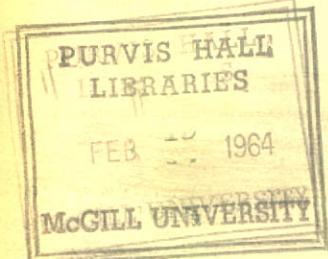


ALBERTA WHEAT POOL

1963

ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY



WHEAT



If there is any one natural product of the earth which more than any other may be taken as a universal symbol of civilization and progress, that plant is certainly wheat, on whose diffusion and culture throughout the world, the general advance of humanity has depended.

— John Speight

ALBERTA WHEAT POOL

Board of Directors

G. L. HARROLD, LAMONT—*President*

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

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

GERALD OBERG, FORESTBURG

KEITH ROSENBERGER, BALZAC

G. W. BRAITHWAITE, RED DEER

FRANK WHITE, SPIRIT RIVER

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 1962 - 1963

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. C. HEAD, *Victoria Manager*
H. K. MOEN, *Winnipeg Manager*
M. G. WOOD, *Edmonton Manager*
R. A. FINDLAY, *Seed Division Manager*

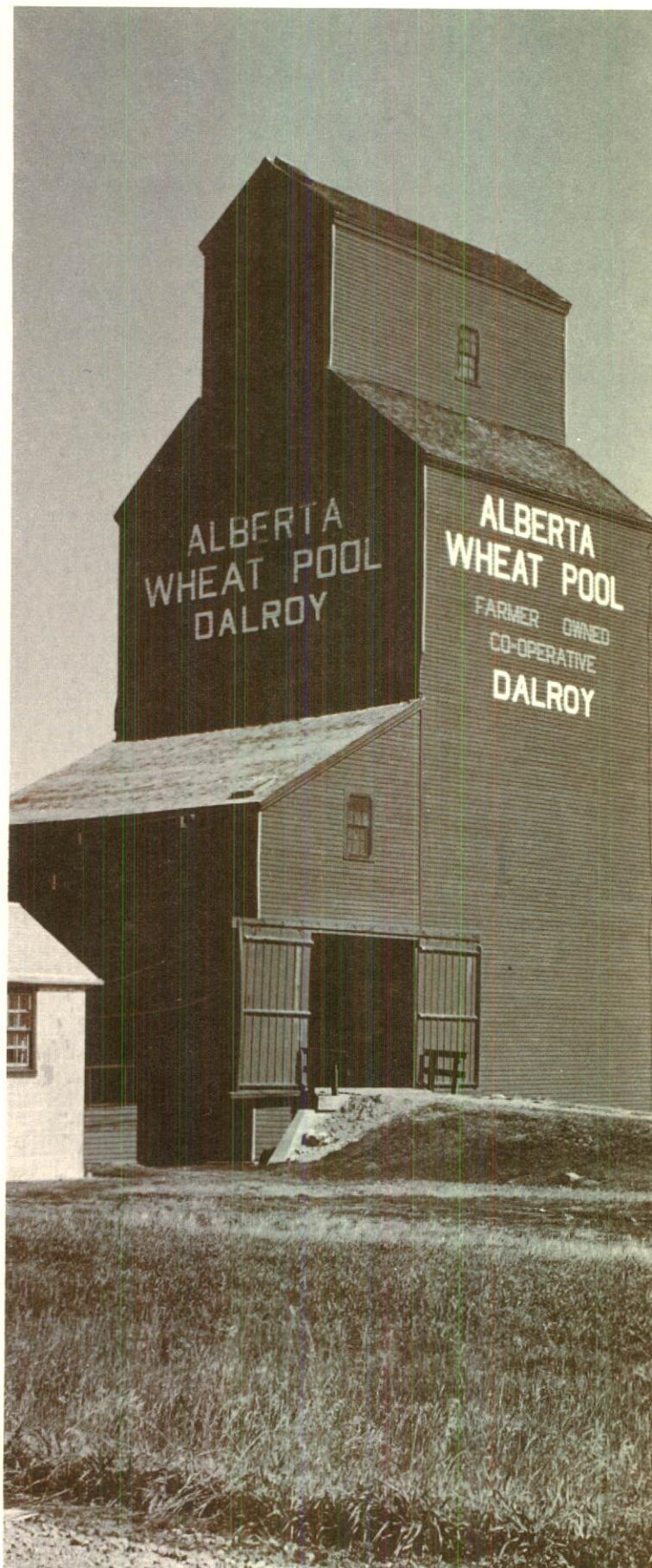
Bankers

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

WHEAT

The worth of wheat!
A boon to Man
Incomparable
Since time began.

—Gates Hebbard



ALBERTA WHEAT POOL LIST OF DELEGATES

LETHBRIDGE — District One

101	Gogolinski, B.	Orion	106	Hallworth, Fred W.	Taber
102	Norris, Fred A.	Warner	107	Erdman, Ralph L.	Barons
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	Noel, Felix H.	Okotoks
203	Coote, Donald H.	Cayley	208	Matheson, Allan D.	Balzac
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	Plumer, William Wallace	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.	Craigmyre

RED DEER — District Four

401	Warwick, Ernest	Oyen	406	Tipman, Joseph J.	Stettler
402	Smith, George F.	Provost	407	Stone, John J.	Alix
403	Hallett, John	Fleet	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	Johnson, Arne	Camrose
504	Flaade, Bennie Alfred	Hardisty	509	Ness, Ingvald	Kingman
505	Lefsrud, Harold	Viking	510	Rasmussen, 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	Clyde	706	McNab, James A.	Beaverlodge
702	Anderson, Hubert N.	Freedom	707	Vandergrift, Lloyd F.	Dawson Creek, B.C.
703	Hallowes, Arthur W.	Sangudo	708	Dufour, Gerard M.	Spirit River
704	Houde, Paul	Falher	709	Bulmer, Amos	Berwyn
705	Gummer, Howard F.	Buffalo Lake	710	Proctor, C. M.	Fairview

1962 - 1963

THE YEAR IN REVIEW

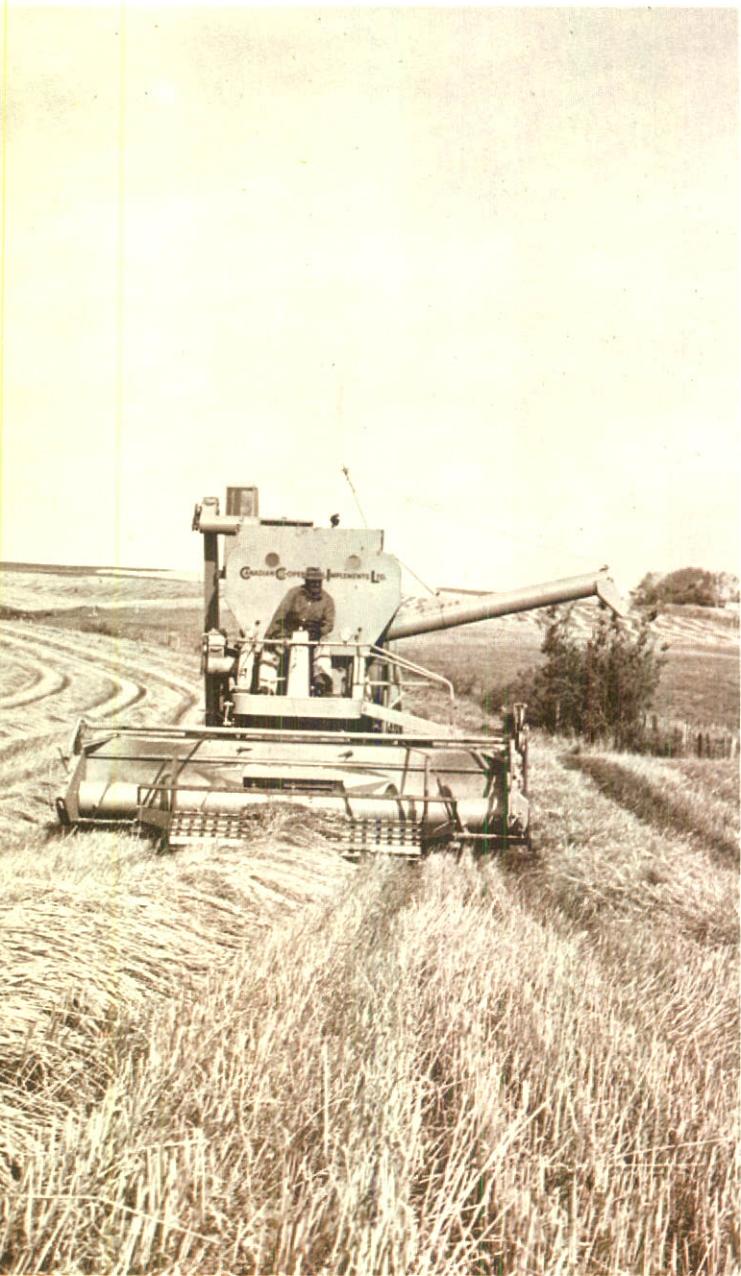
Net Earnings	\$ 3,190,941
Grain and Oil Seed Handlings — in bushels	70,765,924
Forage Seed Handlings — in pounds	8,496,957
Percentage of Alberta Grain Deliveries Handled	42.09%
Gross Value of Board Deliveries and Other Sales	\$87,229,318
Capital Expenditures	\$ 1,030,800
Total Investment in Capital Assets	\$32,682,814
Working Capital	\$ 8,701,450
Patronage Dividends Distributed (out of previous year's earnings)	\$ 2,584,894
Percentage of Member Business in Previous Year	96.8%
Cumulative Total of Patronage Dividends Distributed	\$33,486,199
Cumulative Total of Reserves Purchased from Members	\$15,313,852
New Members	2,330
Total Membership	50,604
Number of Elevators — Country	548
Terminal	3
Elevator Capacities in Bushels — Country	42,346,000
Terminals	10,340,000
Number of Employees	988

COMPARATIVE SUMMARY

	1962-63	1961-62
Handlings — Grain in bushels	70,122,781	58,527,660
Oil seed in bushels	643,143	1,577,321
Forage seed in pounds	8,496,957	16,365,821
Cereal seed in bushels	144,424	158,659
 Gross Value of Deliveries to Canadian Wheat Board and Other Sales	 \$87,229,318	 \$81,043,720
Earnings Before Capital Cost Allowances	\$ 4,200,601	\$ 3,895,065
Net Earnings	\$ 3,190,941	\$ 2,787,769
Available for Patronage Dividends	\$ 3,116,100	\$ 2,717,363
 Current Assets	 \$42,949,570	 \$31,124,651
Current Liabilities	\$34,248,120	\$22,494,865
Working Capital	\$ 8,701,450	\$ 8,629,786
 Capital Expenditures on Properties and Equipment	 \$ 1,030,800	 \$ 1,005,318

Agriculture for an honorable and high-minded man is the best of all occupations or arts by which men procure the means of living.

—Xenophon



Report of Board of Directors

ALBERTA WHEAT POOL

TO FORTY-FIRST ANNUAL MEETING OF DELEGATES

Gentlemen:

We are pleased to report increased use of your Association's facilities during the 1962-63 crop year. Grain handlings were the third highest on record and represented an increasing percentage of grain marketed by Alberta farmers. Our facilities were maintained in good order, services were provided in a manner similar to previous years and an active representation was made throughout the year in matters of concern and interest to our membership and the agricultural industry.

SUMMARY OF OPERATIONS

Grain handlings including rapeseed through country elevators totalling 70,765,924 bushels were 10,661,000 bushels higher than the previous year and have been exceeded only by the years of 1951-52 and 1952-53. Terminal unloads of grain at Vancouver of 49,523,908 bushels were down approximately 1,745,000 bushels from the previous year's record but were supplemented by increased deliveries through our facilities at Victoria to a very satisfactory level. Forage seed handlings of 8,496,957 pounds were only slightly more than half of the previous year's total, reflecting a much smaller seed crop in the province. These handlings resulted in a profitable operation with considerable recovery made on inventory carried over from the previous year's surplus stocks. Rapeseed was again handled during the year on both a pooling and an outright purchase basis, while mustard was accepted on an outright purchase basis only.



Available for disposition from the year's operations are net earnings of \$3,190,941.00 before provision for income tax. This figure has been exceeded only during the 1958-59 crop year.

GRAIN MARKETING

Canadian wheat exports during 1962-63 were as favorable as could be hoped for under the highly competitive conditions of that year. Preliminary figures issued by the Board of Grain Commissioners indicate wheat and flour exports of 327.8 million bushels, and exports of all grains amounting to 378.7 million bushels. These totals show a decline of 27.8 million bushels of wheat and 3.6 million bushels of other grains from the previous year. Canada's largest wheat customers in the year were The United Kingdom, Mainland China, Japan, Federal Republic of Germany, Poland, Belgium, Luxembourg, and the Republic of South Africa, in that order.

Producer marketings in Western Canada of approximately 650 million bushels were the second highest on record. Some unutilized storage space at the beginning of the crop year and maximum use of all facilities during the year made these deliveries possible. Through the quota system producers again enjoyed equitable delivery opportunities.

WHEAT POOL REPRESENTATIONS

Submission on Taxation:

Late in 1962 your Association made preparations for an independent submission, as well as a joint submission with the other two Prairie Wheat Pools, for presentation to the Royal Commission on Taxation. Copies of these submissions have been made available to each delegate. In our presentations we reviewed the present tax status of co-operatives and the manner in which equity, for purposes of taxation, is established between all businesses. In some detail we outlined the structure of co-operatives such as our Association and the important economic and social role played by them in the nation. In addition to direct benefits, we stated, is the important regulatory function they perform as a counter force to abuses arising from a concentration of power in some industries. We thought it opportune to emphasize that our co-operatives are financed, controlled, and owned by Canadians with all benefits of their operations remaining within the country and aiding the national economy. The submission on behalf of Alberta Wheat Pool was presented at the hearing in Calgary on August 22, 1963. The Commissioners, having thoroughly reviewed our submission beforehand, asked numerous questions aimed at ascertaining the true ownership, control and

operation of our Association. The hearing was most courteous and it was generally felt our submission on behalf of the Alberta Wheat Pool and the co-operative movement had been well received and would assist the Commission in its task.

The submission of Canadian Co-operative Wheat Producers Limited was presented jointly with the brief of the Co-operative Union of Canada and five other co-operative organizations at hearings of the Commission in Ottawa, October 3 and 4, 1963.

"At and East" Freight Rates on Export Grain:

As reported to you in each of the last two years, Canada's two principal railways requested and received authorization from the Board of Transport Commissioners for a substantial increase in the rail rates in bulk grain moving from the Georgian Bay and related ports to the Atlantic winter ports. Your Association along with the other two Prairie Wheat Pools again made strenuous protests to this action and the effective dates of these increases have been temporarily postponed to December 31st, 1963.

Railway Branch Line Abandonment:

During the year the Canadian Pacific and Canadian National Railways made further applications to the Board of Transport Commissioners for abandonment of various branch lines in the three Prairie Provinces. One application from each railroad concerning a short branch line in Alberta was heard by the Board of Transport Commissioners in October, 1962. In each case your Association vigorously protested these applications before the Board. To date no rulings have been handed down.

