushels per seeded acre for wheat (other than Durum) was authorized at points in western Canada when the quota at a delivery point reached eight bushels.

Income from farming operations reached \$3,219.1 million, a new all-time high, while farm net income amounted to \$1,717 million, slightly more than two per cent above the 1962 level and thirty per cent above the average for the five-year period 1958 to 1962. The net income reflects the value of inventory changes of \$306 million. The increase in inventory changes includes \$232 million in Saskatchewan, \$95 million in Alberta, and \$2 million in British Columbia, largely accounted for by the higher stocks of grain held on farms.

Trading in future contracts in rapeseed was provided for by the Winnipeg Grain Exchange, commencing September 16, 1963.

Canada's Gross National Product rose about six per cent between 1962 and 1963 and total output in real terms by more than four per cent. At market prices the volume reaches \$43,007 million. The record grain crop contributed greatly to this advance.

Canada's trade with all countries in 1963 reached a record total of \$13,547 million. The large wheat sales helped Canada to reduce its unfavorable international current account balance from \$848 million to \$521 million. The value of wheat exported by Canada exceeded that of any other commodity.

Officially it is recognized that grain output may be lower in 1964 than in 1963 but the additional spending power generated in 1963 by record production and exports will act as a stimulus to the over-all economy for some time.

CENTRAL BOARD

The board of directors of Canadian Co-operative Wheat Producers Limited is frequently referred to as the Central Board. This term has been in use since 1925, when the organization acted as sales agency for the three Wheat Pools. The constitution provides that the three executive officers of each of the Wheat Pools constitute the board of directors. There were no changes on the directorate during the year; the executive officers continued in office. The board, following the usual practice, met twice during the year, in this way acting as a liaison organization for the three Wheat Pools and a clearing house for matters of concern to each of the Wheat Pool organizations.

In this report we can only report briefly on a number of activities which received the attention of your board. In April, 1961, we authorized a study in the field of food utilization to developing countries. Since that time we have reported on the progress of the study. The study, conducted by Dr. Walton J. Anderson, has been completed and widely distributed in pamphlet form under the title "Canadian Wheat in Relation to the World's Food Production and Distribution." We have expressed appreciation to Dr. Anderson and his associates. In releasing this publication our President issued the following statement:

Our concern was that a serious study of some of the questions involved in wheat production and marketing might first help our membership better to understand some of the important and related questions and second provide a basis on which our farmer delegates could improve policies relating to the grain industry.

This report has been prepared by Dr. Walton J. Anderson after more than two years of study by himself and others. We publish it in the expectation that it will stimulate an interest in Canadian wheat production and distribution and related problems. The views expressed are those of the author. We do not necessarily support all of his conclusions; some of them do in fact concern matters about which we have traditionally held sharply differing views. However, we believe its careful study by our own members and by all others interested in the future of the Canadian grain industry and in the welfare of Prairie farmers will benefit both Canada and all Canadians.

The submission made by our organization to the Royal Commission on Taxation, which was part of the joint effort headed by the Co-operative Union of Canada, has been released in booklet form. We believe that the submission contains information which will be of value not only to members and employees of the Wheat Pools but to other students of Canada's grain industry.

We have sponsored, in association with the Co-operative Promotion Board of Manitoba and Federated Co-operatives Limited, fundamental research on co-operation at the University of Manitoba. This research is being conducted by the Economics Division of the Faculty of Agriculture at the University of Manitoba. We have undertaken to support this program on a three-year basis.

Your board of directors studied many phases of the transportation problem which may be created by branch line abandonment as proposed by the railway companies. It has been impossible for the Pools to determine a plan of adjustment without knowing what and when certain lines will be discarded.

We submitted a brief on October 23, 1963, to the St. Lawrence Seaway Authority in which opposition to Seaway tolls was voiced.

INTERPROVINCIAL POOL MEETINGS

Frequent contacts were made during the year by the executive officers of the three Wheat Pools, the purpose being the maintenance of harmony and consideration of policy matters. This worthy objective is furthered by the attendance of the full boards of directors of the three Wheat Pools at Interprovincial Pool Meetings.

During the year two meetings were held — on January 14-15 and July 23-24, attended by directors and executive officers. These meetings

are devoted to the consideration of Wheat Pool policy, to legislation affecting the agricultural industry, to markets and trade policy. The Interprovincial Pool meetings dealt with a variety of matters which are important to Pool members as primary producers.

The meetings urged that the government's freight assistance policy on feed grains moving from the Prairies to eastern Canada and British Columbia be continued. Support was given to the Great Lakes Waterways Development Association in its opposition to tolls on the St. Lawrence Seaway and the Welland Canal. The Pool directors, in these meetings, urged the Government of Canada to give leadership in the reduction of tariff and other trade barriers between nations; requested the Government of Canada to initiate a conference leading to a new International Wheat Agreement; commended the Government and the Canadian Wheat Board for their aggressive grain sales policy during the past year and urged the extension of credit arrangements and concessional sales. They asked the Government of Canada to enact legislation which would provide for the grading of forage crop seeds under the Board of Grain Commissioners.

WESTERN AGRICULTURAL CONFERENCE

The Western Agricultural Conference was held in Winnipeg, January 16-17, 1964. The Conference, as is usual, was attended by representatives of the Federations of Agriculture in the three provinces, the Wheat Pools and United Grain Growers Limited.

The Conference adopted an amended constitution. The amendments set out clearly the objectives of the Western Agricultural Conference and the method by which it is controlled.

The Conference serves the very useful purpose of clarifying resolutions dealing with farm policy which emanate from farm organizations affiliated with the Federations. Following this process the resolutions adopted were placed on the agenda for the annual meeting of the Canadian Federation of Agriculture which was to follow. In all, 45 resolutions were considered: these dealt with various matters affecting life on Prairie farms, including grain marketing and sales policy, the International Wheat Agreement, freight assistance, world trade, price support, transportation, farm credit and taxation.

A lengthy report, prepared by Mrs. Connaughton on behalf of rural women of the Prairies, was read by Mrs. Hughes.

D. A. McNabb, of Manitoba, was elected president of the Western Agricultural Conference, and two of our directors — L. A. Boileau, President of the Saskatchewan Federation of Agriculture, and N. Malm, President of the Alberta Federation of Agriculture, were elected vice-presidents. Five directors of the Wheat Pools attended as delegates while others attended as observers.

