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ALBERTA WHEAT POOL



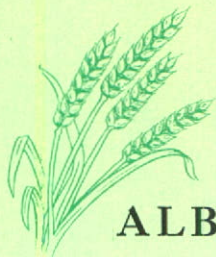
Annual Report

FOR THE YEAR ENDING 31ST JULY

1961



Owned and controlled by 50,000 farmers, the Alberta Wheat Pool is a grain and seed marketing co-operative. Facilities include 563 country elevators, 3 large terminals and a line of seed warehouses and cleaning plants. It operates to provide grain and seed producers with service, savings and protection!



ALBERTA WHEAT POOL - SEASON 1960-61

Board of Directors

G. L. HARROLD, LAMONT — *President*
NELSON MALM, VAUXHALL — *1st Vice-President*
A. J. MACPHERSON, DELIA — *2nd Vice-President*
W. R. MUELLER, SPIRIT RIVER
GERALD OBERG, FORESTBURG
KEITH ROSENBERGER, BALZAC
G. W. BRAITHWAITE, RED DEER

Officers

A. T. BAKER, *General Manager*
C. L. NOWLIN, *Country Operations 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*
G. C. GRIFFIN, *Winnipeg Manager*
M. G. WOOD, *Edmonton Manager*
J. S. HARBURN, *Sales and Traffic Manager*

Solicitors

ALLEN, MACKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH

Auditors

HARVEY, MORRISON AND CO.

Bankers

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

Head Office

ALBERTA WHEAT POOL BUILDING, CALGARY

List of Delegates

LETHBRIDGE — District One

101	Madill, Herbert A.	Foremost	106	Hallworth, Fred W.	Taber
102	Norris, Fred A.	Warner	107	Erdman, Ralph L.	Barons
103	Oliver, W. A.	Warner	108	Claeys, Lucien	Vauxhall
104	Lee, Lester W.	Cardston	109	Egan, Alfred	Bow Island
105	Patching, Harry R.	Lethbridge	110	Bayer, Robert	Schuler

CALGARY — District Two

201	Pelletier, George E.	Pincher Creek	206	Morrison, W. Spence	High River
202	O'Neil, James Jesse	Claresholm	207	Noel, Felix H.	Okotoks
203	Hagerman, Thomas H.	Parkland	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	Dawson, Thomas E.	Veteran	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

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	Alton, Willmot	Fort Saskatchewan	610	Parson, Raymond R.	Boyle

EDMONTON — District Seven

701	Haley, Stephen	Athabasca	706	McNab, James A.	Beaverlodge
702	Anderson, Hubert N.	Freedom	707	Hadland, Arthur R.	Dawson Creek, B.C.
703	Paterson, Charles P.	Mayerthorpe	708	White, Frank	Spirit River
704	Levesque, Ferdinand	Falher	709	Eastman, John Wesley	Brownvale
705	Gummer, Howard F.	Buffalo Lake	710	Proctor, C. M.	Fairview



PERTINENT FACTS 1960-61

Net Earnings	\$ 2,860,408
Elevator Handlings — Grain & Oil Seeds in bushels	59,802,637
Forage Seed Handlings in pounds	15,122,976
Percentage of Alberta Grain Deliveries Handled	41.49%
Gross Value of Board Deliveries and Other Sales	\$77,629,724
Capital Expenditures	\$ 1,525,091
Total Investment in Capital Assets	\$31,227,253
Working Capital	\$ 8,177,273
Patronage Dividends Distributed (out of previous year's earnings)	\$ 2,192,499
Percentage of Member Business in Previous Year	94.79%
Cumulative Total of Patronage Dividends Distributed	\$28,373,737
Cumulative Total of Reserves Purchased from Members	\$13,211,258
New Members	2,176
Total Membership	49,958
Victoria Terminal Purchased	
Number of Elevators at End of Year — Country	563
— Terminal	3
Elevator Capacities in Bushels — Country	42,233,600
— Terminal	10,340,000
Number of Employees	1,102