Jointly with the Manitoba and Saskatchewan Wheat Pools we have strongly urged the Federal Government to have hearings of all applications for branch line abandonment delayed until an indication of Government action is made known on the recommendations of the MacPherson Royal Commission on Transportation. At a meeting early in January, 1963, attended by representatives of the Federal Government, the two principal railways and grain handling organizations, a temporary arrangement was made whereby the railways would not request the Board of Transport Commissioners to hear their applications for abandonment pending action by the Federal Government in the form of new legislation. In August of 1963, representatives of the three Wheat Pools met the Federal Cabinet Committee on Transportation and recommended that a railways' rationalization board be established to design a long term program for streamlining freight and passenger service into a more efficient

and lower cost railway plant. We expressed the view that the problem must be looked at in total rather than on an unco-ordinated and piecemeal basis. At the time of writing this report new legislation has not yet been introduced in the House of Commons but is expected at an early date.

Representation was made directly and indirectly on a wide range of other matters during the year which will be reported to you at other times during this meeting.

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 1st, 1963 in excess of 178 million bushels. Under the provisions of this Act the Canadian Wheat Board received \$28,897,431.00 during the 1962-63 crop year which has been allocated as follows:

1961-62 Pool Account	\$16,515,962.00
1962-63 Pool Account	\$12,381,469.00
For a total of	\$28,897,431.00

Prairie Grain Advance Payments Act:

The Prairie Grain Advance Payments Act was also in force during the crop year. This Act provides for an advance to grain producers on the basis of 50c per bushel on wheat, 20c per bushel on oats, and 35c 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 \$3,000.00. 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 \$29,251,526.00 were made to 39,683 producers in the prairie provinces. Of this amount, payments totalling \$5,816,459.00 were made to 9,147 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$2,321,019.00 to 3,388 producers.

Export Credits Insurance Act:

During the year an amendment to Section 21 of the Export Credits Insurance Act made provision for increasing the maximum liability of the Export Credits Insurance Corporation from Two Hundred to Four Hundred Million Dollars. In addition, the funds available to the Corporation for export financing were increased from Two Hundred to Three Hundred Million Dollars. In the current trend toward credit sales of grain in world markets, the provisions of this legislation are of valuable importance to the economy of Canada.

Farm Credit Act:

In November, 1962, the Farm Credit Act was amended to increase the capital of the Farm Credit Corporation from Twelve to Fifteen Million Dollars. This extended the lending capacity of the corporation from Three Hundred to Four Hundred Million Dollars.

THE CANADIAN WHEAT BOARD

The maintenance by Canada of a favorable percentage of world trade in wheat on a commercial basis again reflected the merits of our orderly system of grain marketing as carried out by the Canadian Wheat Board. Markets during the year were generally under pressure with world wheat production at a next-to-record level. Particularly large crops were harvested in the importing region of Western Europe. Canadian exports, while lower, did not suffer the same rate of decline as those of other major exporting countries. Credit arrangements facilitated by the Federal Government, coupled with the promotional activities and energetic pursuit of markets by the Canadian Wheat Board assured Canadian producers of substantial markets during the year.

The wisdom and foresight of Western Canadian grain producers in setting up pooling facilities and urging the establishment of the Canadian Wheat Board and the promotion of orderly marketing of grain on an international basis are becoming more evident each year. The 1963 General Conference of the I.F.A.P. discussed and concluded that we are reaching a new and critical phase in the development of international trade policy and noted there is increasing Governmental interest in the possibilities of international agreements for staple commodities.

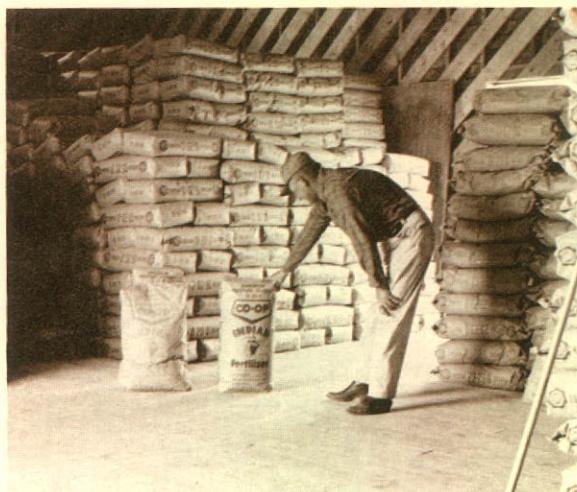
Arising out of this meeting is the possibility that an international agreement for coarse grains will be considered along with renewal of the present wheat agreement when concluded. Your Association maintains an active interest in these developments and is prepared on all occasions to render support.

Following the Federal election in April, 1963, the Canadian Wheat Board was transferred from the Department of Agriculture back to the Department of Trade and Commerce. In October, 1960, when the transfer from its original department was made to Agriculture your Association recognized that the Department of Agriculture was to a considerable degree responsible for policies which would maintain a prosperous and healthy agricultural industry. Performance of the Canadian Wheat Board during that period was commendable. At the same time we realize that the Department of Trade and Commerce, with

its organization and purpose of facilitating export trade and its trade commissioners' offices throughout the world, has many inherent attributes for this task.

ALBERTA WHEAT POOL SEED DIVISION

Handlings of the Seed Division during the 1962-63 crop year reflect the uneven pattern of seed production in the Province. Due to a short crop and intense competition for available supplies our handlings dropped to about 52% of the previous year's volume. As a result of a rising market during much of the year about three-quarters of our stocks were purchased on an outright price basis. Cereal seed handlings were restricted to the provincial market. Fertilizer sales of approximately 9,500 tons were up appreciably from the previous year.



Net earnings of \$267,705.00 resulted from the year's operation of this division, approximately two-thirds of which accrued on inventories brought forward from the previous year.

INTERIOR FEEDS LIMITED

Interior Feeds Limited, a British Columbia incorporated company, entirely owned by our Association, operated for its third year in the domestic feed grain business in the Province of British Columbia. Approximately 2 1/4 million bushels of grain were handled by this Company during the year, mainly through our four country elevators in northern British Columbia. Difficult marketing conditions resulting from a large crop and heavy deliveries by producers, entailing large storage and interest charges amongst other factors, resulted in a net loss in operations of \$4,214.00. 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, B.C., wholly owned by your Association, enjoyed a successful year during 1962-63, its third, as a part of Alberta Wheat Pool. The use of this terminal was entirely devoted to wheat, totalling 6,184,868 bushels. Net earnings of this operation amounting to \$32,033.00 after provision for income tax, reflected the large volume of grain stored and handled by this terminal during the year. The properties were kept in good repair and full capital cost allowances were taken in arriving at our net position. Full details of this Company and Interior Feeds Limited will later be presented to the meeting.

MEMBERS' ACCIDENT INSURANCE PLAN

The experience of the fifth year's operation of the members' accident insurance plan was very similar to that of 1961-62. Three hundred and twenty-three claims were adjusted during the 1962-63 crop year while notices of two hundred and eight other accidents which appear eligible for benefits have been received. Fatal accidents claimed forty-two lives, (thirty-two adults and ten children). There were fifteen cases of dismemberment, and three of lost eyesight. To meet the claims already paid and those which are in the process of adjustment, the sum of \$91,283.00 has been charged to 1962-63 operations. Members continued to take advantage of accident insurance coverage on their workers, 889 being insured during the season. Seven claims amongst this group have been received, three of which have been adjusted to date.

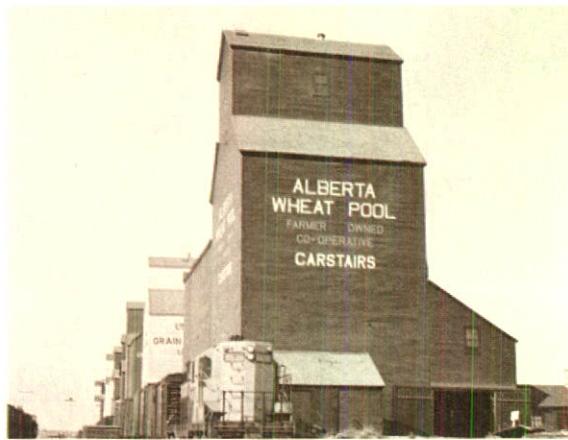
Since the inception of the plan on August 1, 1958, benefits have been paid on 1,464 accidents. These included 158 fatalities, of which 98 were adults and 60 were children. There were 94 cases of dismemberment and loss of eyesight was suffered in 19 accidents. Total charges of \$341,822.00 have been incurred.

CONSTRUCTION AND PROPERTIES

Your Association during the year continued its policy of replacement and good maintenance of its facilities. Authorization was granted for the construction of six elevators and one annex. Provision was also made for nine new dwellings. All properties were kept in good repair and modernization of a number of dwellings was continued. A number of car movers and dust collecting units were installed in country elevators during the year. Some facilities in poor repair and of no further use to us were dismantled for salvage and others were sold.

During the year the permanent closing of our operations at four points was authorized where

low handlings and/or poor facilities did not warrant continued operation or replacement. Near the close of the year authorization for the construction of 23 fertilizer warehouses was granted to enable your Association to improve its services to members in this field.



PUBLICITY AND PROMOTIONAL ACTIVITIES

The loyal support of this Association by its membership throughout its history reflects the Pool policy of keeping its members well informed. Through the reports of the delegates following the annual meeting, the field service department's program and other publicity and promotional activities, the Pool's endeavors are generally well known to its members. Our long-standing publication, "The Budget" was continued, special releases were issued as occasions arose and radio and T.V. programs were maintained throughout the Province similar to the previous year. The Membership Development Program carried on with a total of 63 delegates having active committees, most of which held two meetings during the year.

Affiliation with the Provincial and National Federations of Agriculture and the Farmers' Union and Co-operative Development Association, as well as close liaison with the Farmers' Union of Alberta, was continued.

In these activities we have not been unmindful of the value of maintaining a favorable impression with the public at large. While the results of our efforts are hard to assess, we receive many complimentary remarks about the Association which we believe to be due to the enthusiasm displayed by the membership and staff.

MEMBERSHIP

During the 1962-63 season 2,330 new members were accepted, an increase of 374 over the previous year which also compares favorably

with the preceding five year average annual enrollment of 1,995. This increase resulted in part from the enrollment of 319 Indians of the Blood, Peigan, Blackfoot, Hobbema and Stony Plain Reserves during the year. Previously, deliveries of most of these men had been made under memberships held by the various Indian Agencies. Membership cancellations resulting from retirement from farming numbering 1,243 and 621 memberships were terminated by death. The total membership of 50,604 as of July 31, 1963, was 357 greater than one year earlier.

This is a continuation of the upward trend which has prevailed for several years. It is particularly gratifying in that it also represents an increasing percentage of the commercial farmers of Alberta. This increasing interest in the Association is also evident in our receipts of grain. Deliveries by members in the 1961-62 crop year rose to 96.6%, a level which it is expected will be maintained in the 1962-63 year when final figures are available.

ELECTION OF DELEGATES

During the summer of 1963 elections were held in the even-numbered sub-districts. Twenty-eight delegates were elected by acclamation and elections were held in seven sub-districts. A by-election in sub-district 704 became necessary due to the early resignation of the successful nominee in the general election. This by-election resulted in the election of Mr. Paul Houde of Falher.

IN MEMORIAM

We regret to record the passing since our last annual meeting of four former delegates of our Association.

Mr. George H. Davies of Lloydminster, delegate for sub-district 603 from 1948-55, passed away November 30, 1962.

Mr. Ernest Koehli of Daysland, delegate for sub-district 505 from 1956-60, passed away January 14, 1963.

On March 12, 1963, the death occurred of Mr. J. A. McBride of Byemoor. He served as delegate in sub-district D-5 from 1951-53.

The death of Mr. William Halsall of Killam occurred on July 4, 1963. Mr. Halsall served as delegate for sub-district 506 from 1923-25.

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

STAFF

It is a pleasure to extend our appreciation to the staff for the faithful and valuable services rendered again during the past year.

It has been our objective to provide good working conditions, favorable staff benefits, and training and educational opportunities to attract persons of good character, conscientious in the endeavors of the Association. It is with satisfaction we view the results of these policies.

BOARD OF DIRECTORS

At the first meeting of the Board of Directors of Alberta Wheat Pool held after the 1962 annual meeting, the following officials were elected:—

President	G. L. Harrold
First Vice-President	Nelson Malm
Second Vice-President	Allan J. Macpherson

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

Committees of the Board were also 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 throughout 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 to inspect our Terminal in that City, and most of them were able to attend the annual meetings of the Alberta Federation of Agriculture, the Canadian Federation of Agriculture and the Western Agricultural Conference.



In addition to routine duties the Directors were called upon to spend considerable time on behalf of the Association in various external endeavors.

Amongst the active representations during the year were strenuous efforts to preserve the benefits accruing to our Association from an improved system of allocation of grain shipping orders. During the latter weeks of the crop year the Canadian Wheat Board's provision for the relief of congested elevators was suspended abruptly. This action, we felt, resulted in undue hardship on our Association. You will recall that several years of effort were required to obtain measures more nearly giving grain producers an opportunity to deliver to the elevator of their choice.

Since August 1, 1959, when action was taken by the Canadian Wheat Board, to meet this objective, a gradual improvement has been made in the placement of boxcars at delivery points having congested elevators.

The abrupt suspension of the arrangements for this purpose in the critical closing weeks of the last crop year, seriously reduced the gains made by the members of our Association during that year and to a degree precluded earned gains in the new crop season. The opportunity for the producer "to deliver to the elevator of his choice" has not yet been achieved and we must continue our efforts toward the attainment of this objective.

Canadian Co-operative Wheat Producers:

Canadian Co-operative Wheat Producers Limited continued during the year its traditional role as a liaison and co-ordinating organization for the three Prairie Wheat Pools. Amongst its numerous endeavors on behalf of its members it made representation to the current Royal Commission on Taxation, to the Federal Government respecting railroad branch line abandonment, and to the St. Lawrence Seaway respecting tolls on its facilities. It dealt in various ways with a number of other points of interest and concern, which will be included in its Annual Report to be submitted to you later in this meeting.

GENERAL

In terms of increased production, the Canadian economy performed well in 1962-63. A strong finish is recorded for 1962 with Gross National Product, the value of all goods and services produced in the economy, a spectacular 8 percent higher than one year earlier.

Although the expansion slowed during the first half of 1963, and some minor setbacks in certain sectors were experienced, overall gains continued. Nevertheless, underlying trouble spots in the economy still persist. Even with improvement, unemployment remains high, costs continue to rise, and no lasting solution has been

found for Canada's chronic balance of payments problem.

Western Canadian Agriculture is much concerned over these circumstances and the latter two items in particular. In the export of farm products, of which wheat is the largest single commodity, Western Agriculture makes a large contribution toward a favourable trade balance. Therefore, there is naturally some interest in any measures taken to deal with other areas where imbalances arise.

Obviously, some action is necessary. It is hoped that corrective policies adopted will not result in unduly increased costs for farmers and other business men, nor result in excessive restriction of trade which is vitally important to the welfare of agriculture. A careful approach is necessary in the best interests of the nation as a whole.



Respecting the prairie grain economy, the outlook, at time of writing this report, is highly favorable. Poor harvests in some European and Asiatic countries have opened up, in addition to our traditional markets, outlets for all wheat which it is anticipated can be physically moved into export position during the remainder of the crop season. Of special significance is the market in the U.S.S.R. which developed during September.

The immediate benefit of current and foreseeable sales of Canadian wheat in all markets is of immense value to producers and indeed to the entire Canadian economy. The current situation also holds forth the promise of increasing world trade in wheat and other food stuffs. In modern society famines, or the risks of famine, appear to be no longer politically tolerable, and this in turn gives rise to both opportunities and responsibilities of an economic and humanitarian nature. The prairie grain producer has never been impressed with any suggestion of curtailed production based only on short term market re-

quirements; rather, he is inclined toward intensive and economical production, coupled with strong and forward looking marketing techniques designed to assure adequate food supplies for the world's needs. In the years since Alberta Wheat Pool began operations nothing has occurred to cast doubt on these aspirations.