CANADIAN FEDERATION OF AGRICULTURE

The Wheat Pools and the Canadian Federation of Agriculture have been closely associated during the life of the Canadian Federation of Agriculture. This close association has been deliberately cultivated; support to the CFA by the three Wheat Pools has been given in various ways. We value the Canadian Federation of Agriculture. It is in this organization that the Wheat Pools come in close contact with other segments of the agricultural industry. Its essential service enables the grain producer to give support to and to be supported by the livestock, dairy and poultry producer in making farm policy and securing its implementation.

The 28th annual meeting the Canadian Federation of Agriculture was held in Charlottetown, Prince Edward Island, January 21-23, 1964. Of the delegates attending seven were directors of one or other of the Wheat Pools. L. A. Boileau and Nelson Malm, two of our directors, were elected to the board of directors of the CFA, as was G. E. Franklin, a director of Manitoba Pool Elevators. Other directors of the Wheat Pools attended the meeting as observers.

In all, 78 resolutions passed the annual meeting, many of them having found their way through the Western Agricultural Conference. Wheat Pool policy found general support in the CFA meeting. Delegates debated at length the matter of trade policy. While grain producers generally support a free trade policy under which purchasing countries may have access to the Canadian market, other producers who look mainly to the domestic market sought a measure of protection. Lengthy debate was finalized in the resolution which we cite:

RESOLVED that the Canadian Federation of Agriculture continue to actively pursue its established policy of urging the government to take aggressive leadership in working for freer and expanding world trade in

industrial products; and expansion of agricultural trade based on realistic understanding of the nature of the agricultural problem of the world, and the necessity of making progress through detailed examination of problems, and consultation and agreement among nations; and

FURTHER RESOLVED that among the best of the solutions to agricultural trade problems is more effective utilization of food producing capacity in a World Food Program to meet the nutritional and developmental requirements of the poorer nations of the world.

J. M. Bentley gave his first presidential address. He said he had been heartened and encouraged by many expressions of support and goodwill. He emphasized that the sale of 500 million dollars of wheat to the USSR had been a great stimulus not only to the agricultural community but to every part of the Canadian economy. He said that labor, manufacturing, shipping, transportation and business generally had been greatly stimulated by this infusion of extra buying power.

On February 26, a delegation of thirty representatives met the Prime Minister and ten members of the Cabinet for the purpose of making the annual presentation to the government in which the views of the CFA are submitted. The Prime Minister termed the annual policy submission, "A very impressive document couched in realistic terms." The CFA reminded the Prime Minister of what it considered to be the role of agriculture in Canada. The CFA said:

As an industry, agriculture has been and remains, in spite of whatever necessary measures that have been taken to improve its position, the most vulnerable, unstable, relatively unprotected industrial sector in the country.

As a group, farmers have shared less in the post-war period in the rising levels of wealth and incomes than any other major group in the country.

The problems of agriculture are the most intractable that the nation has faced.

Most expenditure in agriculture is reflected, in not too long a time, in increasing quality and abundance of food, and lower prices for it.

The amount of money spent on agricultural assistance has, while reaching significant levels at particular periods, been overall quite modest, often nearly non-existent, and always abundantly justified in relation to the nature and persistence of the problems farmers face.

The agricultural sector is a vital one to the health of the economy and most measures designed to improve and stabilize agricultural income have contributed to, not been in conflict with, the public interest.

Among advanced nations Canada spends a relatively small proportion of the national budget on agriculture.

On December 9, 1963, the Canadian Federation of Agriculture made a submission to the Royal Commission on Taxation. In a sense this presentation supplemented what the Co-operative Union of Canada and Canadian Co-operative Wheat Producers had submitted in their brief. The Canadian Federation of Agriculture dealt with the taxable position of the farmer and generally with principles and criteria which should be followed when arriving at taxation policy. In dealing particularly with this phase of taxation the CFA said:

On the whole the tax treatment of farmers is not unfair or discriminatory except in the case of property taxes. Neither do tax provisions unreasonably favor the farmer, who has, with the exception noted, been treated fairly but not with special favor.

An excessively high overall level of taxation is not one of Canada's major national problems. We do not see evidence that the reduction of taxation should be a major objective of policy nor do we think tax policy should be formulated on this explicit or implicit assumption.

Trade and economic policy considerations should govern tariff policy. Tariffs should not be retained for the purpose of collecting revenue. There is in fact a basic case for gradual and continuing reduction of trade barriers.

The planning of taxation and expenditures to counteract excessive fluctuations in the level of economic activity should be accepted as a valid objective of fiscal policy. The conclusion follows from this that a balanced budget in any given year or years must not be regarded as a necessary objective of fiscal policy which overrides the use of fiscal policy in rational economic planning.

It should be accepted as a principle that the burden of taxes should fall as little as possible, directly or indirectly, on food. In the short run at least the incidence of sales and other taxes on food or on farm costs will tend strongly to be on the farmer rather than on the consumer.

Tax policy involves considerations of resource allocation, social equity, welfare, and investment that must all be recognized and taken into account. Purely economic objectives need not always govern over other considerations in decisions regarding tax policy.

There should be no capital gains tax on the property of farmers. To do so would certainly result in inequity and unreasonable disruption of farm enterprises.

In the field of estate taxes our primary concern is to prevent disruption and difficulties in the family transfer of farming enterprises, and specifically:

- a. There is a strong case for raising the level of exemptions.
- b. There should be recognition of the contribution of the farm wife to the estate.
- c. There should be provision for installment payments of estate taxes on farm property.

In the income tax law, farmers have over the years achieved equitable treatment. There are no "concessions" to farmers of which we are aware, but there are necessary provisions for the proper calculation of taxable income related to the problems and characteristics of the farm business. These should be retained.

On December 17, 1963, the Canadian Federation of Agriculture submitted a formal statement to the Federal-Provincial Agricultural Conference. The statement suggested that farm policy in Canada is generally acceptable and pointed out that the need is mainly to improve the policy rather than to initiate major new fields. We support the Federation of Agriculture in the submission it presented to the Conference, a submission which dealt with farm credit, ARDA, marketing legislation, crop insurance, feed grains.

A separate submission was made to the House of Commons Committee on Agriculture and Colonization on December 10, 1963, on feed grain prices and related matters. A submission was made by the CFA to the Minister of Agriculture dealing with farm credit.

