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ALBERTA
WHEAT
POOL

Annual Report

FOR THE YEAR ENDED 31st JULY

1962

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ALBERTA WHEAT POOL BUILDING, CALGARY

Though the head office of the Alberta Wheat Pool is located in the city, its roots lie deep in the soil of rural Alberta. Owned and democratically controlled by over 50,000 operating farmers, the Pool is truly "a farm organization working for farm people."



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

Solicitors

ALLEN, MACKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH

Auditors

CLARKSON, GORDON & CO.

Head Office

ALBERTA WHEAT POOL BUILDING, CALGARY

S E A S O N 1 9 6 1 - 1 9 6 2

Officers

A. T. BAKER, *General Manager*
C. L. NOWLIN, *Country Operations Manager*
J. S. HARBURN, *Sales and Traffic Manager*
O. J. BROUGHTON, *Secretary*
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*

Bankers

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

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

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	Morrison, W. Spence	High River
202	O'Neil, James Jesse	Claresholm	207	Noel, Felix H.	Okotoks
203	Coote, Donald H.	Cayley	208	Barker, William Gordon	Calgary
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	Paetz, John T.	Big Stone	307	Luoma, Sulo S.	Trochu
303	Plumer, William Wallace	Brooks	308	Hepburn, Sydney B. A.	Huxley
304	Arrison, Arthur W.	Bassano	309	Adie, John L.	Drumheller
305	Burne, G. W.	Gleichen	310	Nelson, Norman E.	Craigmyle

RED DEER — District Four

401	Warwick, Ernest	Oyen	406	Tipman, Joseph 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	Jones, Rees	Ponoka

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

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	Rasmuson, Clarence H.	Gwynne

VEGREVILLE — District Six

601	Golightly, Robert C.	Streamstown	606	Ziegler, Alex	Winterburn
602	Mead, George B.	Vermilion	607	Montpetit, Paul	Legal
603	Ziegler, George	Vegreville	608	Melnyk, Henry	Warspite
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	Levesque, Ferdinand	Falher	709	Bulmer, Amos	Berwyn
705	Gummer, Howard F.	Buffalo Lake	710	Proctor, C. M.	Fairview

PERTINENT FACTS

Net Earnings	\$ 2,787,769
Elevator Handlings — Grain and Oil Seeds in bushels	60,104,981
Forage Seed in pounds	16,365,821
Percentage of Alberta Grain Deliveries Handled	42.3%
Gross Value of Board Deliveries and Other Sales	\$81,043,720
Capital Expenditures	\$ 1,005,318
Total Investment in Capital Assets	\$32,131,549
Working Capital	\$ 8,629,786
Patronage Dividends Distributed (out of previous year's earnings)	\$ 2,526,905
Percentage of Member Business in Previous Year	95.87%
Cumulative Total of Patronage Dividends Distributed	\$30,900,839
Cumulative Total of Reserves Purchased from Members	\$14,384,115
New Members	1,956
Total Membership	50,247
Number of Elevators at End of Year — Country	559
Terminals	3
Elevator Capacities in Bushels — Country	42,419,500
Terminals	10,340,000
Number of Employees	1,022

COMPARATIVE SUMMARY

	1961-62	1960-61
Handlings — Grain in bushels	58,527,660	59,140,577
Oil Seed in bushels	1,577,321	662,060
Forage Seed in pounds	16,365,821	15,122,976
Cereal Seed in bushels	158,659	219,145
 Gross Value of Deliveries to Canadian Wheat Board and Other Sales	 \$81,043,720	 \$77,629,724
 Earnings Before Capital Cost Allowances	 \$ 3,895,065	 \$ 4,098,714
 Net Earnings	 \$ 2,787,769	 \$ 2,860,408
 Available for Patronage Dividends	 \$ 2,717,363	 \$ 2,700,001
 Current Assets	 \$31,124,651	 \$43,424,884
 Current Liabilities	 \$22,494,865	 \$35,247,611
 Working Capital	 \$ 8,629,786	 \$ 8,177,273
 Capital Expenditures on Properties and Equipment	 \$ 1,005,318	 \$ 1,525,091



WHEAT FIELDS OF THE WEST

They spread their golden splendor,
across the western plain;

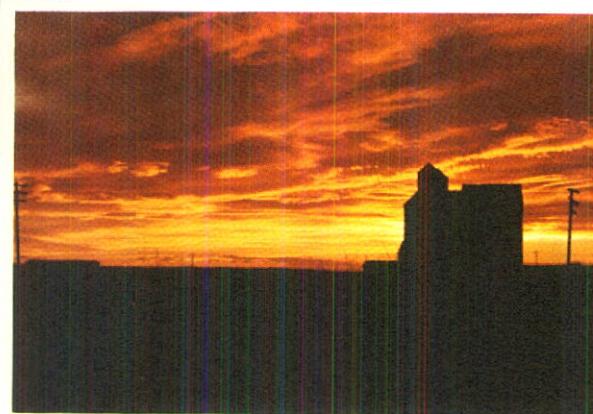
A waving sea of beauty —
these fields of ripened grain.

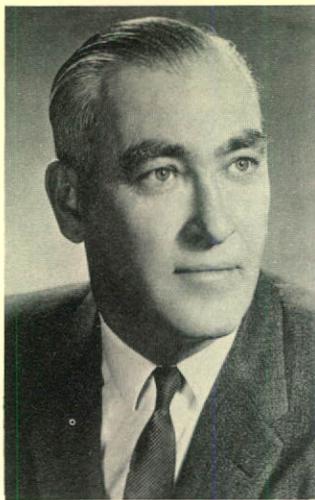
They whisper in the sunshine,
of blessings held in store;
Of bread to feed the hungry,
when harvest days are o'er.

Rose-scented western breezes,
dance o'er the golden sea
While wild birds sing out God's praise,
and feed contentedly.

The world's teeming millions,
with nourishment are blessed —
A stream of nature flowing,
from the wheat fields of the West!

—Elma Helgason





Report of the Board of Directors

ALBERTA WHEAT POOL TO 40th ANNUAL MEETING OF DELEGATES

G. L. HARROLD
President

Gentlemen:

The crop year 1961-62 enabled your Association to slightly increase its handlings of grain and seed, both in total volume and as a percentage of marketings in the Province.

Services were provided in a manner similar to previous years and active representation was maintained in matters of concern and interest to our membership.

SUMMARY OF OPERATIONS

Grain handlings including rapeseed, through country elevators of 60,104,981 bushels exceeded those of the previous year by approximately 300,000 bushels. Terminal unloads of grain at Vancouver of 51,268,741 bushels were appreciably above the previous year's total of 47,310,029 and set a new handling record for these facilities. The three cleaning plants of the seed division operated to near capacity throughout the year with a volume of 16,365,821 pounds of forage seed, approximately one and one-half million pounds above the year previous. Pooling operations for rapeseed and mustard were again conducted for members during the year. Available for disposition from the year's operations are net earnings of \$2,787,769.00 before provision for income tax.

GRAIN MARKETING

The year 1961-62 will be regarded as favorable for Canadian Wheat exports. Preliminary figures issued by the Board of Grain Commissioners indicate exports of all grains of 410.3 million bushels. This is a gain of about 3.9 million bushels over the previous year, most of which was wheat. Canadian exports of wheat in all forms totalled 357.8 million bushels, the third highest in history and about 11.7 million bushels greater than the previous year. Canada's largest wheat customers in the year were The United Kingdom, Mainland China, Japan, West Germany, Poland, Belgium-Luxemburg, East Germany, Switzerland, Venezuela, Italy, Philippines and the Netherlands, in that order.

Producer marketings in Western Canada of 392 million bushels is considerably below the previous year's total of 547.7 million bushels.

In recent years our attention has been drawn to the high percentage of Canadian grain sales handled by export firms and to the fact that firms of this nature are becoming increasingly fewer in number and larger in size. In many cases they are international trading firms who are actively engaged in the selling of grains of other exporting countries. The need for aggressive and financially sound Canadian export firms appears to be increasing.

WHEAT POOL REPRESENTATIONS

Financial Assistance for Western Grain Producers

Your Association through the Western Agricultural Conference made a request early in the year to the Federal Government for the continuance of acreage payments and also for special drought assistance to prairie producers suffering from low crop yields in 1961. Early in 1962 Parliament approved an acreage payment to prairie grain producers totalling Forty Two Million Dollars on a basis similar to that paid in 1958 and 1960.

"At and East" Freight Rates on Export Grain

As reported to you last year Canada's two principal railways requested and received, authorization from the Board of Transport Commissioners for a substantial increase in the rail rates on bulk grain moving from the Georgian Bay and related ports to the Atlantic winter ports. Your Association along with the other two prairie wheat pools, made strenuous protests to this action and the effective dates of these increases have been temporarily postponed to December 31st, 1962.

Railway Branch Line Abandonments

During the year the Canadian Pacific and Canadian National Railways made application to the Board of Transport Commissioners for

abandonment of various branch lines in the three prairie provinces. Jointly with the Manitoba and Saskatchewan Wheat Pools we have strongly urged the Federal Government to have hearing of these applications delayed until an indication of Government action is made known on the recommendations of the McPherson Royal Commission on Transportation report, in respect to Branch Line abandonment.

To date our requests have been fruitless.

LEGISLATION

The Temporary Wheat Reserves Act

The Temporary Wheat Reserves Act remained in effect during the year and provided the Federal Treasury to pay carrying charges on the volume of wheat held by the Canadian Wheat Board at the commencement of the crop year in excess of 178,000,000 bushels. Under the provisions of this Act the Canadian Wheat Board has received \$47,974,285 during the 1961-62 crop year, which has been allocated as follows:

1960-61 pool account — wheat	\$26,649,994.00
1961-62 pool account — wheat	21,324,291.00
<hr/>	
\$47,974,285.00	

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 \$16,656,713.00 were made to 22,342 producers in the prairie Provinces. Of this amount, payments totalling \$6,019,789.00 were

made to 8,963 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$2,266,071.00 to 3,183 producers.

The Canadian Wheat Board Act

Early in 1962 your Association independently and through the C.F.A. and jointly with the other Wheat Pools, requested the Federal Government to renew the Canadian Wheat Board Act which was due to expire July 31st, 1962. Reflecting the favorable sentiment of our Association toward this legislation and the request that it be made permanent we specifically requested that the Act be renewed without an expiry date. Unfortunately, this feature of our request was not recognized but the Act was renewed until July 31st, 1967.

The Canada Grain Act

Of significance to producers in Alberta was an amendment to the Canada Grain Act during the year defining statutory grades for mustard and rapeseed.

The Soil Conservation Act

The Soil Conservation Act, a Province of Alberta statute, came into force on the fifth day of April, 1962. The purpose of this act had previously been discussed by the Minister of Agriculture with representatives of farm organizations in Alberta and received general acceptance. The Act is intended to provide a means of controlling soil erosion in the Province and stipulates that each municipal council is required to appoint soil conservation officers to carry out its intent.

THE CANADIAN WHEAT BOARD

The successful management of prairie grain marketing by the Canadian Wheat Board in the year 1961-62 will, we believe, further enhance in the minds of grain producers this Board and its orderly system of marketing. Through energetic sales policies, promotional efforts in most marketing areas of the world,



and assistance again during the crop year from the Federal Government in credit arrangements, Canada was able to maintain its traditional position in commercial wheat markets. The Annual Report of the Canadian Wheat Board for the year 1961-62, when published, will again be mailed to all delegates. A careful perusal of its contents will be found invaluable in conveying to the membership the details of its operation.

During the year one development of interest and concern to our membership and Association was the appointment, announced by the Minister of Agriculture, of a Commissioner from amongst employees of the Board.

Notwithstanding the high regard in which the appointee is held, both as to technical and administrative competence and as an individual of respect, a policy of appointment of Commissioners to this Board in this manner may impair the status of this more or less independent agency operating for and in the best interests of prairie grain producers.

ALBERTA WHEAT POOL SEED DIVISION

The fifth year of operations of the Alberta Wheat Pool's Seed Division suffered from the accumulation of a three year build-up of Fescue stocks with markets for this seed generally depressed. Our handlings of Creeping Red Fescue account almost entirely for a net loss of \$227,033.00 in this Division's operations.

The handling of cereal seed through the Division declined by almost twenty-five percent during the year due to lack of export opportunities and a limited domestic market. Two additional warehouses at country points were established during the season and used for both assembly and distribution of seed. Fertilizer was again handled with a volume increase to 7,013 tons, approximately 25% higher than that handled the previous year.

INTERIOR FEEDS LIMITED

Interior Feeds Limited, a British Columbia incorporated company, entirely controlled by your Association, operated for its second year in the domestic feed grain business in the Province of British Columbia. Approximately 1,900,000 bushels of grain were handled by this Company through our four country elevators in northern British Columbia during the year, resulting in a net earning after provision for income tax of \$3,353.00. Current elevation and storage charges were realized by our Association on this volume of business in addition to reimbursement for all necessary services rendered. The formation of this Company and its operation would appear to be justified by the use made of its facilities by both producers of grain and purchasers of feed.

VICTORIA ELEVATOR LIMITED

The Victoria Elevator Limited property in Victoria, British Columbia, operated during 1961-62 for its second year as a part of your Association. The volume of grain handled at approximately 5,600,000 bushels, although down from the previous year's handlings of 7,000,000 bushels, still represented a substantial use of these facilities. Net earning of this operation for the year amounted to \$3,401.00 after provision for income tax, capital cost allowances, maintenance of the properties in good repair and other incidentals. Full details of this Company and Interior Feeds Limited will later be presented to the meeting.

MEMBERS' ACCIDENT INSURANCE PLAN

The fourth year's operation of the Members' Accident Insurance Plan witnessed another increase in claims filed over those of preceding seasons.

Three hundred and fourteen claims were adjusted during the 1961-62 crop year leaving 14 claims in the process of adjustment and 140 other accidents for which we have not yet received claim papers. Accidents claimed the lives of 43 persons, 22 adults and 21 children and there were 21 cases of dismemberment and two cases of lost eyesight. To meet the claims already paid and those which are expected to arise from the filing of papers the sum of \$90,536 has been charged to 1961-62 operations.

During the 1961-62 season members placed insurance on 795 sponsored workers and 12 accidents amongst this group were reported. Seven of these have been adjusted with benefits of \$791.00. Final papers have not yet been submitted in the other 5 accidents.

Since the inception of the Plan on August 1st, 1958, 1,072 claims have been adjusted. Accidents proved fatal for 116 persons, 66 adults and 50 children. Loss of eyesight was suffered in 15 accidents and there were 76 cases of dismemberment. Total charges of \$250,539 have been borne for the four years of operation.