"THE ROAD AHEAD"

It is a privilege to report on the completion of forty years of operation of Alberta Wheat Pool. From the humble and uncertain beginning of this Association on August 18, 1923, has arisen a list of accomplishments which we feel sure are of great satisfaction to the membership.

The first task at hand, that of pooling members' wheat, lessened to a considerable degree the effect of the daily fluctuations of the market. With the accumulation of funds, and the building and operation of elevators, a sense of confidence was created in the grading, weighing and dockage testing of grain in all country elevators. The experience of pooling and direct selling on some of the major markets of the world inspired our members to persist in the establishment of the Canadian Wheat Board and later, International Wheat Agreements. Coincident with its grain handling endeavours our Association and its sister pools in Manitoba and Saskatchewan, became influential representatives of their members at the conference table at senior levels of Government and in national and international farm and co-operative organizations. Our membership developed a strong sense of purpose and has realized financial and other benefits which were beyond the vision of the pioneer. Today the Pool's assets include the finest grain handling facilities on the prairies, confidence of the membership, the respect of the public and a democratic association devoted to the finest principles of good citizenship.

The success of our operations, events of the past year, and the necessity of constant change, suggest that in this anniversary year, it may be opportune to consider in a broad sense the nature and extent of the future services and objectives of our Association.

In looking ahead we are faced with the conflicting trends in business of specialization on the one hand and diversification on the other.

In current times a degree of integration of associated and somewhat complementary services is evident in most lines of commercial endeavor. While apparently logical from many aspects, organizations involved to any extent in such developments it may be worth mentioning, assume to some degree the role of an investment trust with its various implications. In the case of co-operative endeavors movements in the direction of diversification lead also to some overlapping in services and organization thereby giving rise to some serious questions of purpose. To date our Association, and in a broad sense each segment of the whole co-operative movement, has been orientated toward the provision of useful services within a relatively narrow and specific set of objectives. In the case of Alberta Wheat Pool this has been the handling and marketing of grain and seed in the interest of the producer member. Any major involvement beyond our traditional functions holds some prospect of advantage and some risk of becoming a serious encroachment in the fields of endeavor of other co-operatives.

While the accomplishments of the past are gratifying we acknowledge them with a subdued sense of pride, recognizing that there is little room for complacency and certainly none for overconfidence. The task of improvement is a continuing one and increased efficiency in grain handling must remain our primary aim. Improvements to this end may in themselves prove to be a good and sufficient endeavor for an Association such as ours. The nature and extent of any future involvement in services and endeavors beyond those now in effect commands itself to the attention of our Association.

All of which is respectfully submitted.

G. L. Harrold

Nelson Malm

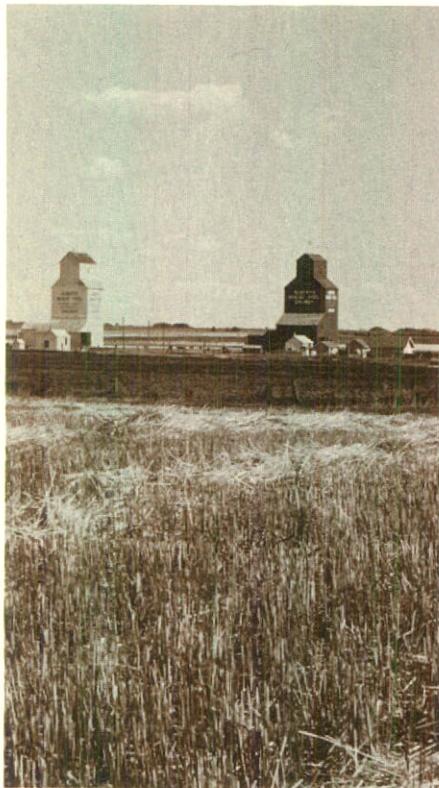
Allan J. Macpherson

Gerald Oberg

George W. Braithwaite

O. Keith Rosenberger

Frank White



Whoever makes two ears of corn, or two blades of grass to grow where only one grew before, deserves better of mankind, and does more essential service to his country than the whole race of politicians put together.

—Swift

Report of the General Manager

ON THE 1962-63 CROP YEAR

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

Gentlemen:

The 1962 Alberta wheat crop averaged 19.3 bushels per acre and production was 112 million bushels compared to only 89 million the previous year. Similar increases were recorded for coarse grains. The wheat yield was better than the long-time average of 19 bushels per acre, but there was a wide variation between districts. While many areas enjoyed excellent crops, dry weather persisted in southern Alberta.

Although interrupted by periodic rainfall, harvesting was completed before the arrival of winter. The delays caused by weather were reflected in the quality of the crop with approximately 50% of the wheat grading number four northern or lower and with many points in northern Alberta having a condition problem. There was no shortage of milling quality oats, but malting barley was in short supply. Adverse harvesting conditions also affected the quality and the yield of most forage seeds.

Canadian wheat exports of 300.1 million bushels were good compared to the ten-year average of 264.3 million bushels, even though there was a reduction of 22.6 million bushels from one year ago, due mainly to the termination of the Chinese wheat agreement late in the season and reductions in sales to West Germany and Japan. Wheat flour clearances decreased slightly.

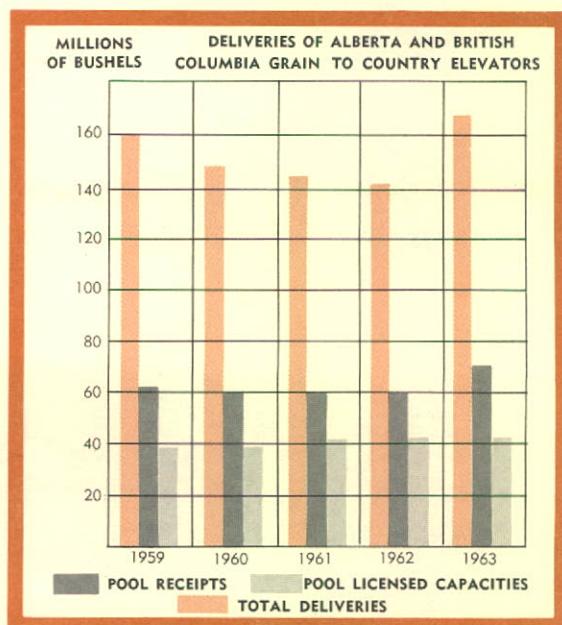
Exports of Canadian oats in 1962-63 totalled 20.6 million bushels, the highest since 1957-58. Poor crops in Europe, together with active U.S. demand, resulted in the good movement, of which 9 million bushels were directed through West Coast ports. This in part helped offset a sharp reduction in exports of Canadian barley, which at 10.5 million bushels were much less than the usual level, due to adequate supplies in the United States and reduced sales to China. Exports of flax seed were little changed from those of one year ago.

At the beginning of the year there was a large amount of available space in country elevators and this, combined with a continuing high level of exports, led to a rapid increase in delivery quotas. Excellent crop prospects, with the consequent need for farm storage, induced

producers to make heavy deliveries in June and July. This caused serious elevator congestion. Nevertheless, the heavy volume of deliveries was accommodated at most shipping points, but it was not possible for the Canadian Wheat Board to eliminate quotas as in the preceding crop year. A quota of 12 bushels per specified acre was in effect at practically all Alberta shipping points at the end of July.

Country Elevator Operations

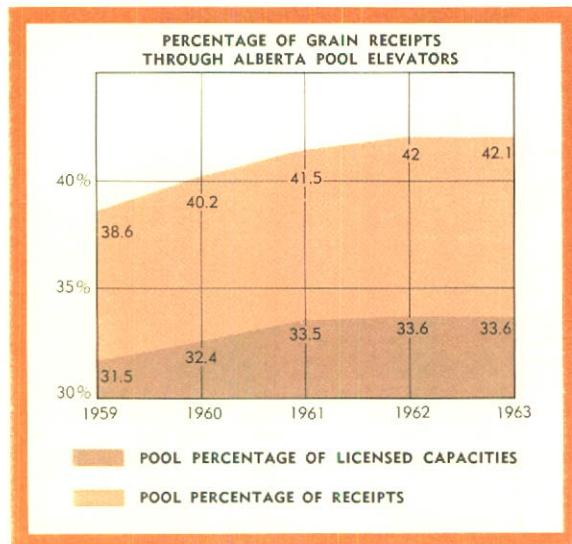
The year started off with inventories of grain in store utilizing only a little more than half the licensed capacities of our elevator system. Inventory build-up was slow and it was not until the last half of the year that receipts began to make gains over shipments of grain. This trend became quite pronounced in the last few months, as crop prospects improved, with the final result that receipts of grain and oil seeds totalled 70,765,924 bushels, a figure exceeded only twice in the records of our Association.



More would have been handled except for the fact that Wheat Board shipping regulations in the last month of the year deprived Pool members of the opportunity of delivering significant quantities of grain to their own facilities. Shipments were restricted from many stations where our elevator was plugged, but others had enough space to take the quota. This was done to force maximum utilization of available elevator space

so that all producers in western Canada could deliver a 12 bushel quota. The effect of this action was to render useless the provisions for the relief of congested elevators and put our plugged elevators out of business. Member dissatisfaction was widespread and the Organization sustained a serious loss of earnings and of percentage of total Alberta handlings.

Our percentage has been rising steadily over a period of several years at the rate of approximately 1 per cent per year, and this pattern again prevailed for the first 11½ months of the crop year. The Board of Grain Commissioners' figures show that at July 17th we had handled 43.16 per cent of the deliveries in the province compared to 42.03 for all of last year. On the basis of previous years' experience it is reasonable to assume that, but for the restrictions imposed, our percentage would have further increased by July 31st. In actual fact during the last two weeks in July, when producers' deliveries to country elevators were exceptionally heavy, our percentage for that period dropped to 33.61. Even more disturbing was the fact that of the last 6,785,691 bushels of deliveries reported by all companies for the year, we received 1,654,613 bushels or only 24.38 per cent. The loss of business in the last two weeks of July, when our elevators were plugged, competitors had space, and we could not get cars, was obviously of major proportion and reduced the percentage for the whole year to 42.09.



Receipts averaged 130,775 bushels for each of the 541 elevators open for business, a substantial improvement over the 108,885 average of the year previous and a significant factor in holding earnings at a satisfactory level. With the heavy volume of receipts, stocks of grains in store at July 31st amounted to 38,000,000 bushels

compared to 23,000,000 at the end of the previous year. Average utilization of storage space for the crop year was at 67.5 per cent of capacity as against less than 60 per cent for the 1961-62 season. The increase in grain in store is reflected favourably in storage earnings.

Grain stocks were checked throughout the year by actual weigh-ups at 221 elevators. The average of only .095 per cent again was evidence of the high standard of weighing by Pool agents.

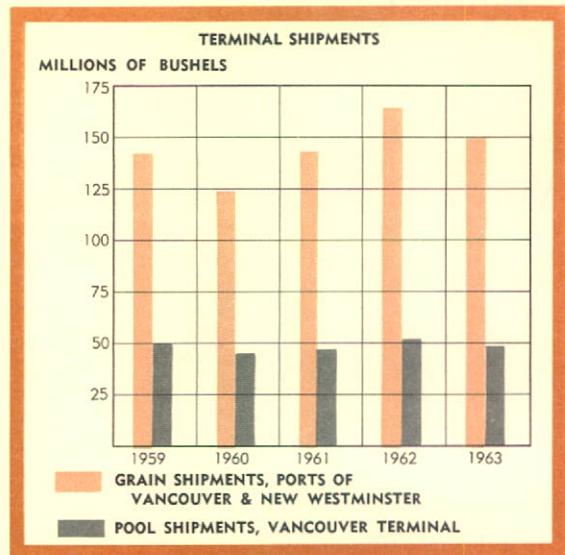
Rapeseed was handled, at the grower's option, on an outright purchase or a pooling basis. The rapeseed market was a confusing one, with reduced domestic production and a strong, though variable, export demand. Prices rose sharply in the last half of the year, but this reflected lack of supplies and few growers were able to take advantage of the strong market. Total handling of this oil seed was 608,570 bushels of which 453,774 was purchased outright and 126,973 was on a pooling basis. The price paid on pooled rapeseed was \$2.10 per bushel.

Sales and Traffic

With the increasing diversity and complexity of our activities, and the larger amounts of grain being directed through West Coast ports, the functions of sales and traffic have taken on greater significance. This department is responsible for export and domestic sales of all non-Board grain; hedging of open market purchases; placing with domestic and export maltsters selected barley for which overquota delivery permits have been obtained; directing and co-ordinating the movement of all grain from the country elevators to the terminals and into ships; claiming for losses of grain in transit and negotiating settlement with the railways; negotiating reduced freight rates which, on seed particularly, already have saved us many thousands of dollars. Officials of this department in the Calgary, Winnipeg and Edmonton offices maintain close, friendly and mutually beneficial contacts with the Canadian Wheat Board, the Board of Grain Commissioners for Canada, the railways, and the rest of the grain trade.

Terminal Operations

Over the past 20 years there has been remarkable growth in the amount of grain moving through West Coast ports. Shipments have varied from 5.3 million bushels in 1942-43 to a peak of 187.5 million bushels in 1961-62. This year's decline to 165.9 million bushels occurred as a result of slackening in export demand at the conclusion of the Chinese sales agreement, and also because of uncertainty over the waterfront labour situation. Receipts at our Vancouver Terminal were 49,523,908 bushels as against the record 51,268,741 bushels in 1961-62.



One of the highlights of the Vancouver operation was the sizeable export of feed oats destined for European markets. Although this was a new development, the terminal handled 3,725,000 bushels without difficulty. The volume of rye also increased in proportion to greater export demand, but still remains small in terms of the total grain movement.

The volume of shipments through Vancouver continues to generate interest in expansion of terminal facilities. The Alberta Wheat Pool, however, has ample terminal handling capacity at the west coast in relation to its country elevators and the amount of business they can secure. Indeed, in spite of diversions from the Saskatchewan Wheat Pool, and others, our terminal periodically operates at less than full capacity. While the grain available to our terminal has moved through the Port without serious interruption, periodic delays are caused by irregular ship arrivals and by the difficulty of assembling full cargoes for the larger ships coming into service. The multiplicity of grades and grains received complicates and slows down the terminal operation and puts space at a premium. For these reasons additional space for storage would increase the export potential.

Serious consideration has been given to the construction of more handling facilities at the Port, but further study is necessary before a decision can be made. At the present time export commitments can be met only by the closest co-ordination between the railways, grain companies and the Wheat Board. Any sustained increase in the westward movement of grain would probably justify the very high capital costs of another terminal with adequate dock and berth

facilities. The Alberta Wheat Pool, however, could not expect to make adequate use of additional facilities without securing more grain either by arrangement with other shippers or through amendments to country shipping regulations, which would allow producers to deliver to the elevator of their choice.

The terminal at Victoria continues to be a valuable part of our grain handling system and each year has demonstrated the soundness of the decision to purchase the company three years ago. Though small in size and out of position, it is a useful supplement to the Vancouver plant and greatly increases our total terminal capacity and earning power.