An important feature of the CFA program was the Canadian Hog Improvement Conference called by the Federation of Agriculture and held in Montreal, April 28-29, 1964. This Conference was a producers' one and was open only to invited personnel.

Submissions were made by the CFA to the Special Committee of the Senate on Aging, on June 25, 1964, and to the Special Joint Committee of the Senate and the House of Commons on Consumer Credit, on July 7, 1964.

The semi-annual meeting of the board of directors of the Canadian Federation of Agriculture was held in Winnipeg on July 28, 29 and 30, 1964. The meeting endorsed the main proposals contained in a report prepared by the Royal Commission on Health Services. The meeting agreed that Canadians would be able to finance the nation-wide comprehensive health services which the Commission recommends.

The meeting dealt with current international trade negotiations and asked the government to discuss emerging problems of agricultural trade policy with representatives of the CFA.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

At a special conference of the International Federation of Agricultural Producers held in Rome in January 1964, Herschel D. Newsom, President of the National Grange, was elected the new president of the IFAP. He had held this position since August 13, when President B. W. Biesheuvel resigned.

The general conferences of the IFAP are held at 18-month intervals. A year ago we reported fully on the last conference. The next general conference will be held in New Zealand from November 23 to December 3. Our President, Chas. W. Gibbings, and Director E. A. Boden, will attend as members of the Canadian delegation.

The European and North American members of the IFAP held a joint meeting in Washington in May 1964. A digest of the IFAP policy statement which is of particular interest to grain producers is cited as follows:

The basis for IFAP's recommendations is that fundamental differences exist between the situations of the various countries and that, to reconcile these differences, interna-

tional agreements must be negotiated. It is necessary to clarify fully the deep-rooted causes of the disequilibrium between world production and market outlets for grain . . .

There is need to review and revise the International Wheat Agreement. A revised Wheat Agreement should: (1) cover concessional sales as well as commercial trade; (2) provide rules or guiding lines for trade in feed wheat; (3) provide for governments to pay more heed to the recommendations emanating from the annual review of national policies of the International Grains Council whose jurisdiction should cover both wheat and coarse grains.

An international agreement on coarse grains should be concluded to achieve a better balance between world production and market outlets and a more stable and remunerative price for coarse grains entering world trade.

GOVERNMENT POLICY FOR AGRICULTURE

The second session of the 26th Parliament of Canada opened on February 18, 1964. The speech from the throne contained these proposals which deal with subjects of vital interest to the Wheat Pools and their members:

Comprehensive proposals to reform public regulations of the railways, and to facilitate the adaptation of the railway system to present and future needs, will be submitted for your consideration.

A measure will be placed before you to provide for a minister responsible for rural development, in order that my government may carry further its policy of giving increased attention to the needs of agriculture in both eastern and western Canada. You will be asked to consider other measures to assist in the improvement of farms and of farm income.

Minister of Forestry

The Prime Minister, on March 13, 1964, announced in the House of Commons that the government had taken steps to create a Ministry of Forestry and Rural Development. By an Order-in-Council of March 5, 1964, pursuant to the Public Service Rearrangement and Transfer Act, the powers, duties and functions of the Minister of Agriculture under the Agricultural Re-

habilitation and Development Act and the Maritime Marshland Rehabilitation Act were transferred to the Minister of Forestry. The same Order-in-Council also transferred to the Minister of Forestry the administration of the program respecting freight assistance and grain storage costs on western feed grain.

On May 15, 1964, the Prime Minister said the government wished to establish the Department of Forestry and Rural Development. Again on June 25, he said, "It is hoped that we shall be able shortly to bring in legislation which will provide for the appointment of a Minister of Forestry and Rural Development but not for a special minister of eastern agriculture."

Transportation

The diverse problems relating to railway transportation have been of long standing for the grain producers of the Prairies. These problems were highlighted by the efforts of the railways in seeking amendments to the Crow's Nest Pass rates on export grain. In previous reports we have made reference to salient features of the problems which for grain producers centered on the Crow's Nest Pass Agreement and railway line abandonment. We also reported on the action taken by the Wheat Pools in pointing out the interest that the grain producers on the Prairies had in transportation problems and that this interest must be safeguarded. We have previously referred, in summary, to government action to meet these situations.

On May 13, 1959, the Prime Minister announced in the House of Commons that a Royal Commission had been appointed to inquire into the problems relating to railway transportation and the alleviation of inequities in the freight rate structure. The Commission was empowered to inquire into and report upon the problems related to railway transportation in Canada and the causes thereof and to recommend solutions thereto.

Public hearings held by the Royal Commission were concluded in January 1961. The report of the Commission was released in March 1961 and placed before the House of Commons on April 10, 1961. The Saskatchewan Wheat Pool appeared before the Commission in September 1960, when it presented a comprehensive brief in which an historical analysis of railway policy and development and the importance of wheat in the nation's economy was submitted. The Alberta Wheat Pool, Manitoba Pool Elevators, Saskatchewan Wheat Pool and the United

Grain Growers Limited jointly submitted a brief. These organizations were represented by a transportation consultant.

When the 25th Parliament opened on September 27, 1962, the throne speech said Parliament would be asked to approve measures to give effect to recommendations of the Royal Commission on Transportation which had completed its comprehensive analysis of the Canadian railway problem. On the opening of the 26th session of Parliament on May 16, 1963, the speech from the throne said that Parliament would be asked to continue the existing payments to the railways, pending the approval of long-term measures concerning transportation.

On May 15, 1964, the Prime Minister said it was proposed to amend the Railway Act. The Prime Minister is quoted as saying:

"This last Railway Act amendment is too complex a measure for us to expect to complete it before the autumn but we would at least hope to have it, like the pension bill, ready for the committee stage before then. We also hope to proceed with two other railway matters: the C.N.R. financing bill, which is an annual one, and a measure on the capitalization of the C.N.R."

Pending the adoption of the proposed legislation the position had been stabilized for the time being by Order-in-Council No. P.C. 1964-848, which reads as follows:

His Excellency the Governor General in Council, pursuant to subsection (1) of section 53 of the Railway Act, is pleased hereby to further extend until December 31, 1964, the suspension of paragraph No. 2 of Order No. 103860 of the Board of Transport Commissioners for Canada dated February 23, 1961, and to direct the Board of Transport Commissioners for Canada to continue to suspend tariff amendments filed pursuant to the said Order, and require the railways to continue in force the rates that were in effect on November 30, 1960.