CONSTRUCTION AND PROPERTIES

Replacement of facilities was continued during the year to about the same extent as in recent years. All properties were kept in good repair and some modernization of elevators, mainly through the installation of dust collection systems, was continued. The program of recent years involving modernization of agents' dwellings was also maintained and is nearing completion. Some disposition of redundant properties was also undertaken. Authorization for eight new elevators included one replacement of a fire loss and the establishment of facilities at Manning, Alberta, on the new railway extension serving that territory.

During the year the permanent closing of our facilities at nine shipping points was authorized. These were largely based on persistent low handlings and in areas in which no significant increase in grain marketings could be anticipated. In this regard we feel your Association has pursued a policy reflecting consideration of service to its members consistent with favorable operating economies.

Over the past four or five years shipping points which have been undoubtedly burdensome to your Association, have been eliminated. Future action in this regard will likely be guided by additional considerations, including possible Branch Line abandonments, and in any case we anticipate it will be influenced to a greater extent than in the past by the competitive position of other elevator companies.

Replacement of the outer siding of the Alberta Wheat Pool Office building was completed during the year.

PUBLICITY AND PROMOTIONAL ACTIVITIES

Publicity and promotional activities were maintained during the year in keeping the membership informed on the endeavours and operations of your Association. This included the assistance of the field service staff at country meetings, the publicity department's publication of news and information through the "News Letter" and the "Budget", press releases and the use of radio and television throughout the Province. The Membership Development Program was expanded with 15 additional delegates forming committees, making a total of 50, most of which held two meetings during the year.

Affiliation with Provincial and National Federations of Agriculture, the Farmers' Union of Alberta and the F.U. and C.D.A. was maintained.

MEMBERSHIP

During the 1961-62 season 1956 new members were accepted. Although this was lower by a few hundred than enrolments of the preceding two seasons it nearly equalled the aver-

age enrolment of 1967 for the preceding five seasons. Membership cancellations with respect to retirement from farming numbered 1046 and 621 memberships were terminated by death. Cancellations were fewer in number than in the year before and the total membership of 50,247 at July 31st, 1962, represented an increase of 289 for the season.

Memberships totalling 108,535 have been established since 1923 and 58,288 of these have been terminated or cancelled. Of the 50,247 holding membership at July 31, 1962, 9148 were signers of the early marketing agreements and 41,099 had been accepted as members since 1939 under Section 6 of the Alberta Wheat Pool Act.

ELECTION OF DELEGATES

During the summer of 1962 elections were held in the odd-numbered sub-districts. Twenty-four delegates were elected by acclamation and elections were held in ten sub-districts with a by-election being necessary in one.

By-elections were held in sub-districts 708 and 108 following the 1961 annual meeting. The by-election in sub-district 708 to fill the vacancy created by the election of Mr. Frank White as Director for District #7, resulted in Mr. Gerard M. Dufour of Spirit River being elected to that office. The by-election in sub-district 108 was created by the resignation of Mr. Lucien Claeys, and resulted in the election of Mr. Marvin J. Goughnour of Enchant.

During the summer general election no nominations were received for sub-district 701 and a by-election then became necessary. This by-election was held in September and resulted in the election of Mr. Fred Parrent of Clyde, Alberta.

IN MEMORIAM

We regret to record the passing since our last annual meeting of five of our members with varying periods of service as elected officials of our Association:

Mr. Willmot Alton of Fort Saskatchewan, delegate for sub-district #609, passed away May 15, 1962. He had served as a delegate since 1949.

Mr. George Bennett of Mannville passed away January 2, 1962. He had represented members in sub-districts F-2, F-5, G-3 and #602 as delegates for the period 1924 to 1927 and 1945 to 1959, as Director from 1927 to 1943 and as Chairman from 1941 to 1943, a total service of 33 years.

On December 11, 1961, the death occurred of Mr. Thomas Semple of Alix. Mr. Semple represented the members of sub-district E-2 during 1935-36.

Mr. James A. Wood of Elnora, delegate for sub-district C-10 from 1936 to 1945, passed away December 12, 1961.

The death of Mr. Tom Kokotailo occurred on May 9, 1962, in Edmonton. Mr. Kokotailo had served as delegate for sub-district F-6 and G-6 from 1935 to 1936 and from 1940 to 1954, a total of 15 years.

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

STAFF

Appreciation is extended to the staff for their continued high standard of service and devotion to the objectives and purposes of this Association, which has contributed to its success throughout the years.

BOARD OF DIRECTORS

At the first meeting of the Board of Directors of Alberta Wheat Pool held after the 1961 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. Messrs. G. L. Harrold and Nelson 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 Alberta Federation of Agriculture, The Canadian Federation of Agriculture and the Western Agricultural Conference.

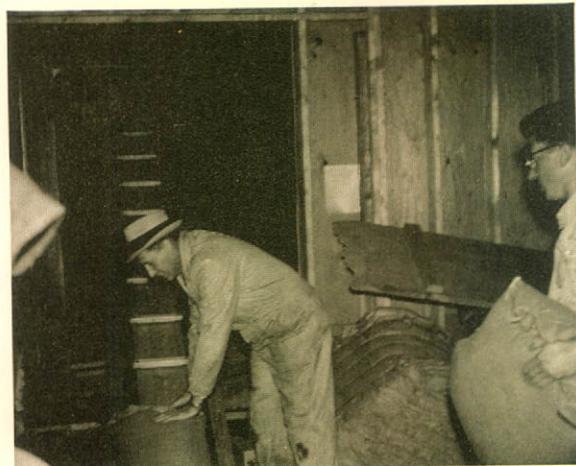
In addition to routine duties, members of your Executive Committee were called upon to spend considerable time on behalf of the Association in various external endeavours. Included in the current year was participation of your President as a member of the Advisory Committee of the Canadian delegation during the negotiations for a new International Wheat Agreement.

The appointment of your President to the current Royal Commission on Banking and Fin-

ance mentioned in this report last year, has required a good deal of his time during 1962.

GENERAL

A new international wheat agreement effective August 1, 1962, for a period of three years was successfully negotiated at an International Conference held in Geneva, Switzerland, during February and March of 1962. This agreement retains the basic principles embodied in previous agreements, that of insuring supplies to importers and markets to exporters at equitable and stable prices. Of particular interest to Canada is a twelve and one-half cent per bushel increase in ceiling and floor prices on wheat, bringing these to \$2.02½ and \$1.62½ per bushel respectively, basis No. 1 Northern at the Lakehead or Vancouver, and in terms of United States funds. Representatives of ten exporting countries and thirty importing countries participated in the negotiations. The agreement was signed by Canada on May 11, 1962, and was early assured of sufficient signatures for its operation. These included for the first time the U.S.S.R. as an exporting country, thereby bringing all the major exporting countries of wheat into its participation.



European Common Market

Since our last report to you considerable discussion and negotiation has been carried out on the application of the United Kingdom for membership in the European Common Market. Efforts by the Government of Canada and other Commonwealth countries have been directed toward assuring safeguards particularly for trade in agricultural products into the European market.

Agricultural Economics Research Council

During the year some progress was made in setting up an independent Agricultural Economics Research Council. Such a project had been considered and recommended at a confer-

ence in Winnipeg in April, 1961, attended by Government representatives, officials of farm organizations and University personnel. A provisional Board of Governors met in Ottawa in July, 1962, to elect executive officers and agree upon financial arrangements. The Board of Governors will represent Federal and Provincial Governments, farm organizations, co-operative and business organizations. Plans are being made to bring the research program of this council under the direction of a Directorate, consisting of nine scientists, who will be named by the Board of Governors. A financial objective of \$150,000 annually for each of the first five years of its program is being planned. Of this amount farm organizations will be expected to contribute Twenty Thousand Dollars annually.

World Food Program

For a number of years Canadian farmers have favored the setting up of a world food program to provide food which is in abundance in some parts of the world, to needy and hungry peoples in other lands. During the year positive progress was made in this direction when the General Assembly of the United Nations in December, 1961, initiated an experimental program of three years' duration of approximately one hundred million dollars in extent. Contributions to the program will be on a voluntary basis in the form of appropriate commodities, acceptable services and cash. At a pledging conference held in September, 1962, Canada assured support to this program in the amount of five million dollars, one-third of which will be in cash. Grants from other countries to date have almost reached the initial objective.

The Agricultural Rehabilitation and Development Act

This Act, passed in June, 1961, and designed to assist in agricultural and rural economic adjustment, received attention during the year. A Director was appointed in November, 1961, and in May, 1962, the Federal Government announced the authorization of Fifty Million Dollars for project developments under its terms. More recently arrangements were completed with all ten provinces thereby assuring its benefits to all regions in Canada.

Current Economic Problems

In certain respects, the past year was a difficult one for the Canadian economy. Western Canadian farmers are aware that particular measures taken to deal with serious balance of payments problems have brought tangible results in the way of higher prices for products such as wheat and livestock. But there is also an awareness that devaluation is bound to lead to a reduction in the internal value as well as the external value of the dollar. In fact, care must be taken to insure that internal costs do

not rise enough to cancel all advantages that devaluation provides in both domestic and international markets.

There is also an appreciation of the need for measures other than devaluation to deal with emergency situations. In this regard, Western Canadian agriculture recognizes the necessity of imposition of tariff surcharges. It must be emphasized however, that such controls are of a temporary nature and should be removed at the earliest possible opportunity. With many countries of the world moving toward freer trade and new prosperity, the Canadian economy, and Western agriculture in particular with its heavy dependence on export markets, cannot prosper in the long run under excessive trade restrictions.

C.C.W.P. Ltd.

During the year Canadian Co-operative Wheat Producers, Limited, the central organization of the three prairie Wheat Pools, was maintained for its liaison, co-ordination, and other purposes. Its Annual Report will be submitted to you later in this meeting, in which are recorded several additional items of interest for your information and consideration.

THE ROAD AHEAD

The financial results of the grain handling operations of your Association for the year 1961-62, as for several previous years, can be considered satisfactory. At this time we see no apparent reason why our operations will not be similar in the current year. Given reasonably good crops, along with the recently granted increases in handling and storage charges, and the benefits offered by the Canadian Wheat Board's method of orderly marketing, we can face the future with considerable confidence. We are, however, enjoying several benefits on which reliance could lead to a false sense of security.

An analysis of our current operations reflect several favorable circumstances, some the result of previous decisions and others being of a nature over which we have little or no control or guidance.

The Province of Alberta in the year 1961 enjoyed as a whole proportionately better crops than the other two Prairie Provinces, resulting in favorable handlings for your Association. Marketing operations of the Canadian Wheat Board, assisted by Federal Government credit arrangements and the continued high standards of grain grading and handling as maintained by the Board of Grain Commissioners, all contributed to a satisfactory Canadian sales position. Prairie grain producers and elevator handling companies were again assisted during the year through Federal Government storage assistance under the provisions of The Tem-

porary Wheat Reserves Act. This assistance, while very beneficial and much appreciated, tends to conceal to some degree the full costs to the farmer of grain handling.

The facilities of your Association were utilized to a lesser degree for storage than in recent years but for increased shipments with an overall favorable earning as a result. In this respect we wish to point out that our earnings per elevator unit have in many cases been higher than that in the other Prairie Provinces, reflecting the fact that we have a higher storage capacity per elevator point than is general. During the past decade with large crops in this Province, a considerable amount of additional storage space has been built. Your Association took advantage of the full amounts of normal and special capital cost allowances on such properties as they became available with a resulting benefit which we shall enjoy for many years ahead. Another significant advantage which each year has been reflected in our financial statement is the moderate capitalization structure enjoyed at this time. As a result, our annual cash requirements to maintain current categories of reserve purchases have been of a nominal nature.

In the past, ever mindful of the Association's liability to its members, a proper relationship between service and potential savings together with a reserve structure at a level compatible with requirements for revolving ownership, has placed the Association in a sound position.

In particular, we suggest a policy of maintaining our reserve structure at such levels that may reflect the ability to revolve ownership and reserves to the extent that control may remain in the hands of active member patrons. Such a policy would assure resources to meet exigencies as may arise and to provide additional facilities and services as the membership may in the future deem desirable.

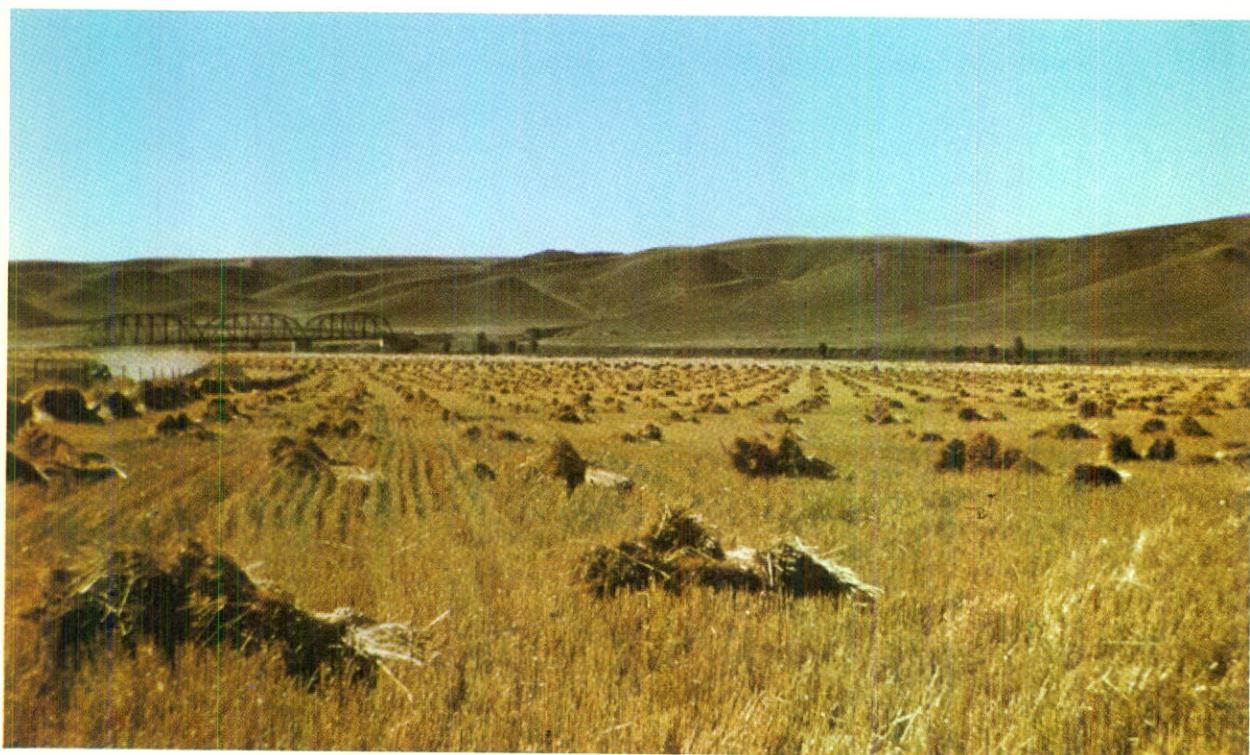
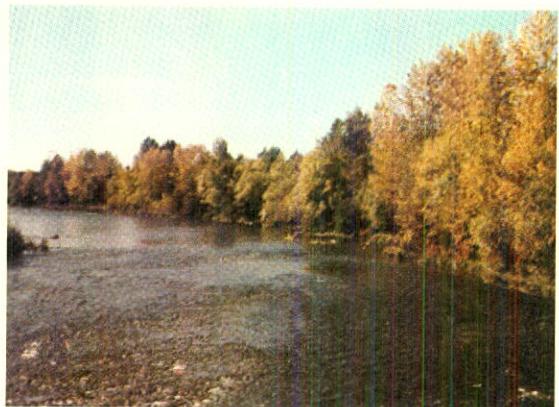
All of which is respectfully submitted.