Regular shipment of grain eastward insured our Port Arthur Terminal of adequate supplies. Total Alberta Wheat Pool shipments to the Lakehead, and other eastern interior points, amounted to 11,795,065 bushels, of which 2,734,050 was malting barley. As in the past, the Port Arthur Terminal was operated by Manitoba Pool Elevators — a most satisfactory arrangement for us. Completion of a new 4,680,000 bushel terminal by Manitoba Pool Elevators will substantially facilitate the eastern grain movement and improve the ability of the joint terminal operation to handle the grain shipped by the two Pools.

Seed Division

Despite a much smaller forage seed crop in 1962, the Seed Division had a net earning of \$267,705. Much of this represented recovery of the previous year's loss by the sale of inventory brought into this year's operations. Stocks of seed, which had been carried over from the previous year, were disposed of at favourable prices as markets strengthened in response to active demand and reduced production.

A total of 8,495,000 pounds of clean forage seed was handled in 1962-63, which is about half of the 16,366,000 pounds accepted last season. A sharp cut-back in production of creeping red fescue, which saw reductions of more than 50 per cent from year ago levels, along with smaller crops of alsike and sweet clover, are the main reasons for smaller handlings.

In view of the reduced supply, there was keen competition to obtain producers' seed. Under these circumstances, the Association's new flexible buying policy, which offers farmers a choice of either pooling or an outright price, proved to be of advantage. As prices rose, more farmers showed a preference for an outright arrangement, and 73 per cent of all seed bought was purchased in this manner.

Active interest in cereal seed prevailed during the past season. Provincial sales showed an increase over the previous year in all seeds except oats.

The use of fertilizer in the province in 1962-63 continued to expand and far exceeded anticipated requirements. As manufacturers were unable to meet the late, unexpected demand this situation affected our Organization and competitors alike, so that many customers had difficulty in securing supplies. Nevertheless, the Pool once again experienced a satisfactory increase in business with handlings at 9,443 tons, some 2,430 tons greater than for last year.

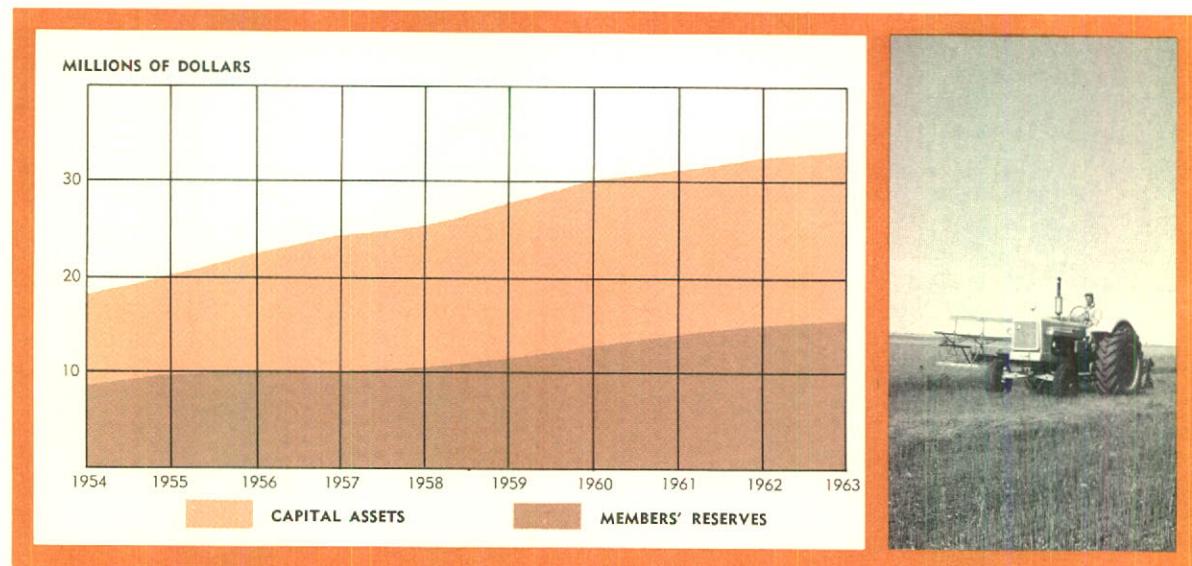
New developments in fertilizer distribution have made it necessary for the Organization to review the approach used in merchandising this commodity. The initial objective was to provide the member with an opportunity for some savings if he was willing to accept the inconvenience of early ordering and taking delivery off car. Even though our share of provincial sales has been small, the regulatory effect of the Pool's entry into this field resulted in substantial savings for members and indeed for all users in Alberta. Since our entry into the business, however, distribution of fertilizer by agents of other grain companies has become an important competitive factor in the grain business. In view of this fact, and as a result of representations by employees and members, it is realized that the Alberta Wheat Pool fertilizer operation needs to be modified to meet changing conditions. Steps will be taken to improve the availability of supplies in the future and to broaden outlets as well as to improve service.

Subsidiary Companies

Subsidiary operating companies of the Alberta Wheat Pool are Victoria Elevator Limited, owning and operating a terminal grain elevator at Victoria, British Columbia, and Interior Feeds Limited, a grain marketing organization operating entirely within the same province and serving the feeding industry.

Grain receipts at the Victoria Terminal amounted to 6,184,868 bushels, consisting entirely of wheat. This compared with 5,115,800 bushels of wheat and 536,700 bushels of rapeseed in the previous year. Revenues were up in keeping with the increase in receipts and expenses were lower due to the handling of one type of grain only. Payments of \$99,627 were made to the parent organization in respect of diversion premiums, allowances for screenings, management fees and interest. No unusual repairs or replacements were required. Net earnings are \$32,033 after provision for income taxes of \$31,758.

Interior Feeds Limited met with more difficult conditions this year and its operations resulted in a loss of \$4,214, recovered in part through the return of income tax paid on the previous year's surplus. The loss was a consequence of the carrying charges paid on the large stocks held in store throughout the year. Stocks were ample in the Peace River area and purchases of grain amounted to 2,371,265 bushels compared with 1,891,938 a year ago. Payments to the Alberta Wheat Pool for elevator handling charges, storage, interest and other services, amounted to \$115,198.



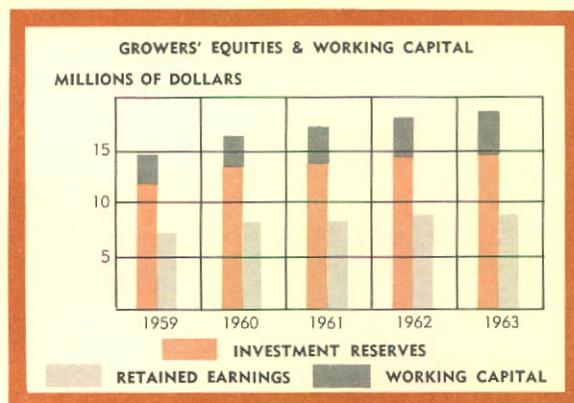
Operating Results

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 \$3,190,941 after making provision for normal and special capital cost allowances of \$1,009,660. Revenue was slightly higher than last year because of larger storage earnings and the good financial showing of the Seed Division. These two increases more than offset the drop in revenue due to heavier than usual grade losses and the lower grain revenues resulting from reduced shipments. Expenses were lower due to the operation of fewer elevators, lower insurance and repair costs and a substantial reduction in seed plant operating costs.

For a period of ten years it was possible to create new grain storage and to recover the capital costs at accelerated rates of depreciation. Full advantage was taken of this privilege during big crop years and the Organization was able to use current earnings to pay for a very substantial increase in plant facilities. The provision was cancelled in 1961, and this is the last year in which this charge against operations will be a significant item. The cost of new construction on which accelerated depreciation was taken has now been substantially recovered and henceforth capital cost allowances will be on a normal basis. Regulations now in effect are such that none of our 1962-63 construction qualified for special consideration.

The ownership of the Association rests in the reserves which the members hold in proportion to their deliveries of grain or seed. Ownership is kept in the hands of active farmers by the practice of revolving the reserves. 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 and, in turn, sold to the active member patrons who pay for the reserves so sold with a portion of their patronage dividend earned on deliveries of grain or seed. The reserves purchased from members during the year amounted to \$929,000 and reserves in the amount of \$1,119,000 were reissued to active members. In addition to acquiring this equity of \$1,119,000 in the Pool, the member patrons received a cash dividend of \$1,465,000. Thus a total of \$2,394,000 in cash was paid to members out of 1961-62 earnings of \$2,787,769. The payment of patronage dividends and revolving ownership have created equities for the present Pool members amounting to \$14,712,000, a liability of the Organization which

will be redeemed in accordance with policy laid down from time to time by the delegates.



Capital expenditures were \$1,030,800, of which \$860,574 was for new buildings, property and operating machinery. No new money had to be found for these expenditures as capital cost allowances taken, plus the value of the assets sold, exceeded the amount spent.

Properties

During the year 13 elevators were dismantled or sold, 4 were converted to twins and 6 built by Pool crews. Manning was the only new point opened. Six shipping points were abandoned where the small amount of business did not justify continuing and where alternate delivery points were available at minimum inconvenience to the members. Railway service was discontinued at Bulwark and the elevator dismantled. At the end of the year our country elevator system consisted of 548 elevators with 605 annexes and storage sheds with a combined capacity of 42,346,000 bushels or 33.6 per cent of the country elevator space in Alberta and British Columbia. A decrease of 73,500 bushels from a year ago resulted mainly from the reduction in elevators from 559 to 548. Pool crews also built 9 agents' dwellings, 1 cribbed annex and began construction of 3 sheds for the storage of fertilizer. Properties no longer needed were advertised and sold by tender for a total of \$53,000. These changes, together with a comprehensive programme of maintenance, repairs and modernization, have kept the properties in excellent shape although the uncertainty surrounding rail line abandonment continues to make intelligent overall planning difficult.

In addition to the country elevator facilities, Pool properties at year end consisted of 392 employees' dwellings, 3 seed cleaning plants, 55 seed warehouses, 24 flour sheds and 11 coal sheds not otherwise used, 2 warehouses for construction

purposes, a parking lot, 3 terminal elevators and an office building.

Public Relations

Until comparatively recently, public relations was not generally recognized as a distinct activity nor was much importance attached to planned effort directed at favourably influencing public opinion of business and industry. Now the picture has changed and public relations is regarded by most successful businesses as a major function. Our concept of a suitable public relations programme has gradually evolved as the Organization matured and won for itself an accepted and important place in the economy of the nation.

At one time hostility of other interests may have been a threat to the Wheat Pool, but this is no longer true. Probably the greatest obstacle to our progress and ability to serve the Agricultural industry is member apathy and indifference. We have a remarkable story to tell but unless we can do so in a more effective manner than in the past, neither members nor the public at large will understand the significance of the co-operative movement nor the importance of the Wheat Pool to the welfare of the industry. A more complete understanding of the Pool's objectives, government and operation would assure general member participation in its affairs and generous patronage of the facilities available. This in turn would make our leadership and representations on behalf of the industry more effective. To this end the Publicity, Field Service and Country Information departments are directing increasing effort, and all employees are expected to make an effort to create a favourable impression of the Pool. The best way to establish a good reputation is to deserve it.

Co-operatives are groups of people who have voluntarily joined together to do their own business or to provide themselves with a service. As such, they represent one of the finest expressions of "free enterprise". They seek no monopoly but recognize that their presence often

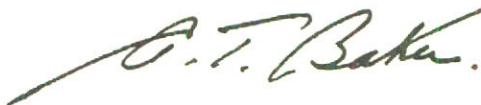
establishes beneficial regulatory effects. They bridge the gap between functions which the individual can perform for himself and those which the state might normally be expected to undertake. Only through his co-operative can the individual hope to compete successfully with big business, monopoly and well organized economic groups. Co-operatives are good for the individual, the community and the country.

Staff

The Organization has continued to fulfil its responsibility to the staff by consistently striving to improve working conditions, by providing adequate staff benefits and opportunity for training and advancement, and by maintaining good labour relations. Appreciation for the efforts of the staff was further indicated in a tangible manner by the payment of a year-end bonus.

This year's operation illustrates the important contributions made by staff. Under conditions of increasing competition, heavy grain deliveries and greater diversification, the quality of the employee and his importance in the success of the Organization become more apparent. I am pleased that past experience has favourably demonstrated the capabilities of the men and women working with the Pool, and I am convinced that this is an indication that the more complex problems of the future will be adequately met and solved. It is my real pleasure to thank the staff for a job well done in promoting the growth and progress of the Alberta Wheat Pool.

Respectfully submitted,



General Manager



Agriculture . . . wherein man receives a real increase of the seed thrown on the ground in a kind of continuing miracle, wrought by the hand of God in his favor.

—Franklin.



ALBERTA W

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CONSOLIDATED BALANCE SHEET

ASSETS

Current:

Cash in banks, on hand and in transit	\$ 387,619
Stocks of grain (Note 2)	40,037,439
Stocks of seed and supplies (Note 3)	710,156
Advances on grain	23,526
Accounts receivable	1,202,386
Accrued items receivable	103,346
Prepaid expenses	485,098
Total current assets	<u>\$42,949,570</u>

1963	1962
\$ 387,619	\$ 205,822
40,037,439	28,190,684
710,156	1,357,827
23,526	38,673
1,202,386	856,399
103,346	80,469
485,098	394,777
<u>\$42,949,570</u>	<u>\$31,124,651</u>

Fixed — at cost:

Buildings, sites and operating machinery	\$31,826,404
Less accumulated capital cost allowances	22,637,122
	<u>\$ 9,189,282</u>
Uncompleted construction (see contra)	198,083
	<u>\$ 9,387,365</u>
Elevator and office equipment, autos, trucks and miscellaneous equipment	\$ 658,327
Less accumulated capital cost allowances	395,033
	<u>\$ 263,294</u>
Net fixed assets	<u>\$ 9,650,659</u>

\$31,237,185
21,936,122
<u>\$ 9,301,063</u>
246,852
<u>\$ 9,547,915</u>
\$ 647,512
374,818
<u>\$ 272,694</u>
<u>\$ 9,820,609</u>

Investments — at cost:

Shares in affiliated companies	\$ 118,670
Grain Exchange memberships	10,152
Seed cleaning plants and associations	926
	<u>\$ 129,748</u>

\$ 108,670
10,152
921
<u>\$ 119,743</u>

Other:

Deferred accounts receivable	\$ 141,802
Claims	313,783
Excess of cost of investment in subsidiary company over book value at date of purchase	155,420
	<u>\$ 611,005</u>

\$ 140,252
313,783
<u>155,420</u>
<u>\$ 609,455</u>
<u>\$41,674,458</u>

See accompanying notes to consolidated financial statements

HEAT POOL

stry Companies

as at July 31, 1963 and Comparison with July 31, 1962

LIABILITIES

Current:

	1963	1962
Outstanding cheques, cash tickets and orders	\$ 6,121,939	\$ 7,247,479
Bank loans (secured)	9,860,000	3,380,000
Call and short term loans	5,988,437	2,426,501
Loans from members	6,627,465	4,251,522
Accounts payable	1,433,171	1,271,032
Construction commitments (see contra)	198,083	246,852
Income tax payable	30,258	21,109
Mortgage debenture instalment due February 1	416,666	416,667
Accrued items payable	322,343	343,784
Growers' outstanding payments	133,658	172,556
Net earnings — current year (Note 4)	3,190,941	2,787,769
Less estimated minimum income tax (Note 5)	(74,841)	(70,406)
Total current liabilities	<u>\$34,248,120</u>	<u>\$22,494,865</u>

Deferred:

4½ % mortgage debentures (Note 6)	<u>\$ 416,667</u>	<u>\$ 833,333</u>
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Reserves:

Members' investment (Note 7)	<u>\$14,712,152</u>	<u>\$14,522,198</u>
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Surplus:

Retained from earnings of prior years	\$ 3,362,269	\$ 3,248,590
Arising from disposals of properties	601,774	575,472
	<u>\$ 3,964,043</u>	<u>\$ 3,824,062</u>

See accompanying notes to consolidated financial statements

\$53,340,982 \$41,674,458

STATEMENT OF CONSOLIDATED EARNINGS

	Year ended July 31	1963	1962
Operating revenues (Note 8)	<u>\$13,220,241</u>	<u>\$12,913,333</u>	
Deduct:			
Elevator and seed plant operating expenses	\$ 4,154,963	\$ 4,305,132	
Office, administration and supervisory expenses	2,253,711	2,187,536	
Terminal elevator operating expenses	1,558,196	1,579,780	
Interest charges	1,052,770	945,820	
	<u>\$ 9,019,640</u>	<u>\$ 9,018,268</u>	
Earnings before capital cost allowances	\$ 4,200,601	\$ 3,895,065	
Capital cost allowances	1,009,660	1,107,296	
Net earnings for the year before income tax	<u>\$ 3,190,941</u>	<u>\$ 2,787,769</u>	

STATEMENT OF CONSOLIDATED SURPLUS RETAINED FROM EARNINGS OF PREVIOUS YEARS

	Year ended July 31	1963	1962
Balance at beginning of year	\$ 3,248,590	\$ 3,071,203	
Less sundry adjustments	447	131	
	<u>\$ 3,248,143</u>	<u>\$ 3,071,072</u>	
Add:			
Earnings from the previous year	\$ 2,787,769	\$ 2,865,001	
Less patronage dividends:			
In cash	1,465,538	642,765	
In members' investments redeemed	929,736	1,172,857	
In members' investments increased	189,620	711,283	
	<u>\$ 202,875</u>	<u>\$ 338,096</u>	
Less income taxes paid	88,749	160,578	
	<u>\$ 114,126</u>	<u>\$ 177,518</u>	
Balance at end of year	<u>\$ 3,362,269</u>	<u>\$ 3,248,590</u>	

See accompanying notes to consolidated financial statements.