The Government of Canada on September 14, 1964, introduced legislation clarifying its transportation policy when the Minister of Transport presented a bill amending the Railway Act, the Transport Act and the Canadian National Railways Act, and repealing the Canadian National-Canadian Pacific Act.

This legislation had been anticipated by your board of directors who recognize that the problem of harmonizing the many interests affected is difficult and involved.

Grain producers on the Prairies will be interested in certain provisions of the legislation now before Parliament, particularly those sections which deal with branch line abandonment, passenger service losses and freight rates. The bill proposes that subsidies amounting to \$500 million over the next 15 years would enable the railways to rationalize their systems.

In introducing the bill, the Minister of Transport pointed out a number of features of the amending legislation which will call for study by farm organizations. He said that the legislation would eliminate freight rate ceilings and substitute minimum rates set by the Board of Transport Commissioners; would establish a branch line rationalization authority to deal with uneconomic lines and a special fund for the next 15 years into which \$14 million annually would be diverted; would provide for a five year project to allow the railways to eliminate losses on passenger service; would maintain the Crow's Nest Pass rates and provide for the extension of the principle of the Crow's Nest Pass Agreement to grain shipments to the Atlantic Maritimes ports, and a \$16.3 million yearly subsidy on western grain exports will be provided while the rates are frozen, and those to the Maritime ports will continue to be frozen and the railways compensated.

The previous Minister of Transport had acknowledged our request that when the proposed legislation is before the Railway Committee of the House of Commons the Wheat Pools would be allowed to appear and state their views. The executive officers of the three Wheat Pools will welcome this opportunity.

Feed Grain Policy

The Minister of Forestry on July 24, 1964, said the government was waiting for the report of the House Committee on Agriculture and the result of certain studies before establishing a permanent feed grain policy, but the government had authorized an interim policy on feed grains. Western grain moved by trucks within eastern Canada will be eligible for freight assistance and the government had decided on a new basis for the payment of freight assistance. The changes now made should therefore permit the most economical transportation of feed grains to their destination. More active competition will lower a number of rates. He said that a permanent feed grain policy must be coherently integrated with overall legislation aimed at the agricultural renovation of eastern Canada.

On August 28 the Minister announced that the amendments would go into effect on September 14, instead of August 31 as previously announced.

Farm Credit Act

The Farm Credit Act was amended by the House of Commons when amending legislation was passed on June 12, 1964. By this amendment the capital of the Farm Credit Corporation was increased from \$16 million to \$24 million. This increase will permit the Corporation to borrow up to \$600 million from the Consolidated Revenue Fund. At the present time the limit of such borrowing is \$400 million. The maximum for supervised loans to farmers was increased from the present level of \$27,500 to \$55,000, and for standard loans from \$20,000 to \$40,000.

Farm Improvement Loans Act

The Farm Improvement Loans Act was amended by Parliament on September 15, 1964. The purpose of the amendment was to increase from \$7,500 to \$15,000 the maximum amount of any loan that may be made under the Act to a borrower together with any amount owing in respect of other guaranteed farm improvement loans. Other purposes of the amendment were to increase from \$400 million to \$500 million the aggregate principal amount of guaranteed loans that may be made in the three year loan period ending June 30, 1965, to provide for a further three year loan period ending June 30, 1968, and to provide that the aggregate principal amount of guaranteed loans that may be made in that period shall not exceed \$700 million.

Agricultural Rehabilitation and Development Act

An announcement was made in the House of Commons on July 6, 1964, by the Minister of Forestry, on the number of Agricultural Rehabilitation and Development Act projects in the five western provinces which had received the approval of the federal government. Projects must be initiated and proposed by the provinces before action is authorized by the federal government. The position at the time of the announcement was as follows:

	PROJECTS PROPOSED	APPROVED
Ontario	28	27
Manitoba	59	49
Saskatchewan	91	85
Alberta	24	24
British Columbia	16	16

Your board recognizes that a great deal of research is required before any project can materialize. We are hopeful that tangible evidence of the benefits to be derived from ARDA will soon be apparent.

Royal Commission on Banking and Finance

The report of the Royal Commission on Banking and Finance was tabled in the House of Commons on April 24, 1964. The recommendations made by the Commission are, we think, generally acceptable and will have little impact on the banking procedures of the Wheat Pools in their function of merchandising grain. Neither, we believe, will the banking services offered to farmers be extended.

Royal Commission on Taxation

We reported at length a year ago that Canadian Co-operative Wheat Producers Limited, in association with the Co-operative Union of Canada, had made a submission to the Royal Commission on Taxation. Believing that our submission would have permanent value dealing as it does with the historical development of the grain trade in western Canada, we have made a supply available in booklet form.

The Commission continued its public hearings until late in January 1964. At this time, a year after making our submission, it would be folly for us to predict what the findings of the Commission may be.

Export Credits Insurance Act.

The Export Credits Insurance Act was amended on June 29, 1964. It was originally approved in 1944 and has been amended from time to time to enable the Export Credits Insurance Corporation to provide facilities in line with current demands.

The present amendment exempts the Corporation from paying income tax. The amendment also increased the amount of liability of the Corporation under contracts of insurance from \$400 million to \$600 million. This legislation has been used to facilitate wheat exports on long-term sales of wheat.

St. Lawrence Seaway Tolls

On June 30, 1964, the Acting Minister of Transport announced in the House of Commons that the governments of Canada and the United States had exchanged notes approving a supplementary agreement between the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation with respect to the St. Lawrence Seaway tariff of tolls. The supplementary agreement provides that:

The date for the entities to report to their respective governments as to the sufficiency of Seaway tolls will be deferred from July 1, 1964, to July 1, 1966, and the developmental period of the Seaway will thereby be extended by two years and will be deemed to terminate at the end of the 1966 navigation season. Accordingly, no change in tolls will be proposed at the present time.

Agricultural Economics Research Council of Canada

We reported previously on the organization of the Agricultural Economic Research Council of Canada which was appointed in October 1962, and the fact that Dr. W. J. Anderson had been appointed director of research on September 1, 1963.