Comparative Summary

	<u>1960-61</u>	<u>1959-60</u>
Handlings — Grain in Bushels	59,140,577	59,659,295
— Oil Seed in Bushels	662,060	190,014
— Forage Seed in Pounds	15,122,976	15,479,308
— Cereal Seed in Bushels	219,145	170,395
 Gross Value of Deliveries to Canadian Wheat Board and Other Sales	 \$77,629,724	 \$75,071,868
Earnings Before Capital Cost Allowances	\$ 4,098,714	\$ 3,655,976
Net Earnings	\$ 2,860,408	\$ 2,426,508
Provision for Income Tax	\$ 88,065	\$ 109,755
Available for Patronage Dividends	\$ 2,772,343	\$ 2,316,753
Current Assets	\$43,424,884	\$48,680,149
Current Liabilities	\$35,247,611	\$40,615,283
Working Capital	\$ 8,177,273	\$ 8,064,866
 Capital Expenditures on Properties and Equipment	 \$ 1,525,091	 \$ 2,851,835

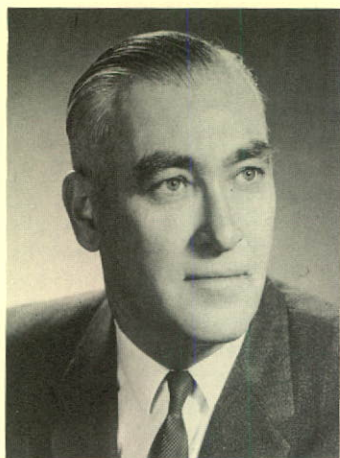


The Alberta Wheat Pool's new 76,000-bushel elevator and seed warehouse at Vermilion. This modern elevator is typical of replacement elevators built by the Pool's own construction crews.



"Looks like 2 Northern," says High River agent Fred Ramsay (right) as he takes in another load of grain.





G. L. HARROLD
President

Report of Board of Directors

ALBERTA WHEAT POOL TO 39th ANNUAL MEETING OF DELEGATES

Gentlemen —

Your Directors wish to report utilization of the facilities of Alberta Wheat Pool during 1960-61 crop season on a level similar to the year previous. Services of former years were maintained and extended in the 1961 crop season to the handling of commercial mustard seed on the authority granted by the delegate body one year ago.

Active representation on behalf of the membership was carried out at Provincial, Federal and International levels in matters in which our Association is vitally interested.

SUMMARY OF OPERATIONS

Grain handlings through country elevators of 59,140,576 bushels were down slightly from the previous year's total of 59,659,295 bushels, but above the last five-year average of 58,745,981 bushels. Total handlings, including rapeseed, were 59,756,422 bushels.

Terminal unloads of grain at Vancouver of 44,753,812 bushels were appreciably above the year previous total of 39,791,269 bushels.

The facilities of the Seed Division operated to near capacity throughout the year with a volume very similar to the year previous.

A pooling operation on rapeseed was again conducted for members and resulted in an appreciable increase in handlings from the year previous, while mustard contracts were first issued in the spring of 1961.

Available for disposition from the year's operations are net earnings of \$2,860,408.00, before provision for income tax.

GRAIN MARKETING

The 1960-61 crop year reversed the two-year downward trend in Canadian grain exports. Preliminary figures issued by the Board of Grain Commissioners indicate exports of all grains of 407.4 million bushels — a gain of 55 million bushels over the previous year, and nearly 87 million bushels above the average of the last thirty years.

Wheat shipments were up nearly 76 million bushels — the third largest export clearances on record. Canada's best wheat customers during the year were United Kingdom, Japan, Communist China, West Germany, Italy, Belgium, Czechoslovakia, France, U.S.S.R., Switzerland, The Netherlands and Poland, in that order.

Producer marketings in Western Canada during the 1960-61 season amounted to approximately 534.4 million bushels — an increase of nearly 18 million bushels over the previous year. According to the latest estimates of the Dominion Bureau of Statistics the carryover of all grains in Western Canada decreased for the second year in a row. As of July 31st, 1961, an estimated 738.7 million bushels were in all positions in comparison with 763.5 million bushels one year earlier.

When final statistics are available carryover stocks of grain on farms, we believe, will show an appreciable drop from last year.

WHEAT POOL REPRESENTATIONS

Financial Assistance for Western Grain Producers

Your Board during the year made representation, with the Boards of the Saskatchewan and Manitoba Wheat Pools and through The Canadian Federation of Agriculture, to the Federal Cabinet for the continuation of the acreage payment to Western grain producers first instituted in 1958.

More recently, a meeting of member Organizations of the Western Agricultural Conference was held in Regina, on September 15th, 1961, which requested the Government of Canada to continue an income transfer to western agriculture in the form of acreage payments — and a further request that drought assistance be extended to producers suffering from low crop yields in 1961.