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



WHEAT

Smiles with promise the young green wheat,
Under a sky of tender blue —
Whispering hopes of a harvest great;
Oft has it promised, and failed us, too



The golden grain, and the watch is done
With the harvest song comes the knowledge sweet,
Of toil's reward and the hard fight won,
And the world shall have its bread to eat!

— Nell Lewis Woods



Report of the General Manager

ON 1961-1962 CROP YEAR

A. T. BAKER
General Manager

To the President and Directors,
Alberta Wheat Pool.

Gentlemen:

In 1961 severe drought drastically reduced yields over most of the western prairies, and Canadian grain production was lower than in any year since the 1930's. Large areas of Alberta were, however, spared the effects of the dry weather, so production did not decline as much as in the other two prairie provinces. The Alberta wheat crop of 89 million bushels was about 30% below the ten year average, while total wheat production in Western Canada dropped approximately 45% to 260 million bushels.

The very wide extremes in growing conditions were reflected in yields, which in the south-eastern and east-central parts of the province were among the lowest on record, while a bumper crop was produced in the north. Harvest was completed at an early date. The quality was high and the condition of the grain excellent, with 87% of the wheat in the top 3 grades. Large amounts of good quality forage seeds were available since the weather was generally favourable in seed producing regions.

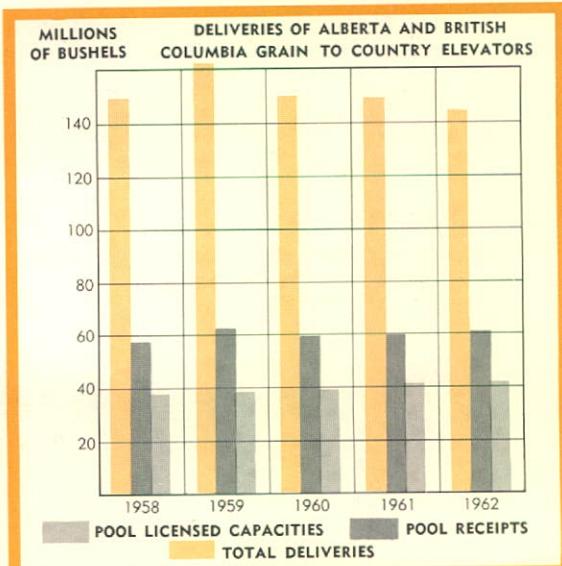
For the first time in over ten years delivery quotas were lifted at all points well before the end of the crop year. This was made possible by the coincidence of over 350 million bushels of exports during a year of less than average production.

Even though there were heavy crops in some districts, the almost continuous elevator congestion which had prevailed for several years disappeared as the season progressed, and ample space was available for all producers who wished to deliver.

The West Coast continues to grow in importance as an outlet for prairie grain, and for the first time accounted for more than half of all Canadian overseas exports. A large part of the shipments of 188 million bushels originated in Alberta.

Country Elevator Operations

Deliveries of grain and oil seeds were maintained at surprisingly high levels, despite marked declines in production. With a good crop in sight, producers drew heavily on stocks of farm stored grain towards the end of the crop year, and total receipts, including rapeseed, amounted to 60,104,981 bushels, which is a small increase over the 59,802,637 bushels delivered last year. Part of this gain can be explained by the fact that the Pool once more enlarged its share of the market and obtained 42.03 per cent of all grains and rapeseed delivered in the province, compared to 41.26 per cent one year ago.



Although the down-trend in the amount of grain in store in country elevators was halted before the end of the crop year, there was, nevertheless, a substantial decline in stocks from 33,980,460 bushels at July 31, 1961 to 23,001,133 bushels on the same date of 1962.

This drop marks the lowest year-end inventory experienced since 1951-52, and resulted in average utilization of storage space of only 60 per cent compared to 82 per cent one year ago. Under the existing elevator tariff structure, storage revenue has been a heavy contributor to total earnings. The current situation, therefore, serves to emphasize the importance of reducing per bushel costs of handling grain.

There were 563 elevators licensed at the beginning of the year. Of these, 11 were not opened for business and had no receipts, 11 others were permanently closed during the year and one was temporarily closed. Average receipts per elevator operated, at 108,885 bushels, were, therefore, somewhat higher than last year.

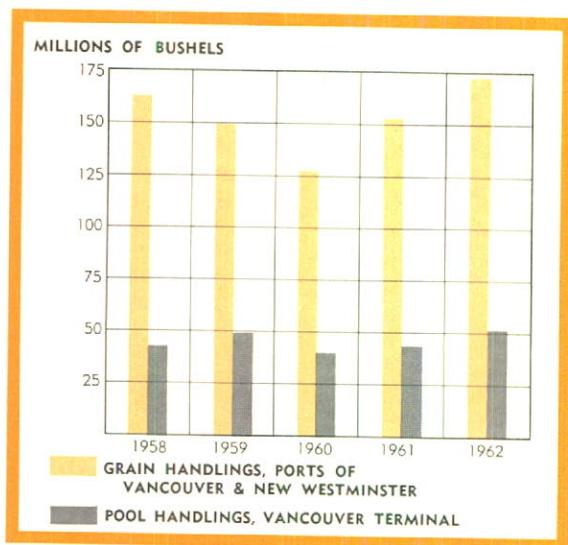
With less grain in store, it was possible to weigh up a larger number of elevators than usual, and a total of 305 cut-offs were made. Again, the results revealed a high standard of accuracy by agents as indicated by a weight overage of only .079 per cent.

In previous years heavy losses were sustained in barley because grain taken in as 3 CW 6 Row would not hold up to grade through the various handling stages from producer to shipboard. The establishment of new grading regulations reduced these losses this year. Handling conditions were ideal for remaining grains and the overall results for these were satisfactory.

Following record rapeseed production, deliveries to Pool facilities increased more than threefold to 1,547,965 bushels. Although declining world prices were evident throughout most of the year, \$2.15 per bushel was paid on the rapeseed sold on a pooling basis compared to \$1.80 last year, and a substantial further sum awaits the delegates' decision. Drought seriously affected mustard seed acreages and yields, so receipts were small.

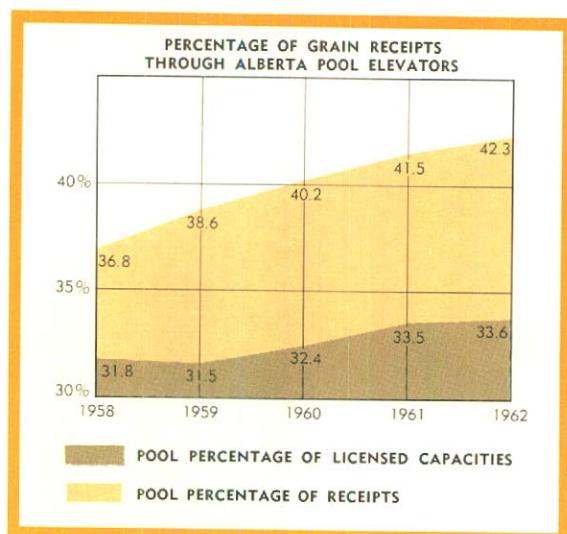
Terminal Operations

Large grain sales to far eastern countries accelerated movements through West Coast ports this year, and a new record of 51,268,741 bushels was handled at your Vancouver Terminal. This marks a significant increase over last year's total of 47,310,030 bushels and is nearly two million bushels greater than the previous peak established in 1958-59. This was accomplished without undue effort, by close co-operation between the Wheat Board, the railways and our Traffic Department.



The increasing amount of grain sold for export through West Coast ports has necessitated heavy shipments of Saskatchewan grain, which under the former pattern would have moved eastward. The Saskatchewan Wheat Pool operates a small terminal at Vancouver and by agreement their very considerable surplus is directed to your terminal. Nearly 1/6th of our receipts came from this source, and for most of the year supplemented Alberta grain, to provide a well balanced full-time operation. Again, the Port Arthur Terminal was operated on a very satisfactory basis under agreement with Manitoba Pool Elevators. Their increased terminal capacity and a larger movement into export and domestic channels enabled them to unload most of our cars arriving at the Lakehead. The terminal of Victoria Elevator Limited provided a most useful complementary service to the Vancouver operation.

Prices of feed grain, which reflected crop conditions on the prairies throughout the season, moved upward and resulted in heavy domestic use of screenings for feeding purposes. The same situation also contributed to the importation of American corn. This commodity, produced under a price support program, offers significant competition to domestic feed grain. As a consequence of higher prices for feed grains, therefore, some American corn is being



substituted for Alberta grown grain and domestic feeders are using large amounts of terminal by-products which formerly went to the U.S. market. Both of these developments are serious for our producers.

Seed Division

The 1961 seed crop was exceptionally heavy in Northern Alberta with the production of Creeping Red Fescue more than twice the long time average. After two years of abnormally large crops of forage seeds in the U.S. and Canada, heavy stocks of several varieties accumulated in all positions between producer and consumer, in spite of good demand. With this surplus overhanging the markets there was a gradual decline in prices during the year. These circumstances clearly illustrated the difficulty of successfully marketing on a pooling basis in competition with open market buying. Most producers will not pool their seed unless the initial payment is about as high as the open market price, and to set the price at such levels can only lead to loss in a falling market. On the other hand, in a rising market pooling is profitable for producers as the seed is sold after delivery, and usually at prices higher than those prevailing on the open market at the time of delivery. Other difficulties inherent in the seed business are the lack of reliable statistics of production and stocks of seed, and the absence of any means of hedging inventories.

These facts indicate the desirability of critical re-examination of our present marketing methods. During the next crop year, therefore, producers will be offered the alternative of out-right sale at prices which reflect market conditions from time to time, or participation in pooling with initial payments set low enough to avoid loss. In this way we will be able to offer the advantages of pooling, and at the same time accommodate those interested in current market values.

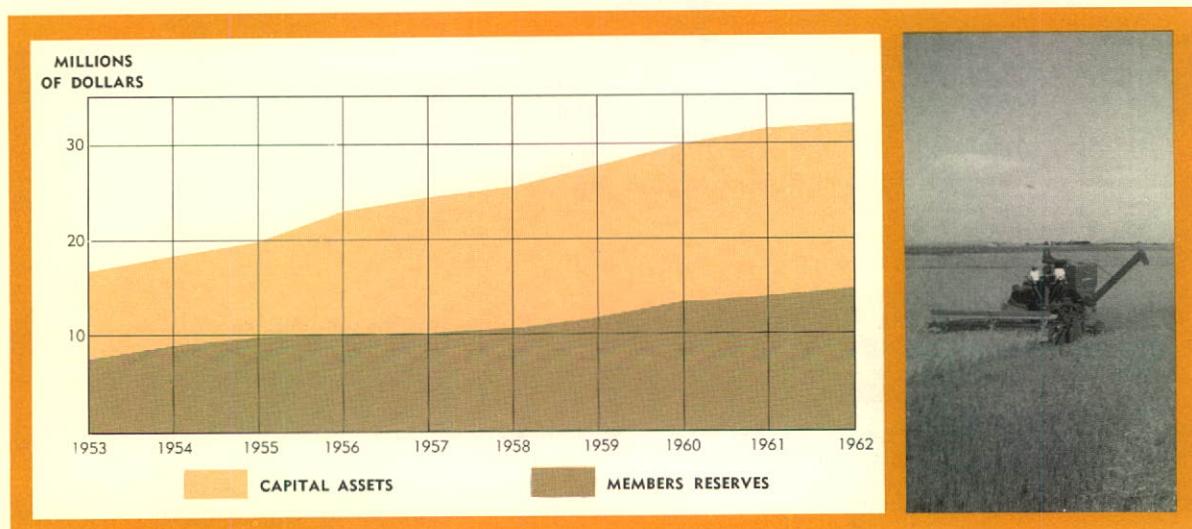
A total of 16,366,000 pounds of clean seed was handled by your organization in 1961-62. This represents a gain of 8 per cent over last year and it is the largest volume ever handled. Nearly all of this seed was delivered by the end of October, thus imposing a heavy burden on cleaning and storage facilities. Nevertheless it is gratifying to note that the unusually large volume was handled successfully by your plants.

A net loss of \$227,033, largely attributable to the fescue pool, is shown on this year's operation. A heavy inventory of unsold seed was on hand at the end of the year and carried into the next year at prevailing market prices, less anticipated carrying charges.

Four years ago the Pool entered the fertilizer business. The purpose of this move was to provide producers the opportunity of making savings by placing orders for their requirements well in advance and taking delivery off car. It was anticipated that purchasing in this manner would reduce the cost of selling fertilizer and enable the payment of a patronage dividend which would compensate the growers for the inconvenience of early ordering and taking delivery from the car. It was proposed to sell at established competitive prices, but general price cutting ensued, which gave all purchasers of fertilizer a substantial saving. The unexpected benefits of the Pool's small effort provide an illustration of the useful regulatory effects of co-operative activity. Last year 7,013 tons were sold compared to 5,274 the previous year and 2,577 tons in 1959-60.