Two additional personnel have been appointed, namely, Dr. W. M. Drummond, formerly economic advisor to the Agricultural Stabilization Board, and Desmond Doran, a graduate student at the University of British Columbia. Dr. Drummond will initially devote his time to a study of existing public policies for agriculture in Canada, while Mr. Doran will assist in reviewing the current and recent Canadian research in agricultural economics and rural sociology.

Among its various projects some priority is being given to an analysis of the economic effects of freight assistance on feed grain. Your board expresses the hope that the study on freight assistance by an independent research personnel may help provide an answer to a controversial question.

Agricultural Stabilization Board

E. A. Boden, one of our directors, continues as a member of the Advisory Committee to the Agricultural Stabilization Board.

A year ago A. H. Turner resigned as a member of the Board to accept the position of Deputy Minister of Agriculture for British Columbia and the vacancy was filled by Dr. S. C. Hudson.

The Board policy is now based on providing a deficiency payment whenever necessary rather than by purchase programs. For the first time since the inception of the Stabilization Board stocks held were revalued at estimated market value, showing a loss of about \$50 million.

Subsidy and deficiency payments amounted to \$46,911,793, and the net costs and payments for the fiscal year 1963-64 amounted to \$124,789,915. During the year seventeen agricultural products were supported.

Canada — U.K. Cereals Agreement

The Minister of Trade and Commerce on April 16, 1964, informed the House of Commons that the Canadian High Commissioner in London had signed an exchange of letters constituting an agreement between the Canadian Government and the Government of the United Kingdom concerning Britain's new production and import policies with respect to cereals. He filed with the House an explanatory memorandum regarding this agreement. It is agreed that the world market for cereals should be improved through the establishment of a better and more economic balance between world supplies and commercial demand. The new British cereals arrangements were introduced on July 1, and cover wheat, wheat flour and the major feed grains. Under this arrangement the British will seek to discourage the growth of domestic cereals production above a level consistent with their stated objective. In addition a system of minimum import prices is to be applied designed to prevent prices in the United Kingdom from falling to very low levels. The minimum import prices for Canadian wheat are well below current market prices.

Sir Harold Woolley, President of the National Farmers' Union of Great Britain, has stated that as a "result of the new minimum import prices there is now a floor below which imported cereals cannot enter the U.K. market," and he warned growers that, "If they sold cereals weak they would be doing themselves and their colleagues a disservice." He pointed out that, "A price penalty would be suffered if production is above the standard quantity and the average prices for the cereal year are below £20 per ton for wheat or £19 for barley." He went on to say: "Much hard work has gone into the new arrangements. We think they make sense. It is now up to all of us as individual farmers to conduct our business in an intelligent manner."

International Wheat Agreement

The Minister of Trade and Commerce informed the House of Commons that the International Wheat Council had made a statement on June 25, about negotiations which are under way leading to a continuation of the International Wheat Agreement. The statement in part reads as follows:

The Council unanimously decided to recommend to member governments that the 1962 International Wheat Agreement, which expires on the 31st July, 1965, should be extended in its present form without amendment. The duration of the extension will be discussed by the Council at its November session but will not exceed two years.

This matter was considered in some detail by the directors of the Wheat Pools in their Interprovincial Meeting held on July 24. Your directors recognize that the world wheat situation can change rapidly and the terms of the Agreement today may be very unsatisfactory in two years: the pattern of production is unpredictable. The following resolution was adopted by the meeting:

BE IT RESOLVED that the Government of Canada be requested to initiate a conference which will be called to negotiate a new International Wheat Agreement which will become effective on August 1, 1965; and

BE IT FURTHER resolved that if the calling of such a conference is deemed inadvisable at this time pending new arrangements which may be made under the General Agreement on Tariffs and Trade, the Alberta Wheat Pool, the Saskatchewan Wheat Pool and Manitoba Pool Elevators will support the Government of Canada in arranging for an extension of the present International Wheat Agreement for a period of one year only.

INTERNATIONAL WHEAT AGREEMENT

The International Wheat Council reports that total sales of 665,542,000 bushels of wheat were recorded by eight exporting countries for the crop year 1963-64. Canada's sales reported were 244,938,000 bushels, which represents 36.81 per cent of total sales. Of the eight exporting countries the United States of America was the only one increasing its percentage of the total sales. The U.S.A. reported sales of 215,530,000 bushels; Australia 87,145,000; Argentina 58,265,000, and France 42,157,000 bushels. The year under review is the second year of the Agreement now in operation.

CREDIT SALES OF GRAIN

It was stated in our last report that agreements for the sale of approximately 400 million bushels of wheat had been concluded between Canada and China, Russia and Yugoslavia, and at that time we commended the Canadian Wheat Board and the Canadian Government for executing these agreements. Now, a year later, we are able to report that terms of the agreements have been met in full. All elements in the Canadian grain trade are to be congratulated for making such an achievement possible: that is, the export of approximately 700 million bushels of all grains. We said it is difficult to assess the effect that these credit sales of approximately 400 million bushels of wheat will make in Canada's business circles. Our optimism has been more than justified.

During the year under review agreements for definite quantities of wheat were completed with four other Soviet satellite countries.

On October 8, 1963, the Minister of Trade and Commerce announced the signing of a three-year trade agreement with the People's Republic of Bulgaria, under which Bulgaria would purchase a minimum of 100,000 metric tons of wheat in each of the three years of the agreement.

On October 29, 1963, the signing of a wheat agreement between Canada and Czechoslovakia was announced. The agreement is for a period of five years during which Czechoslovakia will purchase from Canada about 44 million bushels of wheat.

The Minister of Trade and Commerce announced on November 5, 1963, that he had signed a long term wheat agreement with the government of Poland. The agreement was of three years' duration, during which time Poland will purchase about 44 million bushels of wheat. The credit arrangements were made under the Export Credits Insurance Act.

A long term agreement with East Germany was announced by the Minister of Trade and Commerce on March 6, 1964. He told the House of Commons that the Canadian Wheat Board had concluded a long term wheat agreement with East Germany. The sale of approximately 27.6 million bushels of wheat with shipments over a three-year period from August 1, 1964, to July 31, 1967, were included in the terms of the agreement.