1962 - 1963

NOTES TO FINANCIAL STATEMENTS

- 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 4½% mortgage debentures of Alberta Pool Elevators Limited are held by the Bank of Montreal and are payable in two equal annual instalments.
- NOTE 7 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.
- NOTE 8 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 9 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.

1962 - 1963

FACTORS AFFECTING WORKING CAPITAL

Working Capital July 31, 1962	\$ 8,629,786
1961-62 Earnings (Note 9)	2,787,769
Operating Earnings, 1962-63, before capital cost allowances	4,200,601
Proceeds of Disposals —	
Buildings and Operating Machinery	47,695
Equipment	93,929
Capital Gains	26,302
Funds Released from 1962 Capital Program	11,781
Return re Winnipeg Office Investment	698
	<hr/>
	\$15,798,561



APPLICATION

1962-63 Net Earnings Held Pending Disposition	\$3,116,100
New Buildings and Operating Machinery	823,587
New Equipment	170,226
Patronage Dividends Paid in Cash	1,465,538
Members' Investment Reserves Purchased	929,736
Payment on Debentures	416,666
Income Taxes Paid or Provided for —	
1962 — Dominion of Canada	88,576
1963 — Dominion of Canada	74,841
1962 — Province of Ontario	173
Increase in Investments	10,005
Increase in Deferred Accounts	1,550
Sundry Adjustments	113
	<hr/>
Working Capital July 31, 1963	\$ 7,097,111
	<hr/>
	\$ 8,701,450

1923 to 1963

SOURCE AND APPLICATION OF FUNDS

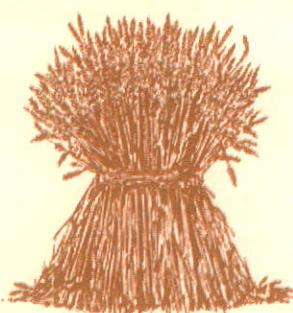
SOURCE

Depreciation and Capital Cost Allowances	\$23,032,155
Members' Investment Reserves	\$14,712,152
Earned Surpluses Retained	\$ 3,362,269
Capital Surpluses from Properties	\$ 601,774
Mortgage Debenture Loan	\$ 416,667
	<u>\$42,125,017</u>



APPLICATION

Elevators, Terminals, Cleaning Plants and Other Properties	\$32,024,487
Elevator and Office Equipment, Automobiles and Trucks, Miscellaneous Equipment	\$ 658,327
Excess of Cost of Investment in Subsidiary Company	
over Book Value at Date of Purchase	\$ 155,420
Investments in Affiliated Companies and Miscellaneous Memberships	\$ 129,748
Deferred Accounts	\$ 455,585
Working Capital	\$ 8,701,450
	<u>\$42,125,017</u>



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, 1963 and the statements of consolidated earnings and consolidated earnings retained from prior years 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 accompanying consolidated balance sheet and statements of consolidated earnings and consolidated earnings retained from prior years 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, 1963 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Calgary, Alberta.

October 9, 1963.

CLARKSON, GORDON & CO.

Chartered Accountants.

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

1962-63

October 10, 1963

To the Shareholders

**CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED**
Winnipeg, Manitoba

Gentlemen:

The directors of Canadian Co-operative Wheat Producers Limited submit their thirty-ninth annual report covering the crop year 1962-63. This report refers to matters of much importance to grain producers in western Canada. We make reference to the pattern of production and marketing, to policies which have a direct bearing on agriculture. Our report also refers to developments in other countries which we anticipate may make an impact on Canada's exports.

The crop harvested in the fall of 1962 was in good volume; however, the quality was adversely affected by frost and wet weather. The carryover of Canadian grain in all positions increased by 200 million bushels over that of a year ago: stocks in North American positions were 11 per cent below the average of the last ten years.

The Canadian Wheat Board quota of twelve bushels per acre enabled most farmers to market all the grain they desired, at the same time leaving little available space in public storage.

Farm cash income reached an all-time high of \$3,149.4 million, six per cent higher than the previous record. The net income of Canada's farm operators, at \$1,630 million in 1962, was substantially higher than that of the previous year, due to the larger grain crop in the prairie provinces; it was the largest net income reported since 1953. Realized net income of farmers from farming operations in Manitoba and Alberta increased by between six and seven percent over 1961, while the realized net income for farmers in Saskatchewan increased by 19 per cent.

The 1963 crop now being harvested promises to be one of the largest on record. A wheat crop in western Canada estimated at 698 million bushels poses many problems. Experience teaches that large stocks of grain should be treated as a national asset rather than as a liability.

Canada's Gross National Product totalled \$40,401 million in 1962, an increase of eight per cent over 1961. The near-record grain crop of 1962 is a contributing factor to this increase.

The strength and stability of Canada's economy; taxation in Canada as it affects business and individuals; and our nation's ability to fit into new trading patterns as they evolve, are matters which have received the attention of your directors. While outside the Wheat Pools' field of operations, these important phases of Canada's life do affect the welfare of every grain producer in western Canada.

CENTRAL BOARD

T. G. Bobier, one of our directors representing the Saskatchewan Wheat Pool, decided to withdraw from active participation on the directorate of the Wheat Pool organizations. He had been a director of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited and Pool Insurance Company since February 1945. Mr. Bobier made an outstanding contribution to the numerous organizations with which he was associated. He was a dedicated leader in the co-operative movement and justified the tributes paid to him. E. A. Boden was elected to fill the vacancy caused by Mr. Bobier's retirement. No other changes were made in the directorate.

Your board has analyzed the proposals made by the Minister of Agriculture when he addressed the annual meeting of the Saskatchewan Wheat Pool on November 9, 1962. Mr. Hamilton made particular reference to export sales of wheat and asked that farmers of western Canada give consideration to the possibility of establishing a fund to be used in the event of any losses on credit sales. He also spoke of the need for a Canadian grain co-operative sales organization. The proposals were thoroughly examined by the Wheat Pools. We can report that no action has been authorized.

During the year many matters of great importance to our member organizations were considered, reference to which is made in separate sections of this report.

It was decided that a decision to support or resist the applications of the railway companies for the abandonment of certain operations of their railways should be reached by each member Pool rather than as a joint effort, the reason being that the branch line which might be abandoned had features which pertained to each locality or area. We requested the Minister of Transport to establish an independent body which would consider every application for abandonment made by the

railway companies, a body which would not consider every application independently but in relationship to the overall transport requirements in western Canada.

We urged the authorities to amend the Prairie Farm Assistance Act so that the levy could be assessed against grains which were not marketed through licensed facilities. The study on food utilization being conducted by the University of British Columbia has been concluded. The report being compiled by Dr. Anderson will be distributed. We asked Dr. Anderson to attend the World Food Congress at Washington on our behalf. We commended the government for authorizing sales of grain on a credit basis. We were invited by the Co-operative Union of Canada to name two persons to an advisory committee, the function of the committee being to make recommendations to the Co-operative Union of Canada on all aspects of a submission which might be made to the Royal Commission on Taxation.

We are host to a Guatemalan who is studying the Canadian grain industry with particular emphasis on milling. We report that the student from Nyasaland, attending the University of Manitoba under our support, is making satisfactory progress, having concluded two years of study.

INTERPROVINCIAL POOL MEETINGS

The full boards of directors of the three provincial Wheat Pools met on two occasions during the year, on January 16-17, and on July 26-27, both meetings being held in Winnipeg. Meetings of this nature place the consideration of Pool policy on a broad base. These meetings provide an intermediary link between the annual meetings of delegates and the central board of directors. Resolutions which emanate in any of the Wheat Pool organizations are studied by the remaining Pools, a process which does encourage harmony not only on operational methods but on broader questions of agricultural policy.

The policy adopted by the Wheat Pools in relation to branch line abandonment by the railway companies is expressed in the following resolution adopted by the January meeting:

BE IT RESOLVED that the Government of Canada, in consultation with the Provinces, farm organizations and other interested parties, take the initiative in developing a long-range plan for rail service which will take into account the interests of the producers and the need for maintaining adequate grain marketing facilities; and further, that all orders for the abandonment of branch lines in western Canada be suspended until such long-range plan is established.

At the same time, a study was instituted covering economies which could be effected through centralization of elevator facilities.

Both meetings reviewed the operations of the Canadian Wheat Board and stressed the need for additional markets for wheat. The January meeting endorsed the sales policy being followed by the Canadian Government in respect to credit sales of grain and commended the Government of Canada for doubling the amount in the Export Credits Insurance Fund.

The value of the eastern Canadian market for western feed grain was recognized and several proposals for meeting this problem were considered.

In July the directors met jointly and separately to bring in recommendations related to the grain handling tariffs for the 1963-64 crop year. The study resulted in Saskatchewan and Alberta Wheat Pools reaching agreement on the submission which they would make to the Board of Grain Commissioners, requesting a reduction in country elevator tariffs of $\frac{1}{4}$ cent per bushel. Their submission would request that all other charges be in line with those authorized in the previous crop year. Manitoba Pool Elevators could not agree with Alberta and Saskatchewan Wheat Pools and would submit that all tariffs and charges be unchanged.

The possibility that tolls on the St. Lawrence Seaway may be increased prompted the directors to offer objection to such a proposal by presenting argument in a brief to the government.

The meeting considered the possibility that grain deliveries would be in restricted volume due to congested storage space and that grain producers would be in need of additional ready money following harvest. The July meeting unanimously adopted the following resolution:

That the Minister of Agriculture be requested to petition the House of Commons to amend the Prairie Grain Advance Payments Act to provide for an increase in the amount of advance payment, and more particularly, the House of Commons be petitioned to amend clauses (a), (b) and (c) of Section 7, Subsection 1 of the Prairie Grain Advance Payments Act, the amended clauses to read as follows:

- (a) *sixty cents per bushel in the case of wheat*
- (b) *twenty-five cents per bushel in the case of oats, and*
- (c) *forty cents per bushel in the case of barley.*

WESTERN AGRICULTURAL CONFERENCE

The Western Agricultural Conference was held in Winnipeg January 18-19, 1963. This Conference provides a link between the provincial organizations and the Canadian Federation of Agriculture. Its purpose is to deal with resolutions which have been adopted by the provincial Federations. There is merit, we believe, in this effort to harmonize the point of view held by farmers in western Canada before going to the national organization. The timing of the Conference enables the Wheat Pool directors to attend. Five directors of Wheat Pool organizations were delegates to the Western Agricultural Conference, while thirty-one directors and officials attended as visitors.

Appreciation was expressed to the retiring president, T. G. Bobier. Mr. Bobier, formerly a vice-president of the Saskatchewan Wheat Pool, had been president of the Western Agricultural Conference for two years. L. A. Boileau, vice-president of the Saskatchewan Wheat Pool, and president of the Saskatchewan Federation of Agriculture, was elected vice-president of the Western Agricultural Conference.

The resolutions committee submitted sixty-one resolutions, of which forty-one were adopted for submission to the Canadian Federation of Agriculture. Matters of particular concern to grain producers considered by the meeting were the initial payments on grain authorized by the Government of Canada, and the government's policy on export grain sales. Price supports, acreage payments, deficiency payments, expanding trade, the World Food Program, were among the many subjects dealt with by the Conference.

J. M. Bentley, of Alberta, was elected president, and D. A. McNabb was elected vice-president for Manitoba. Mrs. T. Connaught, of Saskatchewan, was elected as the WAC women's director on the board of the Canadian Federation of Agriculture.

CANADIAN FEDERATION OF AGRICULTURE

Dr. H. H. Hannam, President of the Canadian Federation of Agriculture, died suddenly at his home in Ottawa, on July 12. His passing was keenly felt in Wheat Pool circles where he was held in high esteem. Executive officers of the three Wheat Pools had an intimate acquaintanceship with Dr. Hannam. We pay tribute to him as an outstanding farm leader.

While numerous matters of policy affecting the western farmer are considered by the Wheat

Pools in committee, at the community level, and in the annual meetings of delegates, these matters, outside the field of operations, are not finally resolved in our own groups. Some of these questions deal with government policy; it is therefore desirable that study be given to them by farmers in other areas and other branches of agriculture. The Canadian Federation of Agriculture, a national organization which we have supported strongly, is the medium which provides this opportunity. It is appropriate that we include in our report a review of the activities of the Canadian Federation of Agriculture and the International Federation of Agricultural Producers.

The 27th annual meeting of the Canadian Federation of Agriculture was held in Windsor, Ontario, January 22-24, 1963. The Wheat Pools are represented on the board of directors and on the delegate body. Seven Wheat Pool directors attended the CFA meeting — three as directors and four as official delegates. Other directors of the Wheat Pools attended the meeting as visitors.

G. L. Harrold, Alberta Wheat Pool, L. A. Boileau, Saskatchewan Wheat Pool, and G. E. Franklin, Manitoba Pool Elevators, were elected to the board of directors and to the executive committee. Dr. Hannam, J. M. Bentley and L. Sorel were elected to the positions of president and first and second vice-presidents.

The meeting considered eighty-three resolutions which had been placed on the agenda by affiliated groups.