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 \$2,787,769 after taking into account regular and special



capital cost allowances of \$1,107,296. During the recent years of high earnings, your organization has taken the maximum capital cost allowances permitted. The reduction in this item, as compared to previous years, is due to exhaustion of the amount available on assets constructed in these years, and to recent changes in the regulations governing special capital cost allowances.

Both revenues and expenses were lower this year. The high level of shipments brought in larger grain revenue and greater returns from terminal operations, but these increases were more than offset by the decline in storage earnings resulting from reduced stocks in country elevators. Due to the good condition of the crop there was almost complete elimination of drying charges. The seed operation showed a loss compared to a surplus last year. On the other hand, interest charges were less on money borrowed to carry inventories, and other operating expenses were stabilized.

The Alberta Wheat Pool is the vehicle through which some 50,000 farmer members carry on the business of handling their own grain and seed. The proof of this is attested by the high degree of identity between owners and customers. In 1960-61 only 4.4% of the business was with non-members. The collectively owned assets may, therefore, be regarded as part of the equipment used by the member to earn his income. A unique method of capitalization has been evolved to implement this concept. The members provide the equity capital, the ownership is revolved, and the earnings are returned to the members as a patronage dividend.

The ownership of the Association rests in the "reserves", which the members hold in proportion to their use of the facilities, as indicated by their deliveries of grain or seed. The ownership is kept in the hands of active farmers by each year purchasing the reserves of those who have no further use for the facilities, and then re-issuing them as part of the patronage dividend. During the last year reserves to the value of \$1,172,857 were purchased from the estates of members who had died, from those no longer engaged in farming and from members 70 years of age, or older. The reserves so purchased plus an additional \$711,428 of new reserves and \$642,765 in cash were issued to the member patrons as a dividend. After setting aside the amount of the previous year's earnings on which income tax was payable, the remainder was used to pay the dividend. The total payment was 5.24c per bushel on wheat and flax, and lesser amounts for other grains. The members' investment in ownership reserves, which is a liability of the association, is now \$14,522,198. A capitalization of less than \$15,000,000 is moderate for an association with the assets of the Pool.

The cost of handling members' grain through our elevators last year was 10.6c per bushel. There is no reason to doubt that a similar amount is deducted for the same services provided for every other western producer for each bushel delivered. This is the cost of maintaining and operating the present grain handling system, and the expenses will inevitably rise unless the industry develops a more economical way to collect the grain in the country and forward it to the terminals. Our grain is grown in the heart of a great continent and cannot compete in the markets of the world, against grain grown close to seaboard in other countries, unless costs are kept to a minimum. The advantage given by high quality can be nullified by excessive costs of getting the grain to the consumer.

Capital expenditures were \$1,005,319, of which \$868,840 was for new buildings and operating machinery. This amount was well within the allowance for depreciation. It is worth noting that in the past 9 years capital expenditures of \$15,570,000 for new plant and properties have been financed almost entirely by depreciation allowances, a bank mortgage loan and earnings on which income tax has been paid. These are sources of funds available to all businesses.

Subsidiary Companies

Receipts at Victoria Elevator dropped from 7,019,000 bushels in the previous year to 5,652,000 bushels. There was little revenue from grain drying. Almost \$160,000 was paid to the parent organization for diversion premiums, allowance for screenings, management fee and interest, leaving a net earning of \$3,401 after payment of income taxes of \$3,047 for the current year.

Interior Feeds provided members in the Peace River block of B.C. a cash market for over-quota deliveries of feed grains for consumption within the province. In spite of competition from American corn and domestic by-products, your company was able to dispose of 1,897,000 bushels as compared to 1,135,000 a year ago. Over \$82,000 was paid to the Wheat Pool for elevation, storage and other services rendered. After payment of \$2,497 income tax there remained a net earning of \$3,353.

Properties

Plant and equipment were maintained in good operating condition although provisions for repairs and maintenance were down considerably from a year ago. All new buildings were constructed by Pool crews who built 8 elevators, 4 annexes, 3 seed warehouses and 6 dwellings throughout the year. Renovations and modernization of both elevator and dwelling properties were on a reduced level. No properties were

purchased but a considerable number disappeared through sales and dismantling. Planning additions and repairs to the country plant is seriously hampered by the uncertainty regarding abandonment of railway lines.

The storage capacity of your country elevator system is now 42,419,500 bushels, an increase in the year of 185,900 bushels. This capacity is provided in 559 elevators and 605 annexes and storage sheds, accounting for 33.7 per cent of the total country elevator space in Alberta. The Pool also has 400 employees' dwellings, 3 seed cleaning plants, 54 seed warehouses, 25 flour sheds, 14 coal sheds, 2 warehouses, 3 terminal elevators and an office building.

Winnipeg Office

Shipment of all grain to the Lakehead and to other western interior destinations is handled through our Winnipeg office. Last year these shipments amounted in total to 13.2 million bushels, of which 5.6 million bushels was selected malting barley, for which we obtained over-quota delivery permits and diversion premiums for our barley growers. This entails submitting individual samples to malting companies and to exporters who supply the U.S. malting industry. Because of a shortage of supplies, both here and in the U.S., there was a very much improved demand last year for good quality barley, with the result that our diversions were almost double those of the previous year.

The Winnipeg office is responsible for the hedging of all open market flax and rye, and for the selling of rapeseed. A close liaison is maintained with the rest of the Trade, the Board of Grain Commissioners and the Canadian Wheat Board, in an endeavour to keep abreast of the trends of export and domestic markets as they affect the overseas and internal grain movement.

Public Relations

The fact that an organization is set up on a co-operative basis provides no assurance of success or the attainment of its objectives. To

reach these goals, it must provide needed services in an efficient and progressive manner. It must have interested and well-informed members who are fully aware of the benefits that can be gained through a co-operative and who are willing and able to participate in its activities and direct its policies. With this kind of membership, a co-operative has an advantage not possessed by other businesses; without it, it will lose its sense of purpose and become little more than just another business.

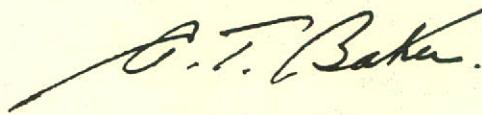
Since its inception, the Alberta Wheat Pool has carried out an education, publicity and public relations program intended to keep members fully informed on all aspects of the Pool's objectives, policies, operations and accomplishments, and designed to stimulate their participation in its affairs. The broad objective is to provide information and create a favourable attitude in the minds of members, other farmers and the public generally, toward the Alberta Wheat Pool, the co-operative movement and the grain growing industry.

Staff

My report on the operations of your organization would be incomplete without favourable reference to the staff which numbers 1,022 men and women. A successful co-operative is a partnership between the members and the employees, with each group having important but different responsibilities. The growth of the Pool will depend upon the vision, enterprise and progressiveness of the people in these two groups, and the manner in which they discharge their responsibilities.

I am sure our members can feel a justifiable satisfaction in their staff, and I would like to record my own thanks and appreciation for their loyalty and support of the ideals of the organization, as expressed through their excellent performance.

Respectfully submitted,



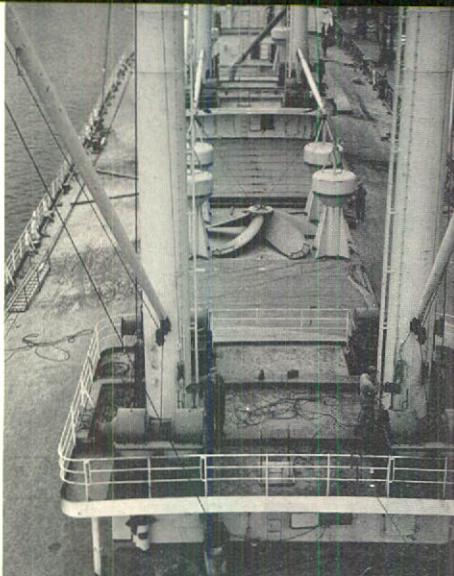
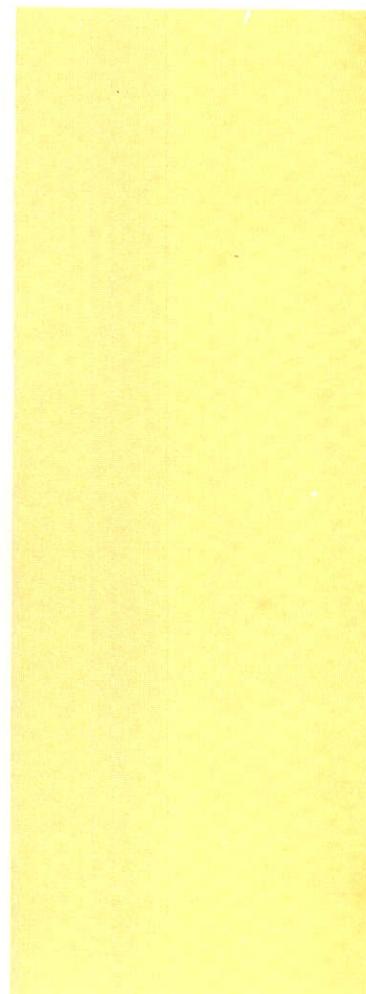
General Manager



WHEAT

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

—Gates Hebbard



KING WHEAT

Oh, hills may shake and vales resound
Beneath the flying car,
And driven by steam and winds a-beam,
Our ships ride fast and far;
Cities may crumble 'neath the guns
Which guard our flag unfurled,
Yet all shall greet — at last — King Wheat,
For hunger rules the world.

—Nenette M. Lowater

Clarkson, Gordon & Co.
Chartered Accountants
Calgary

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, 1962 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, 1962 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 19, 1962.

Chartered Accountants.

CONSOLIDATED BALANCE SHEET

ASSETS

	1962	1961
Current		
Cash in banks, on hand and in transit	\$ 205,822	\$ 622,575
Stocks of grain (Note 2)	28,190,684	40,134,490
Stocks of seed and supplies (Note 3)	1,357,827	828,657
Advances on grain	38,673	19,761
Accounts receivable	856,399	1,290,694
Accrued items receivable	80,469	95,578
Prepaid expenses	394,777	433,129
 Total current assets	 \$31,124,651	 \$43,424,884
 Fixed — at cost		
Buildings, sites and operating machinery	\$31,237,185	\$30,554,467
Less accumulated capital cost allowance	21,936,122	21,055,073
 Uncompleted construction (see contra)	 \$ 9,301,063	 \$ 9,499,394
	246,852	243,611
 Elevator and office equipment, autos, trucks and miscellaneous equipment	 \$ 647,512	 \$ 672,785
Less accumulated capital cost allowance	374,818	368,640
 Net fixed assets	 \$ 272,694	 \$ 304,145
	\$ 9,820,609	\$10,047,150
 Investments — at cost		
Shares in affiliated companies	\$ 108,670	\$ 108,670
Grain Exchange memberships	10,152	9,852
Seed cleaning plants and associations	921	870
 Excess of cost of investment in subsidiary company over book value at date of purchase	 \$ 119,743	 \$ 119,392
 Other		
Deferred accounts receivable	\$ 140,252	\$ 157,794
Claims	313,783	—
 Excess of cost of investment in subsidiary company over book value at date of purchase	 155,420	 155,420
 \$ 609,455	 \$ 313,214	
 \$41,674,458	 \$53,904,640	

See accompanying notes to consolidated financial statements.

H E A T P O O L

Industry Companies

STATEMENT as at July 31, 1962 and Comparison with July 31, 1961

LIABILITIES

	1962	1961
Current		
Outstanding cheques, cash tickets and orders	\$ 7,247,479	\$ 5,540,911
Bank loans (secured)	3,380,000	16,820,000
Call and short term loans	2,426,501	5,078,478
Loans from members	4,251,522	2,631,381
Accounts payable	1,271,032	1,123,685
Construction commitments (see contra)	246,852	243,611
Income tax payable	21,109	35,633
Mortgage debenture instalment due February 1	416,667	416,667
Accrued items payable	343,784	402,826
Growers' outstanding payments	172,556	182,076
Net earnings — current year (Note 4)	2,787,769	2,860,408
Less estimated minimum income tax (Note 5)	(70,406)	(88,065)
 Total current liabilities	 \$22,494,865	 \$35,247,611
 Deferred		
4½% mortgage debentures (Note 6)	\$ 833,333	\$ 1,250,000
 Reserves		
Members' investment (Note 7)	\$14,522,198	\$13,810,771
 Surplus		
Retained from earnings of prior years	\$ 3,248,590	\$ 3,071,203
Arising from disposals of properties	575,472	525,055
 See accompanying notes to consolidated financial statements.	 \$ 3,824,062	 \$ 3,596,258
	\$41,674,458	\$53,904,640

STATEMENT OF CONSOLIDATED EARNINGS

	Year ended July 31	
	1962	1961
Operating revenues (Notes 8)	<u>\$12,913,333</u>	<u>\$13,929,055</u>
 Deduct:		
Elevator and seed plant operating expenses	\$ 4,305,132	\$ 4,633,388
Office, administration and supervisory expenses	2,187,536	2,125,627
Terminal elevator operating expenses	1,579,780	1,533,116
Interest charges	945,820	1,538,210
	<u>\$ 9,018,268</u>	<u>\$ 9,830,341</u>
Earnings before capital cost allowance	<u>\$ 3,895,065</u>	<u>\$ 4,098,714</u>
Capital cost allowance	<u>1,107,296</u>	<u>1,238,306</u>
Net earnings for the year before income tax	<u>\$ 2,787,769</u>	<u>\$ 2,860,408</u>

STATEMENT OF CONSOLIDATED SURPLUS RETAINED FROM EARNINGS OF PREVIOUS YEARS

	Year ended July 31	
	1962	1961
Balance at beginning of year	<u>\$ 3,071,203</u>	<u>\$ 2,947,844</u>
Less sundry adjustments	<u>131</u>	<u>715</u>
	<u>\$ 3,071,072</u>	<u>\$ 2,947,129</u>
 Add:		
Earnings from the previous year	<u>\$ 2,860,408</u>	<u>\$ 2,426,508</u>
Add sundry adjustments	<u>4,422</u>	<u>(181)</u>
	<u>\$ 2,864,830</u>	<u>\$ 2,426,327</u>
 Less patronage dividends:		
In cash	642,765	547,292
In members' investments redeemed	1,172,857	1,023,027
In members' investments increased	711,283	622,180
	<u>\$ 337,925</u>	<u>\$ 233,828</u>
Less income taxes paid	<u>160,407</u>	<u>109,754</u>
	<u>\$ 177,518</u>	<u>\$ 124,074</u>
Balance at end of year	<u>\$ 3,248,590</u>	<u>\$ 3,071,203</u>

See accompanying notes to consolidated financial statements.