WORLD FOOD PROGRAM

For a number of years we have devoted a section of our report to wheat surplus disposal programs, to the World Food Program, and to schemes designed to make surplus food available to hungry people. It is right and proper that we should include in our annual report a concise summary of efforts being made to raise nutritional standards in many developing countries. The great need that exists has prompted numerous endeavors in seeking a remedy. Your board has expressed the opinion that while there is great merit in a charitable approach, the solution to such a difficult problem as feeding the hungry millions in the world may be found when all the people of a nation share the responsibility in providing adequate measures to relieve famine and hunger in areas of need and for such a period as would enable a country to bring some stability to its own government and economy.

The Wheat Pools have voiced their support to the World Food Program of the United Nations. This program began operations in January 1963, with pledges of \$91 million in food, services and cash volunteered by over 66 nations. The present three-year phase of the World Food Program will expire by the end of 1965. We are informed that before that time the General Assembly of the United Nations will review, early next year, the projects in operation and the United Nations and the Food and Agriculture Organization conference will later determine whether or not the Program will be continued beyond the time limit originally planned.

We believe that Wheat Pool members are not alone in their humanitarian attitude to the world's needy and that similar support comes from the big majority of Canadians. We further believe that our government would receive overwhelming commendation if it offered continued and expanding assistance to the World Food Program.

Our imagination is stirred by the writings of G. B. Masefield, an Oxford University lecturer, in his book "Famine — Its Prevention and Relief." Of the World Food Program, he says it is "In its early stages, avowedly experimental and it is still too new for critical appraisal." In briefly discussing the FAO Freedom from Hunger Campaign, he states: "The conscience of the world has been awakened as never before to the problem of famine."

Mr. Masefield obviously believes that present efforts are steps in the right direction, but he says in his concluding paragraph that, "The age-old threat of famine cannot be conquered until organized humanity has the courage to embark on more adventurous solutions than in the past."

Canadian External Aid

While we have suggested that greater assistance might be provided by Canada to the World Food Program we do not forget that Canada is contributing substantially to the Colombo Plan and to the United Nations and its specialized agencies. The Department of External Affairs reports that by the end of 1961 the total Canadian expenditure on economic aid programs and contributions to certain special aid programs amounted to \$519.36 million and that Canada has contributed a further sum of \$65.18 million to international development agencies in the form of loans and advances. Each of the 111 members of the United Nations is required to pay an assessment which represents a share of the organization's expenses. Canada's share in 1963 was \$2.5

million or 3.12 per cent of the regular United Nations objective of \$78.6 million. Canada's contribution to the United Nations and its special programs for the fiscal years 1945-46 to 1963-64 amounted to \$166,295,000.

The Colombo Plan

The Colombo Plan, established in February 1950, for co-operative economic development in South and South-east Asia, has been supported consistently by Canada. Up to the end of March 1964, Canada appropriated \$464.7 million all in non-repayable grants and goods, equipment and technical assistance which were available in Canada. Canada's shipments of agricultural products under the Colombo Plan amounted to over \$55 million for the period 1951-52 to 1959-60. All of Canada's assistance under the Colombo Plan has been in the form of grants requiring no repayment although loans have been made to some countries in the area. The general forms of assistance are capital projects, industrial commodities, foodstuffs and technical assistance. The emphasis has shifted from foodstuffs to capital assistance as the plan operates.

The sum of \$41.5 million was included in the government estimates for the Colombo Plan in 1963-64. The 1964-65 program is set out in the following release by the External Aid Office:

Economic assistance to countries of the Colombo Plan will be increasing in 1964-65 under the terms of the expanded Canadian Aid Program. A number of projects already underway will be continued or completed during the present fiscal year and larger allocations of funds, both grants and special development loans, will make possible the undertaking of a considerable number of new projects. The separate food aid program will permit a restoration of wheat and flour shipments to Colombo Plan countries at the same levels as in 1961-62. Technical assistance will also be growing, through the provision of more Canadian teachers and technical advisers and the bringing of more students to Canada. On the basis of present commitments, for example, 684 Colombo Plan students are expected in Canada in 1964-65, as compared to 564 in 1963-64.

Food For Peace

No report on the World Food Program could be seen in its proper perspective if the Food for Peace Program of the United States of America is ignored. In the ten years since the United States passed its Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), a total of \$11.4 billion worth of United States agri-

cultural commodities have been delivered overseas. Conceived largely as a means of disposing of farm surpluses in a constructive way, it has evolved as a major tool in the world's fight against hunger. While the basis of the program is economic and political, we have in previous reports acknowledged the broad humanitarian aspects of this program. Broomhall's says:

The future of America's Public Law 480 appears to be in doubt at this moment of writing. Some P.L. 480 contracts lapsed on July 1st and have not yet been renewed. It is known that a powerful block in Congress has been critical of the aid given to many countries under the generous terms of this particular law. Congress is reluctant to continue subsidies on food exports to food deficiency countries under the same terms or to the same extent as heretofore. Against this opposition the government may be reluctant to renew some of the P.L. 480 contracts pending the result of the presidential election.

The value and effectiveness of the program was stated recently by Mr. O. L. Freeman, Secretary of Agriculture of the U.S.A., when he said:

"Under P.L. 480 we have, from its inception, carried out programs to provide food for the hungry and to meet emergencies. We have done this so effectively that famine no longer threatens the free world and further, food supplies provided under this program have been effective in forestalling inflation in nations moving towards industrialization."

WORLD SUPPLIES AND EXPORTS

In keeping with an established practice your board of directors include in this report statistics covering the production and distribution of grain in Canada and the exports made by the principal exporting nations. The information which we submit in condensed form has been gathered from the Dominion Bureau of Statistics, the Board of Grain Commissioners and other authoritative sources.

Supplies

Wheat supplies held by the four traditional major exporters at August 1, 1964, amounted to 2,160.3 million bushels, 6% smaller than the 2,314.3 million bushels available at the same time a year ago. Supplies of wheat in the United States were 1,493.0 million bushels compared with 1,689.8 million on August 1st a year ago. Canada's stock of wheat was approximately 25 million bushels lower at year-end than it was a year earlier.

Exports

Exports of wheat and flour in terms of wheat from the same four major exporters amounted to a record 1,822.3 million bushels, an increase of 32% over the previous record for a complete crop year when 1,377.5 million bushels were shipped in 1961-62, 48% greater than the 1962-63 shipments of 1,234.3 million bushels and 89% larger than the average of 961.7 million bushels shipped in the ten-year period, 1952-53 — 1961-62.