The President, Dr. H. H. Hannam, in his annual address suggested that unity and teamwork should be the theme of the meeting. He said: "Unity is the best source of strength and teamwork the best key to progress for organized agriculture." Dr. Hannam pointed out that teamwork had been a basic element in CFA progress and achievement. He said:

"For example, it can be said that the Canadian Federation of Agriculture has achieved quite a record in teamwork between the French and English speaking farm people in Canada. We the English speaking group must and do admit frankly that the major effort to make this possible has been assumed by the French speaking people by their broadminded generosity in letting us carry on almost wholly in one language. By so doing the French speaking member bodies have not lessened their loyalty to their own culture but instead have raised the status of the bi-cultural aspect of the Canadian people.

"I wonder how many national organizations we have in Canada which have achieved a similar record. It would not be surprising if the record of the Canadian Federation of Agriculture stands alone in this respect. This record of unity has been an inspiration in goodwill which should be of real significance to our nation.

"Unity between eastern and western farmers has always been achieved on major policy issues, sometimes not without difficulty and sometimes it has not been easy to maintain. However, it has been maintained and the joint support between east and west, as between English and French groups, has been a very important source of strength and influence in helping to shape national policy."

On February 5, 1963, a delegation of twenty-two persons called on the Prime Minister of Canada and members of the Cabinet to point out the major aspects of Canadian Federation of Agriculture agricultural policy. In its submission the delegation stressed certain matters including resolutions dealing with dairy policy, with grain, with feed freight assistance, with feed grain supply and storage policy, with rural improvement programs, and expanding trade.

A joint meeting of representatives of the National Farmers' Union and the Canadian Federation of Agriculture was held in Winnipeg on April 1, 1963, to consider action which might be taken to achieve a greater degree of unity between the major agricultural organizations. The meeting was attended by twenty-two persons. A joint statement issued following the meeting said that it was recognized that no immediate action at the national level to change the organization structure of the two organizations is possible. It found that united action must arise out of successful efforts to establish a basis for such unity in provincial organization.

In July a joint board meeting of the National Farmers' Union held at Edmonton opposed the recommendation that the two groups create one national farm organization.

The Canadian Federation of Agriculture made a formal submission to the Royal Commission on Banking and Finance on September 21, 1962, a date just prior to the release of our last report. The vital stake of the farmers in the general growth of the Canadian economy was emphasized. The submission made recommendations respecting agricultural credit on the one hand and the national general economic policy on the other. The ever growing needs of farmers for capital and credit for farm operation and

farm family living were reviewed and the sources and volume of governmental and non-governmental credit were indicated. The brief pointed out that the forces of economic change have resulted in the production of agricultural products in excess of effective domestic and export demand and as a consequence the overall returns for the investment, labor and management of farm operators are quite low in comparison with those with comparable investments in other industries. The Canadian Federation of Agriculture made several recommendations to the Commission. We refer to those which are related to the financial problems of the grain producer:

1. A federal policy providing for the granting of interest-free loans to farmers in cases of natural disaster should be instituted.
2. Policies to better provide for initial capital for farmers entering farming, as well as for development capital, are needed. It is recommended that a searching enquiry be undertaken into a policy of providing permanent types of mortgages or the issuance of long-term interest bearing securities for family farm acquisition.
3. Intensive and continuing study of farm credit needs and their implications for the long-term development of the farm economy should be undertaken. The Farm Credit Corporation should have a competent and active research division.
4. The maximum interest rate limitation on banks should be retained at its present level.
5. These should be created:
 - (a) A national economic planning body of government attached to the Cabinet.
 - (b) A National Economic Advisory Planning Council with responsibilities for informing the public about economic issues and conditions, as well as for advising the government, and with a secretariat of its own.
 - (c) Provision for more independent research in economic policy, including agricultural policy.
6. The fundamental direction of our trade policy should be toward freer trade. The basis of our external agricultural policy should be to favor international consultation and agreement on prices, markets and surplus problems.

7. The Agricultural Rehabilitation and Development Act program should be actively pursued.

With the appointment of a minister of agriculture by the new government, the Canadian Federation of Agriculture introduced itself to the minister on May 8, 1963, when a formal submission was made to the Hon. Harry W. Hays and the Hon. R. Tremblay, Minister without Portfolio.

The Ministers were informed about the structure of the CFA and of the policies which it supports. It was considered advisable to inform the Ministers about the interests of Canadian farmers as they emerged from the activities of the CFA. At the same time the CFA offered its fullest co-operation in dealing with the important matters of agricultural policy and the important federal agricultural services which were now their special responsibility.

On November 20, 1962, the Canadian Federation of Agriculture presented a formal statement to the Federal-Provincial Agricultural Conference. The statement referred to the somewhat improved condition in the grain and livestock markets and to progress being made in agricultural policy in Canada. The CFA emphasized the continuing need for farmers and government to bend every effort toward developing constructive policy that gives hope of steady improvement in this position. The CFA said: "The case is as strong as it has ever been for governments to recognize that the farm industry is a disadvantaged one." The formal statement to the Conference referred to the role of governments and the assistance provided the agricultural industry. The CFA pointed out that:

The search for measures to improve the farmers opportunities and position must be a continued, active concern of government. Nor is there any need for apologies or embarrassment over government decisions to spend money in the interests of the farm industry where such expenditures, even in quite substantial amounts, seem necessary and justified for reasons of equity, and for reasons of promoting the healthy economic development of the industry. In fact most if not all such expenditures are ultimately as much in the interests of the consumer and the general economy as they are in the interests of the farmer. This is particularly so when a lagging economy and unemployment reduce alternative opportunities for farmers and create a particularly strong case for giving a stimulus to the economy through well-considered government expenditure.

During the year Dr. W. C. Hopper retired as economist to the CFA, a position he had held since 1959, when he retired from the post of Commercial Minister to the Canadian Embassy in Washington. On November 1, 1962, an announcement was made that Dr. Armand L. Lacasse had been appointed economist to the CFA.

The board of directors held its semi-annual meeting in Winnipeg on July 25, 1963. James M. Bentley, of Edmonton, was elected president to succeed the late Dr. H. H. Hannam. (Mr. Bentley was elected first vice-president at the last annual meeting of the CFA). Lionel Sorel, of Quebec, and Charles Huffman, of Ontario, were elected first and second vice-presidents. These three officers will fill these positions until January 1964, when regular elections will be held. David Kirk, who has served for ten years as secretary-treasurer, was named executive-secretary. Lorne Hurd was appointed assistant executive-secretary and director of information; his duties to commence on November 1, 1963. Mr. Hurd has been editor of *The Country Guide*, a position he held for seven years, and executive-secretary of the Agricultural Institute of Canada.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The International Federation of Agricultural Producers is a non-governmental world farm organization representing 35 million farm families affiliated in the national organization in 70 countries. Its activities are carried on through committees and conferences.

The European Regional Committee of IFAP met in Paris, France, on October 29-30-31, 1962. L. A. Boileau, one of our directors, attended as an official observer for the Canadian Federation of Agriculture, and more particularly, for the three Wheat Pools and United Grain Growers Limited. Mr. Boileau, in his report, pointed out that:

The purpose of the meeting was mainly to discuss general trends and objectives of agricultural policies in Europe; to consider the present status of the common market for agricultural products; to review the position of the main commodity sectors and receive progress reports on many studies being carried on such as farm structure, vertical integration, economic diversification of rural areas and many others such as negotiations for entrance of the U.K. in the E.E.C.

The next meeting of the North American Committee of the IFAP will be held in the spring of 1964.

The General Conference of IFAP was held in Dublin, Ireland, May 16-29, 1963. The Canadian delegation to the Conference was headed by J. M. Bentley, first vice-president of the Canadian Federation of Agriculture. Dr. H. H. Hannam, a member of the executive of IFAP, was unable to attend for reasons of health. Other members of the Canadian delegation were Art Musgrave, president of the Ontario Federation of Agriculture; L. A. Boileau, president of the Saskatchewan Federation of Agriculture; John Dickson, president of the Dairy Farmers of Canada; A. M. Runciman, president of the United Grain Growers; Gordon Greer, past president of the Ontario Federation of Agriculture, and David Kirk, secretary-treasurer of the Canadian Federation of Agriculture.

Of particular interest to grain producers in western Canada is the report of the Grains Committee of the Conference, the chairman of which was J. M. Bentley, of Edmonton.

The IFAP Conference agreed on the need to review and revise the International Wheat Agreement and to conclude also an Agreement on Coarse Grains.

The following excerpts from the report of the Grains Committee are meaningful to Canadian grain producers:

These agreements should be concluded at the latest by the expiry date of the present Wheat Agreement. The two Agreements should be administered by a single International Grains Council. The Agreements proposed would deal with the following matters:

Wheat: A revised International Wheat Agreement should (1) cover concessional sales as well as commercial trade; (2) provide rules or guide lines for trade in feed wheat; (3) provide for governments to pay more heed to the recommendations of the International Grains Council emanating from the annual review of national policies.

Coarse Grains: The International Coarse Grains Agreement should include in its membership all countries interested in production and trade in these commodities. It should cover all coarse grains and take account of the growing use of wheat for animal feed purposes. The principal objectives of the Agreement would be to achieve a better balance between world production and market outlets and a more stable and remunerative price for coarse grains entering world trade, thereby assisting producers in

both importing and exporting countries. Furthermore, regard should be had to the interests of producers of animal products. As in the case of wheat, the Council would review national policies annually.

General: The International Grains Council would establish close contact with the agencies responsible for utilizing surplus grain as part of an expanded World Food Program.

The meeting called for immediate action on planning for an improved expanding world food program following completion of the present three-year experiment.

The Conference was very concerned about the problem of a chronic tendency in agriculture to overproduce in relation to demand and debated the vexing question: should this problem be solved by the limitation of production or by expansion of food aids? Canadian delegates did not favor production controls.

The IFAP Conference agreed that a special meeting on grains should be held in order to examine the underlying causes of the disequilibrium in world grain markets.

B. W. Biesheuvel was elected for another term as president of IFAP. On August 13, 1963, it was announced that Mr. Biesheuvel had resigned upon being appointed Vice-Premier and Minister of Agriculture for the Netherlands, and that Herschel D. Newsom, Master of the Grange in the United States, has been named chairman of the executive committee of IFAP. Mr. Newsom will also fill the position of president until the next Conference.

GOVERNMENT POLICY FOR AGRICULTURE

When the first session of the 25th parliament opened on September 27, 1962, several pieces of legislation were forecast in the speech from the throne which would deal with the various problems of agriculture. We cite excerpts covering these items:

In recognition of the important role of transportation in the Canadian economy, you will be asked to approve measures to give effect to recommendations of the Royal Commission on Transportation which has now completed its comprehensive analysis of the Canadian railway problem. These changes are intended to remove the need for general horizontal freight rate increases which have borne so heavily in the past upon certain areas and groups of producers. You will also be asked to provide for an extension of the Freight Rates Reduction Act and the

other interim railway subsidies provided by appropriation.

The prosperity of agriculture remains essential to the well-being of the entire Canadian economy. Canada is blessed this year with very large crops of good quality, and export markets for Canadian agricultural products have been greatly enlarged.

My ministers recognize that livestock is occupying a position of increasing importance in Canadian agriculture. They propose that a program be instituted to ensure the availability of storage facilities and continuity of supplies of feed grain to match the expanding requirements for livestock production, particularly in the areas of British Columbia and eastern Canada where supplies of feed grain are normally deficient.

Legislation will be proposed to enlarge the funds of the Farm Credit Corporation, and allow greater flexibility in their use.

The need for training in agriculture and the present facilities have also been under review and as a sequel to these studies, a national conference on agricultural training is to be convened this fall.

As one of my government's measures to develop the Canadian economy, maintain a high level of employment and strengthen the balance of payments, you will be asked to approve legislation establishing a national economic development board. This board would be broadly representative and would review and report upon the state of the economy and upon economic policies. It would also have the duty of recommending to the government particular projects or measures which it considers would be in the interest of national development, including projects which may require direct governmental participation by way of financial aid or otherwise.

It is a matter of record that when the government was defeated on February 5, 1963, little progress had been made in implementing the proposed legislation.

The 26th session of parliament convened on May 16, 1963. On that occasion the speech from the throne promised:

A new Department of Agriculture Act will be placed before you, to provide for two ministers in order that the needs of agriculture in both eastern and western Canada may receive closer attention. My ministers will institute new programs to make farming

as a whole more stable and more prosperous. They will strive to expand markets for Canadian farm products both at home and abroad, with special attention to dairy products.

You will be asked to continue the existing payments to the railways, pending the approval of long-term measures concerning transportation.

A measure will be placed before you to establish an economic council of Canada, in order to assist the government, industry and labor to develop means of ensuring in Canada the highest possible levels of employment, of efficient production, and of sustained growth for our economy.

Canadian Wheat Board Act

One of the first announcements made by Prime Minister Pearson was to the effect that the Canadian Wheat Board would be placed under the Minister of Trade and Commerce. On April 22, 1963, by Order-in-Council No. 63-633, the powers vested in the Minister of Agriculture for the administration of the Canadian Wheat Board Act were transferred to the Minister of Trade and Commerce.

Farm Credit Act

An act to amend the Farm Credit Act was passed by the House of Commons on November 22, 1962. The amendment increased the capital of the Farm Credit Corporation from \$12 million to \$16 million, thereby increasing the lending capacity of the Corporation from \$300 million to \$400 million.

The act was first passed in 1959 to provide for the extension of long term mortgage credit to farmers.

Transportation

In our last report we referred in detail to the recommendations of the Royal Commission on Transportation. During the year under review we anticipated what government action would be taken to implement the recommendations. Our most particular concern is related to the railway companies plan to abandon many miles of branch lines. Representatives of the Wheat Pools, the three provincial governments, farm organizations and municipal officers met in Regina on December 20, 1962, to consider the approach which should be made to the federal government regarding branch line abandonment. This meeting went on record as opposing "piece-meal abandonment."

On the same day, December 20, the Minister of Transport made the following announcement in the House of Commons:

"The Minister of Agriculture and I met with the presidents of Canadian Pacific and Canadian National Railways to consider how, in the interests of all parties, a series of precipitate and unorganized abandonment applications might be avoided. The railway presidents are sympathetic to the problem and have indicated their complete willingness to assist in trying to effect an appropriate solution.

"Application for branch line abandonment in western Canada presently filed with the Board of Transport Commissioners and those which may be filed are designed to allow western interests to obtain an overall picture. To this end my colleague the Minister of Agriculture, has arranged that we and the two railway presidents meet on January 3 or January 4 with representatives of the western pool elevators and the elevator companies in order to discuss possible procedures."

As announced by the Minister of Transport, the meeting called by the Minister of Agriculture was held on January 4, 1963. The president of each of the Wheat Pools attended. The meeting, we consider, served a useful purpose. Its accomplishments were set out in a press release by the Minister of Transport which in our opinion is a correct summary. We quote from this release:

In the course of the meeting the representatives present expressed their concern about ad hoc individual treatment of applications, the need for an overall approach to this problem, and, to the extent possible, the development of a general plan regarding future branch line operations in the west which would in turn make it possible for grain interests to plan adjustments of their operations.

The presidents of the two railways, while stressing the fact that economic growth and changing economic conditions made it impossible to set down rigid long term plans affecting branch line operations, indicated sympathy with the problem described and a desire to co-operate as much as possible. It was pointed out that applications for abandonment already submitted represented a step toward the development of a general plan and that additional applications and the development of any more comprehensive planning would, in large measure, be effect-

ed by the legislation which the government proposed to submit to parliament based upon the recommendations of the recent Royal Commission on Transportation.