NOTES TO FINANCIAL STATEMENT

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 payable, 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 Bank of Montreal and are payable in three 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.

1961 - 1962

FACTORS AFFECTING WORKING CAPITAL

Working Capital July 31, 1961	\$ 8,177,273
1960-61 Earnings Available for Distribution (Note 9)	2,772,343
Operating Earnings, 1961-62, before capital cost allowances	3,895,065
 Proceeds of Disposals —	
Building and Operating Machinery	49,929
Equipment	81,270
Capital Gains	50,417
Return re Winnipeg Office Investment	698
Sundry Adjustments	514
	<hr/>
	\$15,027,509

APPLICATION

1961-62 Net Earnings Held Pending Disposition	\$2,717,363
New Buildings and Operating Machinery	868,840
New Equipment	136,478
Funds Provided for Completion of Construction Program	3,241
Patronage Dividends Paid in Cash	642,765
Members' Investment Reserves Purchased	1,172,857
Payment on Debentures	416,667
 Income Taxes Paid or Provided for —	
1961 — Dominion of Canada	72,343
1962 — Dominion of Canada	70,406
1961 — Province of Ontario	171
Increase in Deferred Accounts	296,241
Increase in Investments	351
Working Capital, July 31, 1962	<hr/> \$ 8,629,786

SOURCE AND APPLICATION OF FUNDS

SOURCE

Depreciation and Capital Cost Allowances	\$22,310,940
Members' Investment Reserves	\$14,522,198
Earned Surpluses Retained	\$ 3,248,590
Capital Surpluses from Properties	\$ 575,472
Debenture Loan	833,333
	<hr/>
	\$41,490,533
	<hr/>

APPLICATION

Elevators, Terminals, Cleaning Plants and Other Properties	\$31,484,037
Elevator and Office Equipment, Automobiles and Trucks, Miscellaneous Equipment	\$ 647,512
Excess of Cost of Investment in Subsidiary Company Over	
Book Value at Date of Purchase	\$ 155,420
Investments in Affiliated Companies and Miscellaneous Memberships	\$ 119,743
Deferred Accounts	\$ 454,035
Working Capital	\$ 8,629,786
	<hr/>
	\$41,490,533
	<hr/>

RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Dividends	Earnings Retained
1962	60,104,981	\$12,913,333	\$9,018,268	\$1,107,296	(See Note 4)	
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
1953	79,789,409	9,225,361	5,769,614	765,010	2,495,301	101,740

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
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
1953	486	16,921,483	42,365,950	38,214,868	4,151,082	2,218,299

CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED
DIRECTORS' REPORT

1961-1962

October 4, 1962

To the Shareholders

CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED
Winnipeg, Manitoba.

Gentlemen:

The directors of Canadian Co-operative Wheat Producers Limited submit their thirty-eighth annual report covering the crop year 1961-62. In keeping with an established precedent, our report refers to events of national importance which have occurred since we issued our last report, in addition to statistics covering the production and marketing of grain for the crop year ended July 31, 1962.

The pattern of production and marketing which prevailed during the year under review brought producers and their organizations face to face with numerous difficulties. The smaller volume of farmers' marketings, reflecting the short crop of 1961, has been translated into lower revenues for Wheat Pool organizations. Higher prices resulted from a stronger demand for wheat, while the lower production and larger sales reduced the carryover of Canadian grains — wheat by 212 million bushels, oats by 36.2 million bushels, and barley by 54.3 million bushels.

Farmers were able to make delivery of all grains after April 12, 1962, on an open quota, the first time since 1952 that open quotas have been in effect. Stocks of grain on farms were greatly reduced. The Wheat Pools handled 51 per cent of all grain marketed, significantly the largest percentage in any year's operations.

The net income of Canada's farm operators in 1961 was 22 per cent below that of 1960, due largely to the drastic reduction in the production of grain crops in the prairie provinces.

The generous and timely rains during the growing season just passed dissipated fears that the 1962 crop would be a light one due to lack of moisture in the soil. The production of over 500 million bushels of wheat in western Canada will improve the producers' income and give a boost to the nation's economy.

Canada's Gross National Product is given at \$36,844 million in 1961, an increase of 2.5 per cent over the previous year. The poor grain crop in western Canada has been estimated at \$400 million below the value of the 1960 crop

and this figure represents a loss of about one per cent of the Gross National Product base of \$36.8 billion.

Your board is of the opinion that the policy of the federal government in fixing the value of the Canadian dollar at 92.5 cents in relation to the United States dollar holds some advantages for the prairie grain producers.

CENTRAL BOARD

We report there were no changes made during the year under review in the board of directors of Canadian Co-operative Wheat Producers Limited. Each of the prairie Wheat Pools nominated the same directors to the board of directors and we in turn elected the same executive officers, namely, Chas. W. Gibbings, President, W. J. Parker, Vice-President, and G. L. Harrold as the third member. These elected officers also serve in the same capacity on the directorate of Canadian Pool Agencies Limited and Pool Insurance Company. These same three persons are also members of the Advisory Committee to the Canadian Wheat Board.

At their regular meetings the directors dealt with many matters which are of universal concern to the farmer members of the three Wheat Pools. It is through this agency that the policy and programs of the pooling organizations are harmonized, the actual programs in most cases being implemented by each Wheat Pool in its respective Province.

Matters of major concern throughout the year were those related to drouth assistance and acreage payments by the federal government; to the federal government's program implementing the findings of the Royal Commission on Transportation, particularly as this program relates to the abandonment of low density lines; and to secure a plan of abandonment which would be coordinated and comprehensive so that producers, elevator companies and other interests in the affected areas might plan their future operations.

We sought a renewal of the International Wheat Agreement on terms which we believed would be acceptable to the producers we represent. In keeping with a deeply rooted conviction we again urged the federal government to make the Canadian Wheat Board Act permanent legislation.

A year ago we established an African Students Foundation bursary. Under this bursary a native of Nyasaland is taking his studies at the University of Manitoba. It is our belief that a man with such training can offer leadership in his own country as its commerce and industry develop.

We sought and were granted membership in the Great Lakes Waterways Development Association. Canadian Co-operative Wheat Pro-

ducers Limited was accepted as a member of the Private Planning Association of Canada. Our President, Chas. W. Gibbings, is a member of the board of governors of the Canadian Trade Committee, which is sponsored by the Planning Association.

The Wheat Pools were represented at the Canadian Barley and Oil Seeds Conference by technical members of the staff; we supported this Conference financially.

Acting jointly the three Wheat Pools produced a film depicting the evolution of grain marketing in western Canada. The film was released on the 25th anniversary of the Canadian Wheat Board. Your board of directors endorsed this production believing as we do that the merits of centralized marketing need to be constantly illustrated.

We reported last year that we had instigated a study on food utilization on the broadest scale. The inquiry, we believe, will indicate the ability of Canada to provide a steady flow of food of different kinds to help under-nourished peoples in various countries. The study is being conducted by the University of British Columbia under the direction of economists of national repute. It is anticipated that a preliminary report will be released in the current year.

INTERPROVINCIAL POOL MEETINGS

During the year the full boards of directors of the three provincial Wheat Pools met on two occasions — on January 17-18 in Calgary, and July 27-28 in Winnipeg.

These meetings provide an opportunity for directors to discuss quite freely matters which are of vital concern to the pooling organizations and which affect the livelihood of grain producers.

At the meeting in January directors and officials of the three Wheat Pools agreed that a larger premium on barley selected for malting purposes was justified and they named a committee that would interview maltsters, exporters and other handlers of barley, seeking support for an increased premium.

Recognizing the great changes which are taking place in agricultural practices and the fact that the members of the Pools are each year increasing their purchases of farm supplies, particularly fertilizer, prepared feeds and chemicals, the directors considered how their organizations could actively participate in providing farm supplies on a co-operative basis. Consideration was given to the merits of extending services of the Wheat Pools to cover the acquisition and distribution of essential farm production requirements, or as an alternative, whether the Wheat Pools should join with other organizations and businesses so that all co-operative agencies in the field of farm supply would unify their strength and volume.

Concern was expressed over the fact that rapeseed and other grains marketed through facilities not licensed by the Board of Grain Commissioners were not assessed the Prairie Farm Assistance Act levy while the acreage involved might qualify for benefits. The meeting urged the Board of Grain Commissioners to bring all non-paying grains and rapeseed under the PFAA.

Representatives of the Canadian Wheat Board attended the July meeting. This is in keeping with an established practice, one that is deeply appreciated by the directors since they have an opportunity of inquiring about many subjects. The discussion centred on sales and prices, quotas, deliveries to feed mills, and the importation of feed grains from the United States.

The meeting reviewed the statistics covering the volume of grain delivered to feed mills in each of the three prairie provinces and the instructions covering these operations issued by the Canadian Wheat Board.

Again this year the Saskatchewan Wheat Pool and Manitoba Pool Elevators presented a submission to the Board of Grain Commissioners in which they asked for an increase in grain handling tariffs in both country and terminal elevators. In the two submissions it was recommended that no change be made in the storage rate. The Alberta Wheat Pool recognized the great variation in the pattern of crop production on the prairies and that the over-all reduced volume of grain deliveries in 1961-62, combined with the continued rise in operating costs, resulted in lower net revenue for elevator companies. Since the province of Alberta had experienced an average crop in 1961-62 and the Alberta Wheat Pool's financial position had not been jeopardized, no increase in handling charges was requested by that organization.

WESTERN AGRICULTURAL CONFERENCE

Representatives of farm organizations which comprise the Federation of Agriculture in each of the three prairie provinces meet each year in the Western Agricultural Conference. The 1962 Conference was held in the Banff School of Fine Arts, Banff, Alberta, on January 19-20. This Conference was attended by 19 official delegates and 49 visitors. The directorate of the three Wheat Pools was well represented, 30 Wheat Pool directors being in attendance, four as official delegates and 26 as visitors.

The Western Agricultural Conference is held immediately prior to the annual meeting of the Canadian Federation of Agriculture and its chief function is to review policy matters which will come before the Canadian Federation of Agriculture and to deal with subjects which are characterized by their application to western Canadian conditions rather than being national in scope.

Numerous matters of immediate concern to grain producers were debated by the Conference. The request that the prairie research fund would be established by the deduction of one-tenth of one per cent of the final realized price of all grains handled by the Canadian Wheat Board was repeated. This decision was taken after the meeting had received a report of a special committee which had been named two years ago.

The Conference, in support of the National Agricultural Research Council, adopted the following resolution:

RESOLVED that we continue our efforts in the long term to convince the senior governments and the public of the need for an endowment type research program and that as a first step we recommend that the farm organizations and Provincial and Federal Governments agree to raise \$150,000 annually for a period of five years to get the program under way, looking toward its establishment on a permanent basis as an endowment plan.

The Conference also agreed that farm organizations should be invited to make financial contribution to the National Agricultural Research Council.

The changing pattern of trade in the world's markets was recognized by the Conference when it dealt with several resolutions dealing with trade policy and tariffs. The meeting decided to recommend to the Government of Canada that it seek every opportunity for negotiations with the United Kingdom, the western European countries and the United States for the purpose of systematically lowering trade barriers between these countries and for the eventual establishment of an Atlantic free trade area.

The meeting commended the federal government for its participation in establishing a world food program which has been supported by both the United Nations and the Food and Agriculture Organization and more particularly expressed appreciation of the government's action in agreeing to provide \$5 million in food and money to initiate the program.

In all, 60 resolutions were submitted to the Conference by the resolutions committee.

T. G. Bobier, first vice-president of the Saskatchewan Wheat Pool, was re-elected president of the Western Agricultural Conference; J. M. Bentley was re-elected vice-president, representing Alberta, and D. A. McNabb as vice-president for Manitoba. Mrs. Thelma Connaught, of Saskatchewan, was elected Western Women's Representative to the Canadian Federation of Agriculture.

CANADIAN FEDERATION OF AGRICULTURE

Support to the Canadian Federation of Agriculture by the three Wheat Pools has been consistent and generous since that organization was established over a quarter of a century ago. The need for and justification for an organization in which all phases of agriculture can harmonize their policies has been demonstrated by many examples. Frequently policies enunciated in the Canadian Federation of Agriculture have ultimately become acceptable national programs.

The 26th annual meeting of the CFA was held at Banff, Alberta, January 22-25, 1962, with a full slate of delegates. The delegates are elected by the Federation of Agriculture in various provinces and by associated organizations. Nine directors of the Wheat Pools attended in official capacities — three as directors of the CFA and six as delegates. Practically all of the remaining directors of the Wheat Pools attended as visitors.

W. J. Parker, G. L. Harrold and T. G. Bobier were re-elected to the board of directors and also to the executive committee of the CFA. H. H. Hannam was re-elected president, J. M. Bentley, of Alberta, was elected 1st vice-president and J. B. Lemoine, of Quebec, was elected 2nd vice-president. Later, Mr. Lemoine resigned and Lionel Sorel, of Montreal, Quebec, was elected to fill the vacancy.

The meeting dealt with 88 resolutions and a number of reports from its special committees. It is proper, we think, to report that no one issue dominated the meeting. Full discussion developed on numerous matters which affect producers of various agricultural commodities in their respective areas. The meeting approved resolutions offered by the Dairy Farmers of Canada, giving strong support to the request for a consumer subsidy of 14 cents a pound on butter. The meeting sought renewal of the International Wheat Agreement and of the Canadian Wheat Board Act. The federal government was commended for its policies in financing grain transactions and the meeting endorsed the Canadian Wheat Board action in its efforts to develop further new markets. Trade and tariffs; transportation and freight rates; rural development and land use; and social welfare, were subjects dealt with by the delegates. The meeting resolved to take steps to bring agricultural producers in Canada under one united strong organization.

An outstanding feature of the annual meeting of the Canadian Federation of Agriculture has always been the formal address by the president. In his address Dr. Hannam took the opportunity to place before the meeting in summary form the activities in which the organization had been engaged during the year

and to illustrate the position taken by Canadian agriculture on patterns of world trade which are developing. The matters dealt with by Dr. Hannam which we believe are of vital importance to grain producers in Canada, were a world food program, international commodity agreements, and the European Common Market.

In speaking about the world food program the President emphasized the fact that an idea born in 1946 has become a reality in 1962. We cite the following pertinent paragraph:

"The Canadian Federation of Agriculture and the Canadian people generally have reason to be gratified about progress already made toward having a World Food Bank program become a reality. The first step is often the most difficult and this is now fairly well assured. It is a program which the Canadian Federation of Agriculture has persistently supported and promoted at home, in IFAP conferences and in FAO conferences ever since 1946 when Lord Boyd Orr made the original proposal for a World Food Board."