Exports of Wheat and Flour in Terms of Wheat From the Four Principal Exporting Nations

(Dominion Bureau of Statistics)

— in million bushels —

Crop Year	Total	Argentina	Australia	United States	Canada's % of Total	
					Acres	Bushels
1957-58	856.2	77.6	61.9	396.4	320.3	37%
1958-59	939.0	106.2	82.7	455.6	294.5	31%
1959-60	984.7	76.5	117.8	513.1	277.3	28%
1960-61	1,291.6	62.9	198.0	677.5	353.2	27%
1961-62	1,377.5	95.5	219.8	704.2	358.0	26%
1962-63	1,234.3	66.3	186.2	650.6	331.2	26%
1963-64	1,822.3	104.7	274.0	849.5	x594.1	32%

x The figure given above for Canadian exports includes bagged seed wheat.

CANADIAN GRAIN PRODUCTION

The August estimate of the Dominion Bureau of Statistics covering the production of grain in the crop year 1963-64 shows little change from their preliminary estimate issued a year ago.

Grain Production 1963

(Dominion Bureau of Statistics Latest Estimate)

Canada Prairie Provinces

Acres	Bushels	Acres	Bushels
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— in millions —

Wheat	27.6	723.4	27.0	703.0
Oats	9.5	453.1	6.3	304.0
Barley	6.2	220.7	5.9	213.0
Rye	.65	12.8	.58	11.2
Flaxseed	1.7	21.1	1.6	20.3
Total	45.65	1,431.1	41.38	1,251.5

The preliminary estimate released by the Dominion Bureau of Statistics on September 4, 1964, but based on conditions which prevailed at August 15, forecast the production of all wheat at 596.1 million bushels, compared with 723.4 million bushels a year ago, and 479.8 million bushels for the average of the ten-year period 1952-61.

Grain Production 1964

(Dominion Bureau of Statistics
Preliminary Estimate)

— in millions —

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
Wheat	29.7	596.1	29.1	573.0
Oats	8.3	356.8	5.2	206.0
Barley	5.5	169.1	5.2	159.0
Rye	.68	12.8	.62	11.2
Flaxseed	1.9	19.6	1.9	18.6
Total	46.08	1,154.4	42.02	967.8

Farmers' Marketings

The figure which stands out most prominently when reviewing grain statistics for any crop year is that showing the volume of grain marketed by producers. This figure, farmers' deliveries, reflects not only production for the year, but also the volume moved to markets.

In the year under review producers in the prairie provinces marketed 735.4 million bushels of the five principal grains, a volume only exceeded in one previous crop year — the year 1952-53.

Producers' Marketings at Country, Interior Private and Mill Elevators, Interior Semi-Public Terminals and Platform Loadings

— in million bushels —

	1963-64	1962-63	1961-62	1960-61
Wheat	568.8	473.3	305.3	396.2
Oats	49.5	89.0	28.2	37.6
Barley	91.9	80.5	59.3	87.9
Rye	7.9	9.4	3.4	5.8
Flaxseed	17.3	13.5	12.0	18.1
Total	735.4	666.7	408.2	545.6

The Canadian Wheat Board states that approximately 12.7 million bushels of wheat, oats and barley were delivered under their regulations to feed mills.

The Canadian Wheat Board regulations were extended on August 26, 1964, whereby each permit holder is granted permission to deliver grain to feed mills. The order will expire on July 31, 1965.

Approximately 3 million bushels of bagged seed wheat were exported during the year. This figure, based on statistics issued by the Board of Grain Commissioners, is in addition to the volume given in the above table.

CANADIAN GRAIN EXPORTS

The Board of Grain Commissioners in its preliminary review covering the 1963-64 crop season, estimated that 669.2 million bushels of the five principal grains, including flour, were exported. The volume exceeds the previous high of 582.3 million bushels recorded in 1952-53 by some 90 million bushels.

Total Grain and Milled Products Exported

	1963-64	1962-63	30-year Average 1933-34 to 1962-63
— in million bushels —			
Wheat (and flour)	591.1	327.7	261.2
Oats	17.5	20.6	24.8
Barley	41.5	10.5	35.2
Rye	5.5	7.3	5.6
Flaxseed	13.6	12.6	5.5
Total	669.2	378.7	332.3

The volume of wheat exported in bulk in the crop year 1963-64 reached 536.7 million bushels, far exceeding the old record of 354.4 million bushels which has stood since 1928-29. Wheat flour exports in the amount of 54.4 million bushels were the highest in the past ten years. The record of 79.5 million bushels of wheat as flour was set in 1946-47.

The Union of Soviet Socialist Republics established itself as Canada's largest export market, with purchases of 212.2 million bushels of bulk wheat and 21.8 million bushels of wheat flour. Britain, with imports of 106.4 million bushels of the five principal grains and wheat flour, placed that country in second place among the buyers of Canadian grain. Japan remained in third position among Canadian grain importers. Her combined imports of wheat, wheat flour, barley and flaxseed amounted to 57.3 million bushels.

Leading Buyers of Canadian Grain

Sales of Wheat and Wheat Flour, Oats, Barley, Rye and Flaxseed

	1963-64	1962-63	1961-62	1960-61
— in million bushels —				
U.S.S.R.	234.0	—	—	7.5
Britain	106.4	103.3	99.7	108.6
Japan	57.3	48.6	52.3	58.8
China, Mainland	56.0	57.5	91.3	55.1
Germany, Federal Republic of	40.6	35.4	47.8	33.5

CARRYOVER OF CANADIAN GRAIN

The stocks of the five major Canadian grains in all North American positions at July 31, 1964, have been estimated by the Dominion Bureau of Statistics at 772 millions bushels, not greatly changed in total from a year ago. The ten-year average, 1954-1963, is placed at 835.4 million bushels.

Canadian Carryover as at July 31

	1964	1963	1962	Average 1954-63
— in million bushels —				
Wheat	461.4	487.2	391.1	579.1
Oats	179.4	150.3	79.1	127.2
Barley	117.5	89.2	57.8	112.9
Rye	7.1	4.2	3.7	11.2
Flaxseed	6.6	4.0	5.3	5.0
Total - 5 grains	772.0	734.9	537.0	835.4
On farms	312.4	187.5	144.9	324.05
Commercial	459.6	547.4	392.1	510.35

While the stocks in commercial position are lower by approximately 85 million bushels, the stocks held on farms are 125 million bushels greater than a year ago.