Mr. Balcer confirmed the intention of the government to proceed with this legislation at the earliest feasible date in this session. He explained that while it was impossible to give details in advance of presentation to parliament, nevertheless the bill would generally be based on the recommendations of the Royal Commission for a planned approach to branch line abandonment including the establishment of set periods for receipt and review of abandonment applications. The consideration given by the regulatory authority would be enlarged to take a longer term view of the future of individual branch lines with authority to defer abandonments on a planned basis.

The presidents of the two railways pointed out that further applications regarding western branch line abandonments which would affect the grain movement in the prairie provinces were to be submitted. These applications would undoubtedly be affected by the content of the new legislation. Under the circumstances, the railways would request the Board of Transport Commissioners not to proceed with either new or current applications for such branch line abandonments until their further relevant applications were submitted and the new legislation dealt with. This action would be taken on the assumption that the legislation would be enacted during the current session of parliament.

The meeting concluded with a general expression of opinion that the results achieved had taken care of the immediate problem relating to the railway applications for western branch line abandonments affecting the grain movements.

The new government, as indicated in the speech from the throne, undertakes to bring down legislation dealing with transportation matters. The Wheat Pools have awaited anxiously the introduction of this legislation.

Representatives of the three Wheat Pools met the Cabinet Committee on Transportation on August 22, 1963, and recommended that a railways rationalization board be established, and that such a board would be charged with evolving a long-term program for streamlining freight and passenger services with a view to evolving a more efficient and lower cost railway plant. They

expressed the view that the problem must be looked at in one total piece from the outset and not in parts. The Wheat Pools said they were not only concerned with the problem of abandoning railway lines; they were also concerned with the organization of transport services that are to remain. Public interest requires a carefully thought-out plan to minimize economic dislocation.

On November 27, 1962, the House of Commons voted \$50 million to the Board of Transport Commissioners for Canada. This sum is identified as:

Interim payments, related to the recommendations of the Royal Commission on Railway Problems, to Companies as defined in the Freight Rates Reduction Act of an aggregate amount in respect of the calendar year 1962 of \$50,000,000, to be paid in instalments at such times and in accordance with such method of allocation as may be determined by the Board of Transport Commissioners for Canada, as compensation to such Companies for the maintenance of their rates on freight traffic at the reduced levels provided for pursuant to the provisions of the said Act.

Freight Assistance

On August 22, 1963, the Minister of Trade and Commerce and the Minister of Agriculture announced a new federal government policy to assist the movement of western-grown feed grains to eastern Canada.

The three Wheat Pools recognize the merit in the federal government assisting in such programs.

The new policy is designed to serve the same purpose as the freight assistance program. It will provide for the payment of accrued storage charges on western feed grain in licensed eastern elevators during the period October 15 to April 15, a provision which should make adequate stocks of feed grain available at strategic points in eastern Canada. It is also proposed that freight assistance rates be related to the cost of water movement, plus an allowance for inland transportation by rail or truck to provide more uniformity in cost to feeders in different areas, both in British Columbia and eastern Canada.

Your directors had anticipated that appropriate legislation would have been introduced early in the new session of parliament; however, early action has been promised.

The Minister of Agriculture, the Hon. Harry W. Hays, on October 3, 1963, referring to a new feed grain policy in which the government will pay storage charges over the winter months on western feed grains in eastern elevators, said in the House of Commons: "An estimate will be presented to the house to implement this program which, along with the freight payments, provides very substantial assistance in reducing the cost of feed grains to eastern producers. It will also help materially in ensuring adequate stocks of feed grains for eastern Canada."

Freight Rates Reduction Act

The Minister of Transport introduced a resolution in the House of Commons on October 1, 1962, seeking to increase the authorized expenditure under the Freight Rates Reduction Act by an additional \$20 million. Progress on the passage of the bill was reported on January 23, 1963, but it was not finally disposed of prior to the dissolution of parliament.

Agricultural Rehabilitation and Development Act

The Agricultural Rehabilitation and Development program was formally set in action by the signing of general agreements by the federal government and all ten provinces. Under the agreements the federal government's share of the cost of projects during the initial three-year period will be determined by a formula based on the following factors:

- (a) Net value of the province's agricultural production;
- (b) Number of farms in the province with a value of production of less than \$1,200 annually;
- (c) The size of the province's total rural population.

Projects in 1962 were approved in three provinces — Prince Edward Island, New Brunswick and Manitoba.

On July 25, 1963, questions were raised in the House of Commons as to the intention of the new administration in dealing with ARDA. The Minister of Agriculture in reply commented, "If there are any changes they will be a matter of government policy and will be introduced to the house at the proper time."

Agricultural Economics Research Council

The board of directors of the Agricultural Economics Research Council appointed Dr. W. J. Anderson as research director. Dr. Anderson has been Dean of Agricultural Economics at the University of British Columbia since 1947. He has many characteristics which qualify him for

the appointment. As a result of his guidance and efforts it is to be expected that the Agricultural Economics Research Council will produce recommendations which being basic to our farm economy can be endorsed by our organization.

Economic Council of Canada

We welcome legislation passed on August 2, 1963, under which is established a corporation to be known as the Economic Council of Canada, consisting of a chairman, two directors and not more than twenty-five other members to be appointed by the governor-in-council. The duty of the Council is to advise and recommend to the minister how Canada can achieve the highest possible level of employment and efficient production in order that the country may enjoy a high and consistent rate of economic growth and that all Canadians may share in rising living standards. The many duties of the Council are defined in the Act. Of particular concern to us is the fact that the Council is empowered:

To study and discuss with representatives of the industries concerned and with representatives of labor, farmers and other primary producers, and other occupational groups and organizations, what specific plans for production and investment in major industries in Canada will best contribute to a high and consistent rate of economic growth.

On September 17, Prime Minister Pearson announced that John J. Deutsch will serve as chairman of the Economic Council of Canada. Dr. Deutsch will be welcomed to his new appointment. He is ably qualified to fill the position, having served as assistant deputy of finance in the federal government, head of the department of economics in the University of British Columbia, and later as vice-principal of Queen's University.

We can only anticipate the operations of the Economic Council and shall welcome the opportunity to consult with it on all matters relating to the economy of western agriculture.

Agricultural Stabilization Board

On November 5, 1962, the Minister of Agriculture announced that E. A. Boden was appointed Saskatchewan representative on the Advisory Committee to the Agricultural Stabilization Board. We were pleased to learn of this appointment and to have one of our directors closely associated with an activity so essential to the welfare of agriculture as the Agricultural Stabilization Board.

The report of the Board for the year ended March 31, 1963, shows that the net cost in carrying out its program of stabilizing prices amounted to \$71,856,049. The major items in this item of expense included a deficiency payment on whole milk for processing amounting to \$13,257,869, and a butter subsidy of \$42,272,807. The total net cost incurred in connection with butter support during the year was \$45,238,925.

The inventory value of commodities held by the Stabilization Board at the year end stands at \$139,511,340. No payments were made to cattle or hog producers as the average market price received by them was above the support level. Disposal of the Board's stocks of canned pork continued. The net cost resulting from the disposal of canned pork and hams is given as \$7,527,960.

St. Lawrence Seaway

The agreement between Canada and the United States of America establishing the St. Lawrence Seaway Authority provides for periodic review of tolls. The volume of traffic on the Seaway was less than originally anticipated with the result that the tolls collected were insufficient to meet the amortized payments. In spite of the financial position of the Authority, we have requested the Canadian Government to resist any application for higher tolls.

A brief has been prepared for submission to the St. Lawrence Seaway Authority in which we have stressed the impact higher tolls would have on the economic position of grain producers in western Canada. We have pointed out that our reasons for making a submission are because grain disposal is so important to farmers in the three prairie provinces, our members are quite naturally anxious to contribute to any debate about the provision and maintenance of transportation facilities for export grain. The conditions under which traffic moves into the prairie regions also concern our members because a good proportion of the variable factors used in grain production as well as food, clothing and other durable goods farmers buy are manufactured outside of the prairie region and imported.

Consequently, we have said that our interest in entering discussions about any transportation is three-fold:

- (i) To secure for our farmer members in the three prairie provinces the most economic transportation cost in the moving of their produce both to dom-

estic markets within Canada and to international markets elsewhere on this continent and abroad;

- (ii) To secure for western Canada the most favorable transportation costs possible for the movement of all goods into and out of the area, having regard to the economic conditions and considerations for the entire country; and
- (iii) To secure for the country as a whole the best possible transportation facilities at the least possible economic and social costs.

We have stated that any increase in toll rates would tend to reduce or at least inhibit the volume of traffic using the route and suggested that increases in traffic will eventually allow a reduction of toll charges and still maintain sufficient revenue.

Royal Commission on Taxation

The directorate of the three Wheat Pools at an Interprovincial meeting held in January 1963, decided to present a submission to the Royal Commission on Taxation. At the same time, each Wheat Pool reserved the right to make a submission on its own behalf if it so decided. Our President and Vice-President were appointed to an advisory committee of the Co-operative Union of Canada, the purpose of which was to advise the board of directors of the Co-operative Union of Canada as to content of the brief and other matters related to the presentation.

We agreed to lend our support to the Co-operative Union of Canada and further agreed that our brief would be supplementary to the submission made by the Co-operative Union of Canada and the Canadian Federation of Agriculture.

In preparing our submission we were constantly aware of the terms of reference which were laid down by the government, and recognized that while the taxation of co-operatives was a controversial question it might prove only incidental to the inquiry of the Royal Commission. We examined the taxation presently assessed against different business entities and made recommendations which we believe would provide for the fair and equitable taxation of business enterprises regardless of their structure.

The Alberta Wheat Pool decided to present a brief on its own behalf; the Saskatchewan Wheat Pool and Manitoba Pool Elevators decided that their proposals could be incorporated in the brief

of Canadian Co-operative Wheat Producers. Our submission was filed with the Royal Commission on September 2 in keeping with the request of their secretariat.

The Commission provided that the briefs submitted by the Co-operative Union of Canada, Canadian Co-operative Wheat Producers Limited, Federated Co-operatives Limited, Maritime Co-operative Council, United Maritime Fishermen, Prince Rupert Fishermen's Co-op Association and the Fraser Valley Milk Producers would be studied jointly in Ottawa on October 3 and 4. It had been arranged by these organizations that they would be officially represented at the meetings: twenty-six persons attended on behalf of the various phases of the Canadian co-operative movement. A number of interested visitors also attended.

The members of the executive committee, that is, the presidents of the three Wheat Pools, appeared on our behalf and were subjected to cross-examination by the Commissioners and their counsel.

We report that the presentations made to the Royal Commission by the co-operative organizations dealt with the problems of taxation in a most creditable manner. As a result of their searching questions the Commissioners are well informed on the many aspects of co-operative organizations, that is, their purpose, their structure and their methods of operation.

We express appreciation to those persons who assisted in the preparation of our own submission and to our executive officers for appearing before the Royal Commission. Like thousands of other people associated in various types of Canadian co-operative organizations we must await the report of the Royal Commission. This we shall do with hopeful anticipation.

INTERNATIONAL WHEAT AGREEMENT

The crop year ending July 31, 1963, coincides with the first year's operation of the revised International Wheat Agreement. We report that support to the Agreement by signatory nations continues strong. It has been criticised, however, in some quarters for having failed to meet one of its important objectives as set out in Article I, namely, to overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat. This point was emphasized by Dr. L. A. Wheeler, grain specialist, United States, when he said that the Canadian marketing system is the only one devised by any country to keep production in line with demand. The influence of the International

Wheat Agreement since 1949 has, we believe, been beneficial and justifies our continued support.

The commercial purchases recorded with the International Wheat Council through the crop year 1962-63 reached a total of 533,338,000 bushels and were made by forty nations and territories. Recorded sales by Canada of 219,147,000 bushels represented 41.09% of the total. United States of America sales accounted for 23.15%, Australia 12.73%, Argentina 9.29%, U.S.S.R. 6.52%, France 5.88%.

CREDIT SALES OF GRAIN

Markets and marketing methods for Canadian Wheat have been analyzed and occasionally criticised in government circles, in marketing conferences, by editors and grain trade specialists, all of which emphasizes the importance of this commodity in Canadian affairs. It is recognized that competition for wheat markets is especially keen in periods of large surpluses. It must also be recognized that the marketing techniques which we have strongly supported are criticised by those interests who oppose marketing agreements. The future of our wheat industry is of great concern to us as it is to every wheat grower in our country.

The need for new outlets has led all wheat exporting nations to offer wheat on credit terms. The Canadian Wheat Board in its last report said that exports on a concessional basis are becoming of greater importance to Canada. These include gifts of wheat and flour under the Colombo Plan to countries in Southeast Asia, credit sales under provisions of the Export Credits Insurance Act and a special arrangement whereby the Government of Canada guarantees credit to enable the Canadian Wheat Board to enter into sales contracts with the People's Republic of China.

Our President, Chas. W. Gibbings, addressed a conference of grain specialists from the Red Spring wheat area of the United States, when they met in Winnipeg in July. He told the conference that Canada should be doing more to supply wheat and other services to underdeveloped countries and although Canada could not match U.S. efforts in this direction it nevertheless had a responsibility to assist those who are emerging. He said, "Our complaint should not be that the U.S. has done too much; it should be that the Canadian Government has done too little."

Addressing the same conference, the assistant chief commissioner of the Canadian Wheat Board, W. Riddel, said that Canada cannot hope

to match U.S. subsidies to farmers because the population and gross national product are only one-tenth those of the U.S. He said:

"In addition, we feel that higher internal prices, through export subsidies, would result in enhancing production to the point where we could not cope with the surplus and would land us with the same type of problems as now prevail in the U.S. At times we have expressed some dissatisfaction with U.S. wheat marketing operations under Public Law 480, but this has not arisen from the humanitarian aspects of the program of feeding the hungry people of the world . . . As such, the program has tended to encroach on commercial markets and we find that we must be constantly on the alert to hold our markets and to prevent their take-over by offers of wheat under PL 480."

The sale of 7,350,000 bushels of wheat was made to Yugoslavia under credit arrangements in May 1963. Payment is to be made on the basis of 10 per cent at time of shipment with the remaining balance to be paid in equal instalments, plus interest, at the end of 2, 2½ and 3 years, respectively. The credit was authorized under the provisions of the Export Credits Insurance Act.

On August 2, 1963, the Canadian Wheat Board announced the conclusion of a long term agreement with China, under which the Chinese authorities declared their intention to purchase from Canada from 112 to 186.7 million bushels of wheat over the period August 1, 1963 to July 31, 1966.

On September 10, 1963, the Hon. Mitchell Sharp, Minister of Trade and Commerce, announced that the Canadian Wheat Board had negotiated a contract for the sale of approximately 11 million bushels of wheat to the Union of Soviet Socialist Republics. This volume was sold for cash under the terms of the three-year agreement which was signed on April 18, 1960.

A contract for the sale of a large volume of wheat has been entered into between Russia and Canada. This contract covers the sale of 198 million bushels of wheat and approximately 25.9 million bushels in the form of flour. The negotiations for the sale of this wheat were carried on in conjunction with consideration of the terms of a new three-year trade agreement. The trade agreement was signed on September 16, 1963.

The terms of payment for sales under these long term agreements are 25 per cent cash and the balance to be paid in 18 months, with interest. The deferred payment provision covering

the sales to China is made possible by a guarantee to the Canadian Wheat Board by the Government of Canada, while the sales to Russia were made under the terms of the Export Credits Insurance Act.

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. Producers, grain handlers and shippers will all benefit. We commend the Canadian Wheat Board and the Canadian Government for executing these agreements.