He stated that the Director-General of the Food and Agriculture Organization has been authorized to put the program into action right away. The United States of America had contributed \$50 million to the program, Canada had promised \$5 million and Denmark \$2 million.

In his address the President dwelt at some length on the changing pattern of world trade and its probable effect on Canadian agricultural policy. He submitted details of the progress made by the European Economic Community, the fact that the United Kingdom had applied for membership in this Community, and the probable effect of the acceptance of Britain's application and her participation in the Common Market on Canadian agricultural exports. The position taken by the executive of the Canadian Federation of Agriculture at the time of the Federal-Provincial meeting was reported by Dr. Hannam:

"We would like first of all to say that the emergence of the Common Market, and in particular the possibility of Britain's entry into it, most assuredly creates grave dangers, especially in the short run, to some of our export markets for agricultural products. A policy of increased European agricultural protection and self-sufficiency, in a common market which includes Britain, could make very severe inroads into our markets. Also, increased tariff barriers could have definite adverse price effects on the product which we did export. We make this point at the outset to emphasize the great importance of effective account being taken in the Common Market negotiations of the legitimate interests of Canadian farmers.

"The Canadian Federation of Agriculture has always looked upon the development of the European Common Market as being, in principle, a policy of statesmanship and wisdom. It has recognized the dangers of the agricultural policies of the Six taking a protectionist turn that could jeopardize our markets in some commodities. But it has believed that the only right answer to these problems lies in fully acknowledging the rightness of the Common Market concept, and bending our energies through consultation, agreement, and enlightened trade policy on our part, toward turning to our benefit the trade potential which should be opened up by an economically united, prosperous and expanding Europe."

Dr. Hannam spoke about the need for and the achievements of farm organizations and stressed the importance of farmers being vocal and making themselves heard in the right places. We quote the pertinent section of Dr. Hannam's address dealing with this matter:

"Organized farmers can and should co-ordinate their activities, and from time to time co-operate with other groups and sectors of our society. But they will have greater independence, greater self-reliance, and more power to decide their own destiny if they keep free of entangling alliances that would tie them up in integrated harness with others whose economic interest differs from that of the primary producer.

"Of paramount importance is the fact that farmers should be articulate as farmers with one voice and that they should have organized, united strength back of that voice.

"Organized agriculture is accepted and recognized in Canada. It speaks with authority on behalf of the farmers of Canada. More and more we are being asked for our views by governments and government agencies, by commissions of inquiry and leaders in industry and labor. During the past few years we have been invited to participate in the work of national committees and national advisory bodies to such an extent that it adds substantially to our responsibilities. Yet this is a responsibility which farmers must assume; it is greatly in their interests to do so."

The meeting recognized the impact the short grain crop harvested in 1961 would have on many producers of both grain and livestock. It urged the federal government to provide special drouth assistance by making graduated payments to producers who had a yield of less than twelve bushels per acre of wheat and its

equivalent in other crops and asked that this payment be recognized as a payment over and above PFAA payments.

The CFA offered support to the Agricultural Economic Research Council and is presently attempting to raise \$20,000 per annum for five years, the funds to be subscribed by member bodies and made available to the Research Council.

The CFA approached the Prime Minister in May 1962, and the executive met the Minister of Transport on August 14, 1962, regarding policy on railway line abandonment, seeking to implement a resolution which reads as follows:

That the federal government take steps to restrain the Board of Transport Commissioners from hearing applications for abandonment of branch lines until government policy is established on implementation of the report of the Royal Commission on Transportation, so that unplanned abandonment will not take place.

A special meeting of the executive committee of the CFA dealt with feed grain problems at the request of the Maritime members. A situation had developed in eastern Canada due to short supplies of oats, barley and feed wheat and Maritime feeders sought feed freight assistance on other classes of grain.

A formal brief was submitted to the Federal-Provincial Agricultural Conference held in Ottawa, November 20-21-22, 1961. The CFA was represented on this occasion by sixteen delegates.

The CFA, on behalf of Canadian agriculture generally, presented submissions to the Tariff Board; to the Royal Commission on Health Services; to the Senate of Canada in support of the Finance Charges bill; to the Committee of Inquiry into the Unemployment Insurance Act; and its president participated in the Canadian Conference on Education.

The Prime Minister and his Cabinet extended a courtesy to the CFA when he received a delegation on February 7, 1962. Nine members of the federal cabinet were in attendance and 20 directors and officials of the CFA, of whom three were members of our own board, comprised the delegation.

Due to illness, the Honorable Alvin Hamilton, Minister of Agriculture, was unable to attend. The regrets of the delegation over this unfortunate circumstance were conveyed to Mr. Hamilton by Dr. Hannam, the leader of the delegation.

A prepared submission was presented to the Prime Minister. The presentation dealt with many matters which had been considered by the annual meeting recently held. Your

board is impressed by the high tone of the brief and particularly with the forward looking statement made by the CFA when dealing with trade and monetary policy, because undoubtedly these policies make an impact on the well being of the farmers who hold membership in the Wheat Pools. Evidence indicates that the CFA is in close touch with current events. This is shown by the following statement which was issued eight months ago:

There is no doubt whatever that the present time is one for careful and basic reassessment of the direction of Canada's foreign trade policy. There are several reasons why this is so. One is that the rapid advance of modern technology, especially in the techniques of mass production and automation, has strengthened the case of national industrial specialization and hence for conditions of freer trading with other nations. Another is the possibility that the United States will move toward a policy of progressive lowering of trade barriers on a reciprocal basis. Such a policy, if the GATT principles of multilateral trading are to be followed, will inevitably face Canada with urgent decisions as to what course it will follow. A third reason is that the growth of prosperity in western Europe, the rise of new trading and industrial nations, and the formation of the Common Market all mean intensified competition for Canadian exporters and Canadian domestic industry. Whether to follow a policy of protection or freeing of trade barriers will for these reasons be a continuing and pressing policy issue in Canada.

The next annual meeting of the Canadian Federation of Agriculture will be held in Windsor, Ontario, on January 22-23-24, 1963.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

We reported a year ago on the last general conference of the International Federation of Agricultural Producers which was held in May, 1961, and said the next general conference would be held in November, 1962, in Accra, Ghana. Now, a year later, we find that a final decision on the place of the next conference has been made; it will be in May 1963, in Dublin, Ireland.

During the year under review the IFAP European Committee met in Edinburgh, Scotland, in May 1962, and the North American members of the IFAP met in Washington, D.C., on May 9-10, 1962. Canadian farmers were represented at this meeting by ten delegates of the Canadian Federation of Agriculture, in which the executive officers of our own organization were included. It is reported that the

meeting dealt with a World Food Program, and gave its major attention to a paper prepared by the secretariat on "The Common Market and North American Agriculture."

These regional meetings are held during the period intervening between general conferences.

The European Committee of the IFAP is meeting in Paris, France, later this month on October 29-30-31.

This Committee invited the Canadian Federation of Agriculture to send a representative to the meeting. We are happy that Louis A. Boileau, one of our directors, has been selected. In attending as an observer, Mr. Boileau will have an opportunity of assessing the plans now being formulated under which agricultural products will enter those countries which are members of the European Economic Community.

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

GOVERNMENT POLICY FOR AGRICULTURE

Your board is conscious of the fact that governments are participating in all phases of our nation's economy to a greater extent as each year passes. We recognize, too, that this progressive involvement is due to pressures brought to bear by the electorate rather than to any planned design by parliamentarians. We believe that government action is essential in providing balanced relationship between the different business segments in Canada. We refer in this report in a concise form to legislative and administrative action of the federal government on matters pertaining to agriculture.

Canadian Wheat Board Act

The Canadian Wheat Board Act was amended on March 27, 1962. Under these amendments the Board's control over deliveries and its regulation over interprovincial and export trade in wheat was extended until August 1, 1967. Also under the amendments rapeseed was defined as grain.

The Canada Grain Act

The Canada Grain Act was amended on April 12, 1962, when statutory grades for mustard seed and rapeseed were defined.

International Wheat Agreement

The text of the 1962 International Wheat Agreement, as adopted at the final plenary session held at Geneva on March 10, 1962, was tabled in the House of Commons on April 10, 1962. Some of the terms of the Agreement are: That it shall remain in force until and including July 31, 1965; the basic minimum price shall be \$1.62½, and the basic maximum price shall be \$2.02½ per bushel, calculated at

the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at March 1, 1949, for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur.

The House of Commons adopted the following motion which was moved by the Minister of Agriculture on April 17:

That is expedient that the houses of parliament do approve the International Wheat Agreement to be opened for signature at Washington, D.C., on April 19, 1962, and that this house do approve the same.

The Agreement was signed by Canada on May 11, 1962.

The Agricultural Rehabilitation and Development Act

The Minister of Agriculture announced on November 8, 1961, that Alexander Thomas Davidson had been appointed by the Civil Service Commission as director of the Agricultural Rehabilitation and Development Act. Previously Mr. Davidson was with the Department of Northern Affairs and National Resources. Since the Act was passed in May, 1961, a fact on which we reported a year ago, much has been said about the application of the provisions of this legislation. We think these should be reiterated. The Act calls for federal-provincial agreements for the joint undertaking of: (1) alternative uses of land classified as marginal or of low productivity; (2) development of income and employment opportunities for rural agricultural areas; and (3) development and conservation of the water and soil resources of Canada.

It was announced on May 2, 1962, that the federal government had given approval to a three year, \$50 million expenditure for improved land use, rural development and soil and water conservation, to be spent under ARDA. We anticipate that this positive action will result in definite programs getting under way.

Prairie Farm Assistance Act

The federal cabinet made two important amendments to the regulations covering the Prairie Farm Assistance Act when on November 6, 1961, they deleted from the regulations a provision which excluded a complete farm unit from benefits of the Act if it contained more than 50 acres of irrigated land which produced a crop averaging more than 12 bushels per acre.

The other amendment concerned father-son farm operations. Under the new amendment the son who rented land from a parent would be eligible if his parents did not operate a farm.

St. Lawrence Seaway

By order-in-council passed on July 18, 1962, tolls on the Welland Ship Canal were suspended. This action is acceptable and in keeping with the submission we placed before the Minister of Transport at Ottawa on March 1, 1960, when we voiced our opposition to tolls on the Welland Canal.

Acreage Payments

The House of Commons on January 30, 1962, authorized the making of acreage payments on the same basis as was done in 1958 and 1960. Sitting as a committee of supply, the following resolution which had been submitted by the Acting Minister of Agriculture received assent of the House:

Payments to western grain producers to be distributed on the following basis, namely, \$1 per cultivated acre up to a maximum of 200 acres per farm in accordance with regulations of the governor-in-council, \$42,000,000.

The sum of \$42 million for this purpose was voted by the House of Commons on February 2, 1962.

On March 30, 1962, the Minister of Agriculture said that an amount exceeding \$39 million had been paid and that there were approximately 500 permit books under review at that time. It is reported that 222,348 payments in the total amount of \$39,975,210 had been made by April 26, 1962.

Grain Storage and Handling

The Minister of Trade and Commerce, the Hon. George Hees, has appointed a committee to study problems related to the storage and handling of grains in Canada. The committee will "prepare an initial assessment of the adequacy of Canada's present grain storage and handling facilities in relation to current and future requirements for the storage and movement of Canada's grain."

The committee will also study the impact of the St. Lawrence Seaway on the pattern of grain movement and also the handling of American grains through Canadian ports. The committee includes representatives from the federal Departments of Agriculture, Finance, Trade and Commerce, and Transport, as well as the Dominion Bureau of Statistics, the Board of Grain Commissioners and the National Harbours Board.

Farm Improvement Loans Act

An act to amend the Farm Improvement Loans Act was passed by the House of Commons on March 7, 1962. The amendment pro-

jected the legislation until June 30, 1965, and established \$400 million as the limit of guaranteed loans.

The Act was first passed in 1944, at which time the figure of \$250 million was set as the amount of guaranteed farm improvement loans.

Crop Insurance

There is a growing interest and larger participation in crop insurance plans sponsored by the federal and provincial governments. The Crop Insurance Act was passed in July 1959, and authorized the federal government to enter into an agreement with any province that establishes a crop insurance scheme. Three provinces have now entered into an agreement with the federal government under this legislation, namely, Manitoba, Saskatchewan and Prince Edward Island.

In 1961, 3,675 farmers in Manitoba paid \$450,000 in premiums covering \$6,700,000 of insurance. Claims were paid to 2,088 farmers in a total amount of \$1,588,000. In the same year, 194 farmers in Saskatchewan participated in a limited test plan, paying \$26,000 in premiums for a coverage of \$305,000. Claims in the amount of \$130,000 were paid.

Royal Commission on Banking and Finance

The Prime Minister announced on October 18, 1961, that a Royal Commission had been named to survey and report on Canada's fiscal and monetary policy. Chief Justice Dana Porter, of Ontario, heads the Commission. G. L. Harrold, President of the Alberta Wheat Pool, is a member of the Commission. Your board is gratified that the interests of agriculture will be served during the hearings by one of our own directors.

After due consideration we decided against making a presentation to this Royal Commission but, instead, to render what assistance we could to either or both the Canadian Federation of Agriculture and the Co-operative Union of Canada since these organizations were prepared to make a submission.

Royal Commission on Transportation

The second volume of the report of the Royal Commission on Transportation was issued in December 1961 and tabled in the House of Commons on January 23, 1962. This volume analyses in detail numerous transportation problems which had been dealt with in the first volume released in March 1961.

The Commission stated:

"Our area of responsibility to be confined, first, to recommending guides to action in developing a national transportation policy

which is concerned with the effectiveness of transport itself, and second, to pertinent observations respecting the effects upon it of national policies making use of transportation to achieve their particular objectives. This dual focus of our responsibilities distinguishing clearly between national transportation policy and national policy furnishes the structure for this second volume of our report.

"The essence of the position we have taken with respect to national transportation policy is that it is no longer possible, as it was in the monopolistic era of transportation, to treat a particular mode of transport in relative isolation from all others. It is, to us, manifest that in the present situation of competitive coexistence the attainment of an efficient and balanced transport system will require that careful attention be paid to the effects of policies relating to one carrier upon all those other carriers which have become an integral part of the system. The transportation structure, in other words, must be looked at *in toto*. Only a national transportation policy which adopts such an approach would, we believe, be properly equipped in the new competitive environment to meet the present needs and difficulties of Canada's increasingly complex transport system and thereby enable the system to fulfil national policy objectives and at the same time to develop along commercial and market-oriented lines."