Royal Commission on Transportation

Early in 1961 a final submission on behalf of the three Wheat Pools and United Grain Growers, Limited, was made to the Royal Commission on Transportation. Briefly, this submission recommended that —

- (1) in no circumstances should the statutory grain rates be removed from the sole and exclusive jurisdiction of Parliament;
- (2) that any program for the discontinuance or reduction of railway services should be entered into only on a long-term basis;

- (3) that any relief granted the railways for uneconomic services should be on an over-all basis and not associated with any particular user of railway services; and
- (4) any direct subsidy for railway services which might be recommended by the Commission should be left as to amount and form exclusively with the Government of the day.

In March of 1961 an important contribution to the solution of transportation problems was made when Volume 1 of the Royal Commission on Transportation was released. It is encouraging to note that the study, in dealing with many broad aspects of railway problems, indicated that much more was involved than the Crow's Nest Pass rates on export grain, which the railways had first contended as being the only inequity that government policy should be called upon to correct. The report points out that passenger service deficits and light density branch lines are important factors affecting profitability of railway operations. For this reason, the Commission recommends subsidies to cover losses in these areas as well as for handling export grain.

While your Organization is in general agreement with the recommendations of the Commission, there is, however, reason to question the basis for allocation of the proposed subsidies. The loss calculated for grain bears a heavy charge for overhead, while passenger service and branch line deficits do not. In the interests of the grain producers it represents, the Alberta Wheat Pool favours a more equitable basis of comparison. The second Volume of the study, which deals with costs in more detail, is awaited with much interest.

"At and East" Freight Rates on Export Grain

Late in 1960, Canada's two principal railways gave notice of intention to substantially increase the rail rates on bulk grain moving from the Georgian Bay and related Ports to the Atlantic winter Ports of Halifax, St. John and West St. John.

Despite vigorous protests from the prairie Wheat Pools and United Grain Growers, Limited, the Board of Transport Commissioners authorized increased tariffs, the effective dates of which have subsequently been temporarily postponed pending the report of the Royal Commission on Transportation and possible government action thereon.

Investigation into Prices of Farm Machinery

Early in 1961 the House of Commons Standing Committee on Agriculture and Colonization conducted an Inquiry into the prices of farm machinery in Canada. Your Association made representation to this Inquiry and stressed

the need for a reduction in prices of farm implements in the interests of both the farm machinery industry and agriculture itself. It urged the elimination of unnecessary models, the standardization of machinery parts and equipment, and condemned the strategy of forced obsolescence, which it is believed is being pursued to some degree by implement Companies.

This Committee reported to the House of Commons on September 26th, 1961, that further study of farm machinery costs will have to be made before any final recommendations can be made. It wishes to investigate further to ascertain the costs of distribution of farm machinery, the costs of standardization of parts, credit arrangements and the extent of benefit farmers are receiving of a free trade market in farm machinery.

Examination of Grain Storage and Handling Facilities in Canada

At the close of the crop year an Ottawa announcement indicated that an inter-Departmental Committee would be set up to "examine grain storage and handling facilities in Canada." This study seems prompted, partly at least, by some bottlenecks at West Coast Ports earlier in the year which may have held sales and shipments below opportunities available to The Canadian Wheat Board and by requests from eastern feeders for additional storage facilities in Central Canada and in Maritime locations. Your Association will be prepared to assist in this examination in any manner possible, with a view that its findings and recommendations will be ultimately of benefit to the grain producer.

LEGISLATION

"The Temporary Wheat Reserves Act" remained in effect during the year and provided for 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 \$50,430,619.00 during the crop year 1960-61, which has been allocated as follows:—

1959-60 pool account — wheat	\$37,352,386.00
1960-61 pool account — wheat	13,078,233.00
	<hr/>
	\$50,430,619.00

"The Prairie Grain Advance Payments Act" was again in force during the crop year. This Act provides for an advance to grain producers on the basis of 50¢ per bushel on wheat, 20¢ per bushel on oats, and 35¢ per bushel on barley, which the permit holder has on his farm and undertakes to deliver on a quota of six bushels per specified acre. The maximum advance to any one permit holder is \$3000.00. 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 \$63,912,550.00 were made to 76,089 producers in the prairie Provinces. Of this amount, \$12,020,034 were made to 17,042 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$4,651,087.00 to 6,136 producers. The excellent repayment record of these advances is a tribute to the soundness of this policy and the integrity of the prairie farmers.

Early in 1961 "The Agricultural Rehabilitation and Development Act" was introduced by resolution in the House of Commons, enabling the Federal Government to enter into agreements with Provincial Governments or agencies for the joint undertaking of —

- (1) alternative uses of land that is presently 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.