WORLD FOOD PROGRAM

During the year under review substantial progress has been made in the development of a World Food Program. The emphasis in this program is placed on the problem of banishing hunger and malnutrition in the world's growing population rather than on increasing food supplies. We have lent our support to the programs which have been launched since 1943 when President Roosevelt laid the foundation for the Food and Agriculture Organization at Hot Springs, Virginia. We are aware that Canadian Farmers have supported the plea of "Freedom from Want," this being one of the Four Freedoms held out as an ideal which should guide mankind in its efforts to remove the causes of war; an ideal to which many nations have subscribed.

The World Food Congress convened in Washington, U.S.A., from June 4 to June 18, 1963. Its purpose, as set out by its Secretary-General, was, "To achieve a better understanding of the problems of providing adequate food for the present and future world population in the light of its rapid and continuing increase."

Canadian Co-operative Wheat Producers was represented at this Congress by Dr. W. J. Anderson, of the University of British Columbia. Our decision to ask Dr. Anderson to attend the World Food Congress was prompted by the fact that the purpose of the Congress was related to the studies on food utilization being made for us by the University of British Columbia. The Congress celebrated the twentieth anniversary of the Hot Springs Conference and was attended by more than one thousand delegates from over one hundred countries who were able to evaluate the progress made by the Food and Agriculture Organization of the United Nations. It was hoped that the Washington forum would stimulate the co-operation of individuals and governments in the fight against hunger. Other agencies closely allied with the World Food Program and the World Food Congress, with the same broad ob-

jectives, are the Food and Agriculture Organization, Food for Peace, and Freedom from Hunger Campaign.

We support the theory that, "The burden of food aid to less developed countries should be shared by all rich countries instead of only those which happen to have food surpluses"; a proposal advanced by a Swedish economist at the World Food Congress. He said that a multi-national system of foodstuff distribution would help to eliminate the paradox of surpluses and production controls in the presence of hunger. This proposal has been publicly stated and endorsed on our behalf by our President. Such a method would place emphasis on the elimination of hunger rather than the elimination of food surplus.

The Minister of Trade and Commerce, the Hon. Mitchell Sharp, on July 24, 1963, announced to the House of Commons that the government would help meet the food needs of the developing countries when he said, "Canada for many years now has been making wheat and flour available as part of our Colombo Plan assistance. I wish to announce at this time the intention of the government to ask parliament to provide for a program of supplying wheat or wheat flour to international agencies, including the World Food Program, and to developing countries which are now commercial markets or where commercial exports are limited by capacity to pay."

We recognize, of course, that the leadership in world food programs is given by the United States, a wealthy nation, technically advanced and richly endowed with natural resources. These factors added to the generosity of the American people have enabled that nation to contribute \$12 billion worth of food and fibre to hungry people or less developed economies in the last 8½ years. This volume has been donated or sold on concessional terms by the United States.

WORLD SUPPLIES AND EXPORTS

To give a clear picture of Canada's wheat industry your board of directors have incorporated in this report a digest of statistics issued by the Board of Grain Commissioners, the Dominion Bureau of Statistics and other authoritative sources, covering the production and marketing of cereal grains.

Supplies

At the close of the crop year it is estimated that 2,265.3 million bushels of wheat remained in Canada, the United States, Argentina and Australia, approximately 2% higher than the 2,225.7

million bushels available for export and carryover at the same time a year ago.

Exports

The volume of wheat exported from the four major exporting countries is given at 1,232.4 million bushels for the crop year 1962-63, a decline of 11% from the volume exported a year earlier.

The peak volume of wheat and flour moving on the world market was established at 1.7 billion bushels in 1961-62. It is expected that when the final figures are available the total volume traded in 1962-63 will be quite close to 1.5 billion bushels.

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

(Dominion Bureau of Statistics)

Crop Year	Total	Argentina	Australia	United States	Canada's % of Total	
					Canada	Total
— in million bushels —						
1954-55	761.1	134.5	94.3	280.4	251.9	33%
1955-56	887.8	108.6	107.5	359.4	312.3	35%
1956-57	1,024.7	100.6	120.2	539.5	264.4	26%
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	1,389.1	95.5	231.4	704.2	358.0	26%
1962-63	1,232.4	62.5	186.2	651.6	x332.1	26%

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

CANADIAN GRAIN PRODUCTION

The latest estimate of the Dominion Bureau of Statistics covering the production of grain in the crop year 1962-63 shows some variation from the preliminary estimate issued a year ago

Grain Production 1962

(Dominion Bureau of Statistics Latest Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
— in millions —				
Wheat	26.8	565.6	26.2	546.0
Oats	10.6	493.6	7.2	322.0
Barley	5.3	165.9	5.1	158.0
Rye	.62	12.0	.55	10.4
Flaxseed	1.4	16.0	1.4	15.3
Total	44.72	1,253.1	40.45	1,051.7

The preliminary estimate of production in the 1963-64 crop year is forecast at 719 million bushels, 27% higher than last year and 37%

above the average for the ten-year period 1951-60. The forecast of production in the prairie provinces for the 1963 wheat crop is set at 698 million bushels based on conditions which prevailed at September 15.

Grain Production 1963

(Dominion Bureau of Statistics
Preliminary Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
— in millions —				
Wheat	27.5	719.1	27.0	698.0
Oats	9.5	447.6	6.3	298.0
Barley	6.2	215.9	5.9	208.0
Rye	.65	13.0	.58	11.2
Flaxseed	1.7	19.8	1.6	18.9
Total	45.55	1,415.4	41.38	1,234.1

Farmers' Marketings

The ability of producers in the prairie provinces to market their grain is a matter of much importance to members and their organizations. The volume delivered and the price received are recognized as the two prime factors in our members' well-being. In the crop year under review over 665 million bushels of the five principal grains were delivered, the largest volume in any year since 1952-53.

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

	1962-63	1961-62	1960-61	1959-60
	— in million bushels —			
Wheat	474.5	305.3	396.2	378.5
Oats	89.0	28.2	37.6	24.3
Barley	80.8	59.3	87.9	95.6
Rye	9.6	3.4	5.8	4.3
Flaxseed	13.5	12.0	18.1	14.0
Total	667.4	408.2	545.6	516.7

Approximately 3.9 million bushels of bagged seed wheat was exported during the year. This figure is in addition to the volume given in the above table, which is based on statistics issued by the Board of Grain Commissioners.

During the crop year approximately 10 million bushels of wheat, oats and barley were delivered to feed mills under regulations authorized by the Canadian Wheat Board.

The same regulations were extended on August 29, 1963, whereby each permit holder is granted permission to deliver grain to feed mills. The order will expire on July 31, 1964.

CANADIAN GRAIN EXPORTS

In the preliminary review issued by the Board of Grain Commissioners covering the 1962-63 crop season, it is estimated that 378.7 million bushels of the five principal grains were exported. This figure represented a decrease of 31.6 million bushels from the exports made in the previous crop year.

Total Grain and Milled Products Exported

	1962-63	1961-62	30-year Average 1932-33 to 1961-62	
— in million bushels —				
Wheat (and flour)	327.7	354.6	259.1	
Oats	20.6	2.7	24.5	
Barley	10.5	36.6	35.0	
Rye	7.3	4.4	5.5	
Flaxseed	12.6	12.0	5.1	
Total	378.7	410.3	329.2	

Wheat exports totalling 300 million bushels represented a decline of 22.6 million bushels from the previous year's high volume. The volume exported is substantially above the 30-year average of 217.2 million bushels as well as the 10-year average of 264.3 million bushels.

The United Kingdom still leads the list of countries purchasing wheat from Canada, but her purchases are substantially below the average for the last 30 years. The changing position of Communist China as a grain importer is reflected in the fact that her purchases of wheat were 15.6 million bushels below those of a year ago and her purchases of barley at 1.1 million bushels show a decline of some 18.2 million bushels below her 1961-62 purchases.

Leading Buyers of Canadian Grain

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

	1962-63	1961-62	1960-61	1959-60
— in million bushels —				
United Kingdom	103.3	99.7	108.5	130.0
China	57.5	91.3	55.1	—
Japan	48.6	52.3	58.8	49.6
Germany	35.4	47.8	33.5	32.1
Belgium and Netherlands	29.8	18.1	19.6	24.1
United States	7.8	13.7	18.3	22.3

CARRYOVER OF CANADIAN GRAIN

The Dominion Bureau of Statistics has released its estimate of the stocks of the five major grains in all North American positions at July 31, 1963. This estimate of the carryover at 736.8 million bushels is 37% above last year's total. The 10-year average 1953-1962 is set at 828 million bushels.

Canadian Carryover as at July 31

	1963	1962	1961	Average 1953-62
— in million bushels —				
Wheat	488.4	391.1	607.8	568.7
Oats	150.3	79.1	115.1	126.6
Barley	89.7	57.8	112.6	115.0
Rye	4.2	3.7	7.4	12.5
Flaxseed	4.2	5.3	7.6	5.0
Total - 5 grains	736.8	537.0	850.5	827.8
On Farms	187.4	144.9	328.2	308.0
Commercial	549.4	392.1	522.3	519.8

The statistics showing the volume of grain held on Canadian farms is one that may give concern to producers. There is, however, no one reason for the variation in farm held grain stocks, since the volume reflects both the pattern of production and the flow to market.

Farm Carryover in Canada

	1963	1962	1961
— in million bushels —			
Wheat	64.70	59.2	170.4
Oats	92.40	56.9	93.7
Barley	28.95	26.3	60.1
Rye	.55	1.2	2.6
Flaxseed	.81	1.3	1.4
Total	187.41	144.9	328.2

Farm Carryover in the Prairie Provinces

Farm held stocks of the five principal grains on prairie farms at July 31, 1963, amounted to 159.3 million bushels, an increase of 35% over the year-end stocks of 118.4 million in 1962.

	Manitoba	Saskat. chewan	Alberta	Total
— in million bushels —				
Wheat	6.0	45.0	12.0	63.0
Oats	13.0	29.0	26.0	68.0
Barley	3.0	8.0	16.0	27.0
Rye	.03	.2	.3	.53
Flaxseed	.1	.5	.2	.80
Total	22.13	82.7	54.5	159.33

FARM INCOME

The economic position of grain producers in western Canada is constantly under review by your board of directors. The measure of prosperity of these farmers is indicated by a study of the farm cash income statistics issued by the Dominion Bureau of Statistics for the year 1962. In that year both farm cash income and operating expenses and depreciation charges reached an all-time high. Farm cash income in 1962, at \$3,149.4 million is 6.6% above the previous record high established a year earlier, and 13.4% above the average for the previous five years. The income derived from the sale of cereals and flaxseed has particular significance to Wheat Pool members.

Preliminary Estimate of Farm Cash Income in the Three Prairie Provinces

— Dominion Bureau of Statistics —

	1962	1961	1960
— in thousand dollars —			
Wheat	\$511,229	\$468,664	\$427,630
Wheat, CWB Payments	152,523	122,330	70,640
Oats	25,562	15,752	16,261
Oats, CWB Payments	4,301	8,928	3,153
Barley	51,019	62,897	67,994
Barley, CWB Payments	24,244	2,022	5,335
Rye	8,580	4,722	4,138
Flaxseed	46,662	48,800	41,440
Rapeseed	10,127	17,047	12,943
Other Crops	31,137	33,500	28,691
Net Cash Advance Payments	5,916	-34,538	21,040
Total Crops	\$871,300	\$750,124	\$699,265
Cattle and Calves	329,029	318,608	166,882
Hogs	116,772	121,769	102,220
Sheep and Lambs	4,785	5,624	4,950
Other Livestock & Products	173,604	179,648	169,878
Total Livestock & Products	\$624,190	\$626,649	\$543,930

Farm net income amounted to \$1,630.3 million, nearly \$600 million greater than in 1961. Most of the gain can be attributed to a significant increase in farm held inventories of grain in western Canada.

Total Net Farm Income

	3 Prairie Provinces	6 Other Provinces	Canada ex. Newfoundland
— in million dollars —			
1955	\$634.8	\$655.1	\$1,289.9
1956	843.6	614.4	1,458.1
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	443.5	600.5	1,044.0
1962	907.8	722.5	1,630.3

Farm operating expenses have continued their steady climb in 1962, being 5% above the figures estimated for 1961. In 1962, these expenses amounted to \$2,109.3 million; in 1961, \$2,007.8 million; in 1960, \$1,907.7 million; in 1959, \$1,884.5 million; in 1958, \$1,793.1 million.

PRAIRIE FARM ASSISTANCE ACT

The statistics for the year 1962-63 covering the operations of Prairie Farm Assistance again demonstrate the value of this program. Approximately two dollars was paid for each dollar collected. The variation in crop yield in the prairies resulted in awards being made to over 53,000 producers.

1962-63 Crop Year

	1% Levy	Awards	Payments
Manitoba	\$1,213,940.74	3,565	\$ 815,068.00
Saskatchewan	5,279,829.33	22,429	6,865,448.50
Alberta, Peace River Block and B.C.	2,120,654.06	27,698	7,798,813.00
Total	\$8,614,424.13	53,692	\$15,479,329.50

1939-40 to 1962-63

	1% Levy	Awards	Payments
Manitoba	\$ 20,942,452.11	142,110	\$ 25,957,924.77
Saskatchewan	81,890,474.09	814,109	216,608,171.03
Alberta and Peace River Block	39,854,059.74	389,052	86,377,228.05
British Columbia	—	7,505	1,447,552.25
Unallocated	20,145.26	—	—
Total	\$142,707,131.20	1,352,776	\$330,390,876.10

CONCLUSION

Forty years ago grain producers of the prairie provinces conceived the idea that by pooling their marketable grain they could bring stability to their industry. The idea that grain producers could provide their own grain handling facilities and that these could operate as co-operatives, was the force that launched that great experiment: the Wheat Pools.

The Wheat Pools were directed to serve their members in two fields — that of grain handling and marketing, and in the framing of agricultural policy.

During this forty-year period great changes in both agricultural techniques and in trading methods have challenged the ingenuity of the farmer and his organizations. With loyal membership and devoted management these farmer-owned organizations have taken a prominent and responsible place in the nation's business.

The passing years have given the members valuable experience which now enables them to utilize their organizations in meeting their need for additional services.

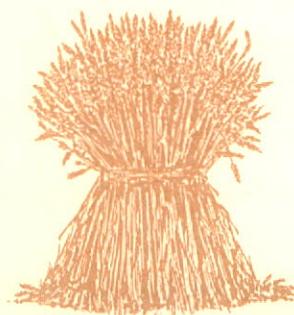
This demand and the changing pattern of agriculture is providing new challenge to the Wheat Pools: requiring them to move into new fields of activity in their declared purpose of meeting the needs of members. We are confident the experience gained and the financial strength acquired, will enable the Wheat Pools to successfully provide the expanding services which members direct as their industry becomes more commercialized and specialized.

The period during which the Wheat Pools have been in business has brought many changes in marketing methods. These changes have not lessened the competitive character of international trading. We anticipate that this changing pat-

tern of trade will continue to evolve. It must remain the purpose of producers to see that agricultural products are not submerged in the widening industrial programs which are emerging and that continuing efforts be made to market Canada's grain at remunerative prices.

Respectfully submitted

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NOTES

RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Dividends	Earnings Retained
1963	70,765,924	\$13,220,241	\$9,019,640	\$1,009,660		(See Note 4)
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
1954	56,186,415	9,656,093	6,170,265	1,037,722	2,217,001	123,343

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
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	8,629,786	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
1954	505	18,206,576	34,690,530	29,356,270	5,334,260	2,220,126