The Commission pointed out that:

"In conformity with the objectives of national transportation policy to work towards the optimum allocation of resources in transportation it is essential that regulation of railways should not inhibit the competitive ability of that mode of transportation."

The report cited examples of transportation as an instrument of national policy. Reference was made to three case studies. These covered the Maritime Freight Rates Act, the "Bridge" subsidy, and feed freight assistance.

The recommendations of the Commission with respect to feed freight assistance are set out as follows:

- "1. The subsidy should not be restricted to rail and water carriage.
- "2. The assistance rate should not be higher than the freight rate available from the least-cost carrier, no matter which mode of transport nor which routing is actually used.

- "3. The assistance rates on shipments to British Columbia should be based on the same formula as that used for Eastern Canada.
- "4. The Federal Government should make a detailed reassessment of the feed freight assistance policy in order to determine whether or not in its present form it is still benefiting Canadian agriculture to the greatest possible extent, or whether assistance could be more effectively applied to, for example, additional storage capacity in the feeding areas or some other form of aid."

The Commission reported that the "Bridge" subsidy had adversely affected competing carriers, that evidence submitted indicated that competition would be more effective in reducing rates than the subsidy has been, it had been a difficult policy to administer in view of the discrimination and unfairness inherent in its application. In the light of these considerations, the Commission recommended that the "Bridge" subsidy be abolished.

In reference to the Maritime Freight Rates Act, the Commission reiterated what it had said in its first volume:

"When transportation assistance is introduced as a policy designed to assist a region or an industry it should be implemented so that there is no distortion introduced into the transportation industry itself . . . Placing upon one mode of transport a benefit because of regional or industry transport policy is to give it an advantage over its competitors not dictated by efficiency, with consequent over-expansion of the favoured mode, and constraint upon the others."

The second volume of the Commission's report contained no direct reference to statutory rates on grain, but said burdens placed on railways by law must be lifted.

Emphasis throughout the report is placed on the merits of competition between all modes of transportation, with the shipper making the choice. The Commission said:

"The conspectus of our conclusion is that most of the ills which beset transportation in Canada, particularly railway transportation — and the allegations of inequities which result — are caused by the failure of public and private attitudes to adjust to the realities of competition."

"It is our unanimous conclusion that no amount of flexibility and adaptability on the part of labour and management, and no amount of technological innovation and new capital investment can be effective

in providing rail services as a rational part of the total transportation industry so long as public policy is inequitable. The need for rectification is immediate and continuing. To enable commercial principles to operate where competition is possible, the burdens imposed upon railways by law and public policy attuned to a monopolistic period must be lifted."

Of particular concern to the Wheat Pool organizations is that section of Volume II dealing with the rationalizing of railway plant, in which the Commissioners envisage adaptive changes to meet new conditions as they arise.

The problem of uneconomic branch lines had been dealt with in the first volume of the report while the second volume suggests plans for implementing the recommendations. The report offers suggestions as a guide to releasing the railways from the burden of uneconomic lines and to the adjustment of railway plant in accordance with traffic demands.

"Where it is evident that substantial abandonment must take place the over-all timing and progress of rationalization should be made known to those affected. As a general condition such substantial abandonment should not occur less than five years from the date of application. Exceptions may occur when it can be shown that shipping and investment tied to rail have already been abandoned. Where a number of lines in a district are candidates for abandonment they should be thinned out in stages to give opportunity for re-assessment of the remaining lines at each stage.

"A Branch Lines Rationalization Fund shall be set up, from which the Board of Transport Commissioners will be authorized to pay annually losses actually incurred on uneconomic branch lines. The subsidies paid in any one year shall not exceed \$13 million which will be the annual allotment to the Fund from the consolidated revenues of Canada.

"The Fund will be established for a period of fifteen years. As the two systems get nearer and nearer to operating only paying portions of lines the total subsidy will tend to disappear.

"Holding the total to a specified sum will help to keep the speed of abandonment reasonable, make the railways choose their worst lines first and allow the National Treasury to budget with some accuracy. The Board will authorize payment from the Fund annually and prorate it up to the permissive rate of abandonment upon annual proof of loss."

So far the federal government has taken no definite steps to implement the recommendations of the Commission either in whole or part. A year ago we reported on the fact that an interim payment of \$50 million had been authorized by the federal government and that this amount was to be related to the recommendations of the Commission. No further action has been taken.

Economics Research Council

We can report that progress has been made to bring the Agricultural Economics Research Council into operation. The provisional board of governors met in Ottawa on July 16, 1962, when executive officers were elected and financial arrangements agreed upon. The board of governors are appointed by the federal and provincial governments, by farm organizations, co-operatives and business organizations. R. M. Putnam, Deputy Minister of Agriculture for Alberta, represents Alberta and British Columbia, while Lorne Hurd, Editor of The Country Guide, Winnipeg, represents Saskatchewan and Manitoba on the board of governors. Lorne Hurd was elected president.

Plans have been made to bring the research program under the direction of a directorate consisting of nine scientists who will be named by the board of governors. This directorate will also engage the director of research. The financial goal in the first five years is \$150,000 annually to be contributed one-third by the federal government, one-third by ten provincial governments and one-third by other groups, including farm organizations.

Royal Commission on Taxation

The Prime Minister announced on August 27, 1962, that a Royal Commission on Taxation had been appointed under the chairmanship of Kenneth Carter, a chartered accountant of Toronto.

Additional appointments to the Commission and the terms of reference were approved by order-in-council on September 25 and announced publicly by the Prime Minister on the following day. The commissioners, in addition to the chairman, are: Mrs. S. M. Milne, Winnipeg; Chas. E. S. Walls, Victoria; Donald K. Grant, Halifax; J. Harvey Perry, Toronto; and A. Emile Beauvais, Quebec City.

The Commission is authorized by the government to make a full inquiry into the incidence and effect of taxation imposed by parliament; the effects of taxation on the operation of the national economy; the conduct of business; the organization of industry and the taxable position of individuals. The Commission is to make recommendations for improvement in the taxation laws and their administration that may be consistent with the maintenance of

a sufficient flow of revenue. The Commission will be assisted by government departments and agencies and will hold hearings in various parts of Canada.

It can be readily recognized that this inquiry will be broad in scope, covering not only the sources from which governments acquire their revenue but also the financial assistance given by governments to many segments of Canada's economy. Taxes being an instrument providing essential government services for the encouragement of economic growth, your board is impressed with the importance of this inquiry and will keenly await the recommendations of the Commission. We anticipate that the controversial issue of the taxation of co-operatives will be a prominent feature of the Commission's study.

Organization for Economic Co-operation and Development

We referred a year ago in our report to the establishment of the Organization for Economic Co-operation and Development and stated that we were in sympathy with the objects of this body; namely, to provide a continuing forum for the consideration of patterns of trade which are emerging.

Today 20 nations are full members — Canada, the United States and 18 European nations are members of this organization. On November 16-17, 1961, the first meeting of the Ministerial Council took place under the Chairmanship of the Hon. Donald M. Fleming, then Canada's Minister of Finance. The meeting considered the substantial economic growth in member countries and the rapidly changing pattern of the world's economy during the last decade. The Ministers agreed on the desirability of establishing a firm target for further progress. It was agreed to set as a collective target the attainment during the period 1960-70 of a growth in real gross national product of 50 per cent for the 20 member countries taken together. Other than setting a growth target there have been few major developments since the new organization began its official existence.

Your board recognizes that OECD is a consultative body and if these consultations are carried out on a wide front among the foremost industrialized nations of the world the organization may prove to be most effective.

European Economic Community

A good deal of publicity has been given to the economic growth of the six nations which comprise the European Economic Community and also to the application of the United Kingdom to join the Community. This is a highly controversial issue, one which raises the ques-

tion as to the future of trade between Commonwealth countries.

Canada is vitally concerned with this development. Three years ago in referring to the six nations which comprise the European Economic Community we pointed out that "it is among these nations that Canada finds the largest markets for her agricultural products." Canada has obtained assurances with respect to its rights of access to the EEC covering nearly \$250 million of Canadian trade. This agreement is the result of the negotiations at the Geneva Tariff Conference which concluded on July 16, 1962. The negotiations on wheat, the largest single export from Canada to the EEC, resulted in two interim agreements covering so-called "quality" wheat and ordinary wheat. The assurances given cover Canada's access to EEC, pending the working out of a common agricultural policy of the European Economic Community.

INTERNATIONAL WHEAT AGREEMENT

The International Wheat Agreement was revised and extended following a conference in Geneva held early in 1962. The executive directors of our organization attended the meeting as members of the Advisory Committee to the Canadian Wheat Board. Your board is happy to report that the terms and price range of the new Agreement have been accepted by the majority of wheat producers in western Canada as being very satisfactory.

Ten exporting countries ratified the Agreement. The signatories included the nine exporting nations who had participated in previous Wheat Agreements and the Union of Soviet Socialist Republics (USSR). In commenting on the Soviet Union's participation Broomhall said in March:

"Provided that the Soviet Union joins the IWA export coverage will be almost complete. We understand that, in anticipation of a possible wider participation of exporters in the Agreement, importers have undertaken to increase their percentage purchases."

The commercial purchases recorded with the International Wheat Council for the crop year 1961-62 reached a total of 577,822,000 bushels and were made by 38 nations and territories. Canada's sales amounted to 220,935,000 bushels, representing 38.24% of the total. United States sales accounted for 26.71%, Australia 18.22%, Argentina 10.35%. France, Italy and Sweden exported small amounts, while Mexico and Spain reported no sales.

CREDIT SALES OF GRAIN

The sale of grain made by Canada on a credit basis is a matter of great interest and

concern not only to grain producers but to people in government and business circles. The sale agreement entered into in May, 1961, by Canada and China was reported upon fully in our report a year ago. It gives us great satisfaction to know that sales and payments have been made without default by either party. During the crop year 1961-62 Canada shipped 72 million bushels of wheat and 19.3 million bushels of barley to China.

In comment on credit sales our President said:

"It is increasingly evident that credit sales are an important aspect of international trade in wheat. Credit is a competitive necessity in today's trading world. Without it Canada's exports would be reduced to 250 million or 275 million bushels per year, an undesirable situation for not only the farmer but the country as a whole."

In the current crop year a contract was entered into with Poland under which that country will purchase 11 million bushels of wheat or more. The contract provides also for an option under which Poland may purchase an additional 7.3 million bushels during the crop year.

Your board is of the opinion that grain producers will endorse programs under which every prospect for sales is being developed by the Canadian Wheat Board and the federal Department of Agriculture.

WORLD FOOD PROGRAM

For a number of years your board has shared the anxiety which has been generally expressed with regard to the supplies of wheat on the North American continent being in excess of demand and that carrying this surplus has created major problems of storage and financing. Your board echoes the response voiced by many Canadians who have given support to remedies which have been sought through numerous plans for surplus disposal. Embodied in these plans have been devices for making surplus wheat available to undernourished people. We believe that the generous support given these programs is the recognition that these plans combine business and humaneness.

During the period under review concrete steps have been taken to bring a world food program into operation. We are happy to report on this development. Without question Canadian farmers, through their various organizations, have urged that a plan be devised under which food in abundance could be made available to the millions of under-nourished people throughout the world. These producers will respond warmly to the statement made by the Canadian Minister of Agriculture, Hon. Alvin Hamilton, at the FAO conference in Rome ten

months ago when he spoke of the good fortune of some countries being able to produce in abundance when other countries were in sore need of food. He said:

"The Canadian Government and the Canadian people endorse without reservation the proposition that international action be taken on a multilateral basis to provide food, which is in actual or potential abundance in some parts of the world, to needy and hungry people in other lands."

The Food and Agriculture Conference on November 24, 1961, adopted a resolution which had been proposed by Canada and the United States. The basic concept of a world food program as set out in the resolutions is recorded in the following salient paragraphs:

- (1) An initial experimental program for three years of approximately \$100 million with contributions on a voluntary basis be undertaken jointly by the FAO and the UN, in co-operation with other UN agencies, and appropriate inter-governmental bodies;
- (2) Contributions to the program, to be known as the World Food Program, may be pledged by countries in the form of appropriate commodities, acceptable services, and cash, aiming in the aggregate at a cash component of at least one-third of the total contributions, and countries should give due regard to the importance of achieving this overall objective, when determining the cash element in their contribution;
- (3) An Intergovernmental Committee of 20 nations which are members of FAO or the UN be established to provide guidance on policy.

Following the adoption of this resolution by the Food and Agriculture Organization of the United Nations, the General Assembly of the United Nations on December 14, 1961, voted 72 to nil in accepting the World Food Program.

At a pledging conference held on September 5, 1962, at the United Nations in New York, Canada pledged \$5 million, one-third to be in cash, the balance in commodities, and the United States pledged \$50 million — \$40 million to be in farm products and \$10 million in cash — in support of this three year program. Grants from other countries brought the total pledge to nearly \$100 million.

WORLD SUPPLIES AND EXPORTS

Your board of directors for a number of years have included in their annual report pertinent statistical information relating to world trade and to the production and disposal

of Canadian grown cereals. The information which we incorporate in this report has been extracted from releases issued by the Board of Grain Commissioners, the Dominion Bureau of Statistics and other recognized authorities.

Supplies

At the end of the crop year under review the wheat surplus remaining in the four major exporting countries showed a decline of 19% below the volume available a year ago. The changed emphasis from over-supply to greater production was emphasized in Canada when the federal minister of agriculture urged farmers to increase their wheat production. However, in the United States the wheat allotment plan was renewed for one year following a favorable vote recorded by producers.

It is estimated that supplies of wheat in the four major wheat exporting countries at August 1, 1962, stood at 2,184.5 million bushels. The estimate a year earlier was given at 2,705.4 million bushels.

The Dominion Bureau of Statistics estimates the carryover of wheat in Canada at July 31, 1962, to be 395.7 million bushels, compared with 607.8 million bushels a year earlier.

The carryover at August 1, 1962, in the United States stood at 1,726.4 million bushels, which is 230 million bushels below the level of the previous year. The 1962 United States crop, estimated at 1,063 million bushels, is included in the figures showing available supplies.

It is estimated that the Australian wheat supply at July 31, 1962, stood at 48.7 million bushels, compared to 98.2 million bushels a year earlier. The carryover of wheat in Argentina at July 31, 1962, was estimated to be 13.7 million bushels, compared to 42.9 million bushels at the same date in the previous year.