This Act envisages the development of new income opportunities for people in rural areas by means of local industry, recreation and technical training. Your Association assisted in the distribution of pamphlets outlining the provisions of this Act and the necessity of local participation for its effective use.

THE CANADIAN WHEAT BOARD

For reasons which have been apparent for years the beneficial results of orderly marketing as carried out by The Canadian Wheat Board were again amply demonstrated during the crop year.

Early in 1961 The Canadian Wheat Board was able to take advantage of market opportunities in mainland China of mutual benefit to the large and sometimes food-short population of that Country and to the producers of the Canadian prairies. Your Association has favourably acknowledged the assistance of the Federal Government in these sales by its credit arrangements. The fact that Canadian supplies of grain were available for these and for the durum markets which developed resulted from firm policies through the years when proponents of the open market had advocated disposition of stocks regardless of price.

The promotional efforts employed in grain sales and the calm and resolute manner in which the Commissioners and staff of The Canadian Wheat Board have conducted its operations during the year are hereby acknowledged.

In October of 1960 The Canadian Wheat Board was transferred to the Department of Agriculture from the Department of Trade and Commerce. Your Association offered no comment on this transfer in the realization that The Canadian Wheat Board under the Department of Trade and Commerce, and the use of its Trade Commissioners throughout the world, had done a commendable job of marketing. The Department of Agriculture, on the other hand, is to a considerable degree responsible for policies which will maintain a prosperous and healthy agricultural industry. Because of the importance of grain to the welfare of the majority of the 250,000 farmers in the prairie Provinces, the marketing of grain as an indirect responsibility of the Department of Agriculture may hold some merit.

BOARD OF GRAIN COMMISSIONERS FOR CANADA

The Board of Grain Commissioners for Canada was also transferred from the authority of the Minister of Trade and Commerce to the Minister of Agriculture late in 1960.

This transfer, along with that of The Canadian Wheat Board, will result in full responsibility for all agricultural policies of the Federal Government being vested in the Minister of Agriculture.

ALBERTA WHEAT POOL SEED DIVISION

The fourth year of operations of the Alberta Wheat Pool Seed Division commenced with seed pipelines virtually filled after two years of large crops in Alberta and markets continually under pressure.

Your Association was able, by a vigorous sales policy, to reduce its stocks of seeds to a desirable level. Its operations were conducted on a basis similar to that of previous years, with most forage seed being handled on a pooling basis and cereals purchased outright. An increased number of warehouses for the acceptance of seed were utilized to avoid congestion at elevators, and the facilities of Northern Canadian Seed Sales, Limited, were again used for the sale of export seeds.

The results of the efforts put forth by your Association in the marketing of forage seeds, although difficult to measure, we feel have been of distinct benefit to the producers of this Province.

INTERIOR FEEDS LIMITED

As reported to you last year, a Company known as "Interior Feeds Limited" was incorporated by your Association and commenced operations August 1st, 1960, in the domestic feed grain business in the Province of British Columbia.

Approximately 1,160,000 bushels of grain were handled for this Company through our four country elevators in northern British Columbia during the crop year.

Current elevation and storage charges were realized by our Association on this volume of business, although a deficit occurred in the actual trading operations.

On our experience to date we feel justified in participating in the supply of feed grain in British Columbia from both the standpoint of any stability and price influence which we can maintain in the market, and to secure the benefit of a portion of this volume of business in our country elevator handlings.

VICTORIA ELEVATOR LIMITED

As reported to you last year the terminal at Victoria, B.C., known as "Victoria Elevator Limited" was purchased by our Association on September 30th, 1960, and operated for the remainder of the crop year as an entity under our direction and management.

Due to large stocks of shippable grain and rapeseed in our Association's country elevator system, for which sales through this terminal were made, the facilities were used to near capacity throughout the year with favorable financial results.

MEMBERS' ACCIDENT INSURANCE PLAN

The Members' Accident Insurance Plan inaugurated August 1st 1958 was again continued for the crop year, on a basis similar to that prevailing in the 1959-60 season.

Two hundred and seventy-three claims were adjusted during the 1960-61 crop year involving 24 fatalities, 19 claims for dismemberment, 4 claims for loss of eyesight, and the remainder for medical and miscellaneous other expenses.

Some seven claims are still awaiting adjustment and we have received notice of 120 accidents for which no claims have as yet been submitted.

Members availed themselves of the opportunity to insure 760 sponsored workers under this Plan.