Farm Carryover in Canada

	1964	1963	1962
— in million bushels —			
Wheat	120.6	64.7	59.2
Oats	128.9	92.4	56.9
Barley	60.0	29.0	26.3
Rye	1.6	0.6	1.2
Flaxseed	1.3	0.8	1.3
Total	312.4	187.5	144.0

Farm Carryover in the Prairie Provinces

The statistics showing the volume of grain held on Canadian farms point up the fact that practically all the grain was held on farms in the prairies, with Saskatchewan holding over 100 million bushels more grain on its farms than a year ago.

	Manitoba	Saskat- chewan	Alberta	Total
— in million bushels —				
Wheat	3.0	95.0	20.0	118.0
Oats	10.0	60.0	38.0	108.0
Barley	3.0	30.0	25.0	58.0
Rye	0.1	1.0	.05	1.6
Flaxseed	0.15	1.0	0.15	1.30
Total	16.25	187.0	83.65	286.90

FARM INCOME

The Dominion Bureau of Statistics sets out the income position of farmers in its bulletin released on June 1, when it stated that **realized net** income of farmers from farming operations in 1963 amounted to an estimated \$1,410.2 million, down 5.4% from the 1962 total of \$1,490.7 million but up 3.7% from the five-year (1958-62) average of \$1,360.5 million. Although farm **cash** income from farming operations reached a recent record level of \$3,219.1 million in 1963, and income in kind advanced, they were more than offset by a continued rise in farm operating expenses and depreciation charges and a sharp drop in supplementary payments.

Preliminary Estimate of Farm Cash Income in the Three Prairie Provinces

— Dominion Bureau of Statistics —

	1963	1962	1961
— in thousand dollars —			
Wheat	\$576,107	\$511,229	\$468,664
Wheat, CWB Payments	123,968	152,523	122,330
Oats	36,256	25,562	15,752
Oats, CWB Payments	—	4,301	8,928
Barley	66,029	51,019	62,897
Barley, CWB Payments	—	24,244	2,022
Rye	7,556	8,580	4,722
Flaxseed	35,380	46,662	48,800
Rapeseed	11,715	10,127	17,047
Other Crops	43,812	31,137	33,500
Net Cash Advance Payments	11,203	5,916	-34,538
Total Crops	\$912,026	\$871,300	\$750,124
Cattle & Calves	291,944	329,029	318,608
Hogs	96,131	116,772	121,769
Sheep & Lambs	4,319	4,785	5,624
Other Livestock & Products	181,480	173,604	179,648
Total Livestock & Products	\$573,874	\$624,190	\$626,649

Total farm **net** income, which takes into account changes in farm inventories of grains and livestock, amounted to \$1,717 million in 1963, slightly more than 2% above the 1962 total of \$1,678.8 million and nearly 30% greater than the 1958-62 average of \$1,326.6 million. Gains in farm **cash** income and income in kind contributed to the rise in total farm **net** income, but most of the increase can be attributed to a significant build-up in farm inventories of grains in western Canada between the beginning and end of the year as a result of larger crops, especially wheat, in 1963. Although that part of farm **net** income which is represented by inventories is not readily available for spending, it forms the basis of cash advances on farm-stored grain in western Canada and is part of total production for which estimated total expenses were incurred during the year.

Total Net Farm Income

	3 Prairie Provinces	6 Other Provinces	Canada ex. Newfoundland
— in million dollars. —			
1957	\$ 443.7	\$614.5	\$1,058.2
1958	645.3	692.2	1,337.5
1959	591.4	607.9	1,199.3
1960	718.1	621.9	1,340.3
1961	435.2	639.4	1,074.6
1962	997.1	681.6	1,678.7
1963	1,059.8	657.1	1,716.9

The total of farm operating expenses and depreciation charges in 1963 amounted to \$2,180.2 million, nearly 5% above the previous record high of \$2,079.6 million established a year earlier.

PRAIRIE FARM ASSISTANCE ACT

The year 1963-64 was one in which the levies paid under the Prairie Farm Assistance Act exceeded the payments by approximately \$1 million. Total awards made amounted to 38,179, the lowest in eight years. It is a matter of interest that the total payments made under the Prairie Farm Assistance Act exceeded the levy collected by two dollars to one dollar.

1963-64 Crop Year

	1% Levy	Awards	Payments
Manitoba	\$ 1,148,704	13,656	\$3,118,502
Saskatchewan	6,937,953	2,834	982,394
Alberta, Peace River Block & B.C.	2,649,635	21,689	5,572,500
Total	\$10,736,292	38,179	\$9,673,396

1939-40 to 1963-64

	1% Levy	Awards	Payments
Manitoba	\$ 22,093,156	155,767	\$ 29,076,641
Saskatchewan	88,840,364	817,017	217,605,401
Alberta	42,505,695	409,910	91,792,043
British Columbia	—	8,379	1,618,145
Unallocated	4,208	—	—
Total	\$153,443,423	1,391,073	\$340,092,230

CONCLUSION

In our report we have referred to a number of factors which will make the crop year 1963-64 a memorable one for the members of the Wheat Pools. A number of records were broken: the crop harvested and sales of wheat were the highest on record; while the volume of deliveries of all grains has been exceeded in two previous crop years. It was a year in which great expansion was made by the Wheat Pools in providing essential services to their farmer members.

The improved financial position of the grain grower contributed greatly to the prosperity which Canada now enjoys, demonstrating that the health of primary industry is basic to the nation's economy.

The Wheat Pools have demonstrated their worth in years of prosperity and in years of depression. Our members have faced many changing and difficult circumstances with courage and conviction. The need for this approach to farm problems was never greater. As industry and commerce in our nation become more highly concentrated it is inconsistent to suggest that agriculture can obtain a full share of Canada's prosperity if based solely on the individualism of each farmer.

The large crop in 1963 and the broad demand for wheat must not lull farmers into apathy. Good markets and good farm legislation must go hand in hand with good productive techniques. This desirable objective can be achieved through effective farm organization which will assure ex-

panding co-operative services. Your board asserts that efficient and expanding co-operative organization is the way to give bargaining power to agriculture and to bring a fair share of prosperity to farm families.

Respectfully submitted

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W. J. Parker
G. L. Harrold

L. A. Boileau
Harold B. Sneath
N. Malm
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NOTES

ALBERTA WHEAT POOL

1964