Exports

Exports of wheat in the 1961-62 crop year reached record proportions for the second consecutive year. The DBS reports that "this situation is largely due to reduced crops in Western Europe and North Africa as well as the continued high level of import requirements in Asia."

Shipments from the four major exporters exceeded the volume of 1960-61 by 95 million bushels. The amount of wheat and flour exported reached 1,386.3 million bushels, 7% greater than the volume exported in 1960-61 and 59% higher than the ten-year average, which stands at 872.6 million bushels.

During their crop year ended June 30, 1962, exports of wheat and flour from the United States reached a new record of 712.8 million bushels, a figure which includes all shipments made under relief programs.

Canadian exports of wheat and flour were 1% above those of the previous year and the third largest total on record.

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

(Dominion Bureau of Statistics)

Crop Year	Total	Argen-	Aust-	United	Canada's	
		tina	ralia	States	Canada	% of Total
	— in million bushels —					
1952-53	854.0	38.9	107.0	322.6	385.5	45%
1953-54	640.2	110.3	63.4	211.4	255.1	40%
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	1,386.3	95.8	219.8	712.8	x357.9	26%

x The figure given above for Canadian exports includes bagged seed wheat not shown in the Board of Grain Commissioners' report.

CANADIAN GRAIN PRODUCTION

The latest estimate of the Dominion Bureau of Statistics covering the production of grain in the crop year 1961-62 recognizes the data secured by the 1961 census. The figures now produced vary substantially from the preliminary estimate issued a year ago.

Grain Production 1961

(Dominion Bureau of Statistics
Latest Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
	— in millions —			
Wheat	25.3	283.4	24.6	260.0
Oats	8.5	284.0	5.1	129.0
Barley	5.5	112.6	5.4	106.0
Rye	.56	6.5	.49	4.8
Flaxseed	2.1	14.3	2.05	13.9
Total	41.96	700.8	37.64	513.7

In submitting the preliminary estimate of production in the 1962-63 crop year, the wheat crop is forecast at 551 million bushels, some 97% above last year's crop of 283 million. This forecast is based on conditions as they existed on September 15.

Grain Production 1962

(Dominion Bureau of Statistics
Preliminary Estimate)

	Canada		Prairies Provinces	
	Acres	Bushels	Acres	Bushels
— in millions —				
Wheat	26.9	551.4	26.3	532.0
Oats	10.5	484.4	7.1	312.0
Barley	5.3	163.8	5.1	156.0
Rye	.66	12.6	.59	11.0
Flaxseed	1.4	15.3	1.39	14.9
Total	44.76	1,227.5	40.48	1,025.9

Farmers' Marketings

The volume of grain marketed by producers in the prairie provinces during the last crop year was higher, we believe, than was generally anticipated in view of the extremely short crop harvested. The 305.5 million bushels of wheat marketed through licensed facilities exceeded total production by 45 million bushels. It is worthy of note that 37% of the wheat marketed was delivered in the last three months of the year, reflecting open quotas and free shipments of grain which enabled farmers to market large stocks which had been held in store on farms. This picture is illustrated in the statistics showing farm carryover of grain.

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

	1961-62	1960-61	1959-60	1958-59
— in million bushels —				
Wheat	305.5	396.2	378.5	367.7
Oats	28.5	37.6	24.3	39.3
Barley	59.4	87.9	95.6	122.8
Rye	3.5	5.8	4.3	4.7
Flaxseed	12.0	18.1	14.0	17.5
Total	408.9	545.6	516.7	552.0

Producers exported 3.2 million bushels of bagged seed wheat during the year. This figure is in addition to the volume indicated in the above table, which is based on Board of Grain Commissioners' statistics.

The Canadian Wheat Board, which regulates the delivery of grain to feed mills, reports that over 10 million bushels of wheat, oats and barley were marketed through this outlet. It is pointed out that this figure is only tentative. The Canadian Wheat Board on July 27, 1962, extended their regulation authorizing deliveries to feed mills until July 31, 1963.

CANADIAN GRAIN EXPORTS

The Board of Grain Commissioners, in the preliminary review covering the 1961-62 crop season estimated that the total grain exports of the five principal grains reached a total of 410.3 million bushels, only slightly larger than the volume exported in the previous year. This close relationship in figures showing the volume of grain exported relates to each of the principal grains.

Total Grain and Milled Products Exported

	1961-62	1960-61	30-year Average 1931-32 to 1960-61
— in million bushels —			
Wheat (and flour)	354.6	346.9	254.7
Oats	2.7	1.9	24.9
Barley	36.6	41.5	34.3
Rye	4.4	2.6	5.7
Flaxseed	12.0	13.6	4.7
Total	410.3	406.5	324.3

The overseas clearances of 321.3 million bushels of wheat in bulk were the second highest on record, exceeded only in 1928, when 344.4 million bushels were exported in this form.

The impact made on the export market by China's purchases is dramatically illustrated in the following table, in that China's purchase of 91.3 million bushels of wheat and barley places her in second position among the buyers of Canadian grain. The United Kingdom holds the lead with 99.7 million bushels.

Leading Buyers of Canadian Grain

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

	1961-62	1960-61	1959-60	1958-59
— in million bushels —				
United Kingdom	99.7	108.5	130.3	152.6
China	91.3	55.1	—	—
Japan	52.3	58.8	49.6	50.3
Germany	47.8	33.5	32.1	37.9
Belgium and Netherlands	18.1	19.6	24.1	22.3
United States	13.7	18.3	22.3	18.7

CARRYOVER OF CANADIAN GRAIN

The revised figures showing the carryover stocks of the five major grains in all North American positions have been revised by the Dominion Bureau of Statistics. The intercensal revision shows the stocks of the five grains as

at July 31, 1961, at 850.5 million bushels, while the figure used a year ago was 738.7 million, a revision upward of 111 million bushels. Stocks of wheat held on farms in the three prairie provinces were shown a year ago at 87 million bushels, while the revised figure shows 168 million bushels in this position. The total carry-over stocks of the five principal grains at July 31, 1962, were estimated to be 36% below last year's revised total. Wheat was estimated at 395.7 million bushels, compared with last year's revised estimate of 607.8 million. The DBS points out that the previous record stocks were held on July 31, 1957, when 733.5 million bushels of Canadian grain were held in North America.

Canadian Carryover as at July 31

	1962	1961	1960	Average 1953-62
— in million bushels —				
Wheat	395.7	607.8	537.6	569.1
Oats	79.0	115.1	92.8	125.1
Barley	58.3	112.6	121.5	115.1
Rye	3.8	7.4	6.8	12.6
Flaxseed	5.4	7.6	4.9	5.1
Total —				
5 grains	542.2	850.5	763.5	825.0
On Farms	144.7	328.2	221.3	308.0
Commercial	397.5	522.3	542.2	517.0

Of great interest to our members will be the estimate showing stocks of grain held on farms and the comparison with the statistic used in previous years.

Farm Carryover in Canada

	1962	1961	1960
— in million bushels —			
Wheat	59.2	170.4	81.7
Oats	56.9	93.7	72.0
Barley	26.3	60.1	63.0
Rye	1.2	2.6	3.8
Flaxseed	1.3	1.4	.8
Total	144.9	328.2	221.3

Farm Carryover in the Prairie Provinces

A year ago the DBS estimated that 198.8 million bushels of the five principal grains were held on farms in western Canada. This figure

has been revised upwards to 304.8 million bushels and compares with the greatly reduced volume of 118.4 million, the estimate for the year ending July 31, 1962. The volume of farm stocks of grain has decreased by 61% from the year-end 1961.

	Manitoba	Saskat- chewan	Alberta	Total
— in million bushels —				
Wheat	2.0	39.0	15.0	56.0
Oats	5.0	12.0	19.0	36.0
Barley	2.0	8.0	14.0	24.0
Rye	.05	.5	.6	1.15
Flaxseed	.2	.8	.3	1.3
Total	9.25	60.3	48.9	118.45

FARM INCOME

The income position of farmers is frequently illustrated by citing figures covering cash income. Unfortunately this figure gives a wrong impression of the financial situation in the agricultural industry and fails to illustrate the farmer's true position. We believe the farmer's position is more accurately depicted by the use of figures indicating the total farm net income. Net income takes into account changes in farm inventories of grains and livestock, and for 1961 is estimated at \$1,033.6 million, nearly 22 per cent below the estimate of \$1,319.6 million for 1960. While increased farm operating expenses and depreciation charges contributed to this decline most of the reduction can be attributed to the drastic reduction in the production of prairie grain crops in 1961, and the consequent drop in year-end inventories of grain on farms. Decreases in total farm net income were recorded for each of the Maritimes Provinces and for Manitoba and Saskatchewan; little change was noted in the figure of farm net income for Alberta, Ontario and Quebec.

The Dominion Bureau of Statistics estimates the total farm cash income in the year 1961 at \$2,958 million, compared to the revised figure of \$2,781 million in 1960. This estimate is 6.4 per cent higher than that given for the previous year and 3.5 per cent above the previous record high of \$2,859.1 million established in 1952. In addition to the cash income cited above farmers in western Canada received supplementary payments totalling \$35.8 million, as against \$77.2 million a year earlier. The DBS reports that these payments consisted almost entirely of disbursements under the Prairie Farm Assistance Act.

Preliminary Estimate of Farm Cash Income
from the Sale of Cereal Grains and Flaxseed
in the Three Prairie Provinces

(Dominion Bureau of Statistics)

	1961	1960	1959
	— in thousand dollars —		
Wheat	\$466,333	\$426,372	\$424,181
Wheat, CWB Payments	122,330	70,640	72,662
Oats	15,623	16,424	15,261
Oats, CWB Payments	8,928	3,153	2,072
Barley	61,170	68,308	85,468
Barley, CWB Payments	2,022	5,335	6,121
Rye	4,721	4,139	4,955
Flaxseed	48,634	42,205	49,273
Total	\$729,781	\$636,576	\$659,993

Net farm income in 1961 for Canada's farmers is calculated by the Dominion Bureau of Statistics to be \$1,033.6 million, a decline of \$300 million.

Total Net Farm Income

	3 Prairie Provinces	6 Other Provinces	Canada ex. Newfoundland
	— in million dollars —		
1951	\$1,126.4	\$810.5	\$1,936.9
1952	1,118.9	800.5	1,919.4
1953	918.8	725.5	1,644.3
1954	410.9	614.3	1,025.2
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	686.3	633.3	1,319.6
1961	409.3	624.3	1,033.6

The total farm operating expenses and depreciation charges continue their steady rise. The Dominion Bureau of Statistics estimates that the increase for these items in 1961 was approximately five per cent over these costs in the previous year. The estimates of the DBS for the five previous years are reported for the purpose of illustrating these steadily rising costs:

\$2,006.8 million in 1961
\$1,907.7 million in 1960
\$1,884.5 million in 1959
\$1,793.1 million in 1958
\$1,706.4 million in 1957

PRAIRIE FARM ASSISTANCE ACT

The value of Prairie Farm Assistance was dramatically illustrated last year when nearly \$54 million was paid to grain producers in the prairie provinces who qualified under the legislation because of low yields. Payments were made to 146,282 producers and amounted to over

seven times the sum collected by levy. Total levies reached \$6.8 million.

The payments made in 1961-62 were the largest on record, exceeding by \$20 million the sum paid in 1954-55, a year in which 154,791 awards were made. The levy collected in 1952-53 was the largest sum contributed in any year, amounting to \$10.9 million.

Your board, together with other farm organizations, are recommending that the provisions of the Prairie Farm Assistance Act be applied to grains marketed through outlets not licensed by the Board of Grain Commissioners. The acres on which these crops are grown may qualify for payment in cases of low yields but do not contribute to the levy.

1961-62 Crop Year

	1% Levy	Awards	Payments
Manitoba	\$ 795,916.15	26,831	\$ 7,413,753.00
Saskatchewan	4,055,847.98	89,619	36,962,645.35
Alberta and Peace River Block	1,987,734.44	29,832	9,612,307.50
Total	\$6,839,498.57	146,282	\$53,988,705.85
1939-40 to 1961-62			
Manitoba	\$ 19,728,511.37	138,512	\$ 25,135,753.27
Saskatchewan	76,610,644.76	791,647	209,734,592.53
Alberta and Peace River Block	37,733,405.68	361,217	78,529,349.55
British Columbia ..	—	7,399	1,429,978.25
Unallocated ..	20,145.26	—	—
Total	\$134,092,707.07	1,298,775	\$314,829,673.60

CONCLUSION

During the past year the problems of agriculture have moved prominently into the picture of world affairs. Canadian agriculture has been forced into the forefront of economic affairs by the short crop on the prairies and the increased export sales of wheat, a condition which switched the emphasis from food surpluses to increased production.

The short crop and the resultant lower net income for our members was met with fortitude, the prairie farmer depending largely on his own resourcefulness. The smaller volume of grain delivered by producers brought the farmer-members of the three Wheat Pools to a realization that the maintenance of the efficiency of their co-operative business enterprises would be possible only if adequate revenue was available and that they may be required to contribute additional revenue at the time of delivery.

The discontinuance of freight service by the two railway companies on certain of their lines will necessitate the re-location of numerous country elevators, causing grave inconvenience to many producers. In spite of this, your board believes that in the interest of economy and efficiency there is justification for the abandonment of certain branch railway lines, provided those people of the areas are alerted and are given ample opportunity to make adjustment to their road systems, to their institutional services and to the re-establishment of businesses serving the area.

Of particular and wide-spread concern is the search by the members of the European Economic Community for an agreement on acceptable terms governing agricultural products imported into that area. Reaching such an agreement is basic to the fulfillment of the purposes of the European Common Market and will influence in large measure the determination of the United Kingdom to join in this "New Europe." Indirectly, the economic relationship of Canada with the UK and other Commonwealth countries will be affected by the ability of the European Common Market countries to reach such an agreement.

This dramatic development is of prime concern to the Canadian Wheat Pools, serving as they do more than 50 per cent of the grain producers of western Canada who traditionally find a market for a large amount of the wheat they export in the member countries of the ECM.

Your board has endeavored to assess the effect that these changes in world economic affairs may have upon the grain producers of Canada's prairies. Using what information is available, we are of the opinion that Canada's wheat producers will not be adversely affected by the agreement finally reached.

We continue the task which this organization has pursued for thirty-eight years, that of keeping the position of agriculture before other sections of Canadian life and pointing out persistently the contribution which agriculture makes to the nation by its performance as one of the important wealth-producing sections of our nation's business.

Respectfully submitted,

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