Disbursements to date, plus estimates for claims pending and possible additional claims on accidents reported, total \$71,145.97. Since the inception of this service to members an amount of \$160,003.09 in benefits has been distributed.

CONSTRUCTION AND PROPERTIES

A construction program was authorized of similar proportions to that of the past several years and featured mainly replacement of facilities.

A program of modernization of agents' dwellings was maintained and all properties were kept in good repair.

Disposition of properties no longer of any use to our Association was carried out mainly by sale, and included principally old dwellings and a number of surplus dwellings and storage sheds acquired with the purchase of the properties of Ogilvie Flour Mills Company, Limited, in the previous year.

Abandonment and part-time operation of some elevators was also undertaken. Progress in this direction has been cautious due to local opposition to such policies.

Last year's report indicated that your Association's Office Building in Calgary was largely completed. Since that time defects occurred in the outer finish of the building, which is undergoing replacement at this time.

PUBLICITY AND PROMOTIONAL ACTIVITIES

During the year association was maintained with the Alberta and Canadian Federations of Agriculture, the Farmers' Union of Alberta and the Farmers' Union and Co-operative Development Association.

Publicity and promotional activities were continued on a similar basis to previous years, aimed at keeping the membership informed and interested in the organization, operation and endeavours of the Pool.

The increasing membership interest and encouragement of participation in the affairs of the Association reported by the Membership Development Committee have been noted. To the extent that these activities develop and are successful some revision in the expenditures and programs of our publicity and field service departments may be worthy of consideration.

MEMBERSHIP

Another increase in membership was experienced during the 1960-61 season with the acceptance of 2,176 applicants, the highest number since the 1953-54 season and 291 more than the average annual enrolment during the preceding six seasons.

After allowing for 617 terminations caused by death and the cancellation of 1,261 memberships due to retirement from farming and purchase of reserves of the holders, there was a net increase of 298 in membership which totalled 49,958 at July 31, 1961.

Since 1923, 106,579 memberships have been established and 56,621 of these have been terminated or cancelled. The membership of 49,958 at the close of the 1960-61 season was divided

between 9,737 signers of the early Marketing Agreements and 40,221 members accepted since 1939 under Section 6 of our Act of Incorporation.

ELECTION OF DELEGATES

During the summer of 1961 elections were held in the even-numbered sub-districts. Thirty delegates were elected by acclamation and elections were held in five sub-districts.

By-elections were held in sub-districts 208 and 408 following the 1960 annual meeting, to fill the vacancies created by the resignations of Messrs. O. Keith Rosenberger, of Balzac, and George W. Braithwaite, of Red Deer, who were elected Directors of their respective Districts at that meeting. Mr. W. G. Barker of Calgary was elected delegate for sub-district 208 and Mr. K. K. Johnson of Red Deer was elected delegate for sub-district 408.

A by-election was held in sub-district 601 last spring to fill the vacancy created by the death of Mr. W. R. Kent of Marwayne on February 22nd, 1961, which resulted in Mr. Robert C. Golightly of Streamstown being elected to that office.

The vacancy created in sub-district 110 by the death of Mr. T. S. Montgomerie of Medicine Hat was not filled until the general elections of delegates in even-numbered sub-districts in August, 1961.

IN MEMORIAM

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

Mr. T. S. Montgomerie of Medicine Hat, delegate for sub-district 110, passed away in that City on January 20th, 1961. He had served as delegate in that area since 1932.

On February 22nd, 1961, the death occurred of Mr. W. R. Kent of Marwayne, delegate for sub-district 601. Mr. Kent had served in that capacity since 1956.

Mr. J. R. Hannaford of the Cessford district passed away on January 20th, 1961, while spending the winter in Arizona. He had represented members in sub-district C-2 from 1933 to 1935 and from 1936 to 1946.

The death of Mr. Percy C. Johnson of Beaverlodge, who had served as delegate for sub-district G-8 from 1946 to 1950, occurred on May 9th, 1961.

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 1960 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.

The members of your Executive Committee, particularly the President, are, in addition to routine duties, called upon to spend considerable time on behalf of your Association in various external endeavours. Included in these are the Advisory Committee to The Canadian Wheat Board, The Canadian Federation of Agriculture, the Alberta Federation of Agriculture and the International Federation of Agricultural Producers.

At the request of the Federal Government your President, late in 1961, accepted appointments to the National Productivity Council and the current Royal Commission on Banking and Finance.

GENERAL

Devaluation of the Canadian Dollar

Early in 1961 several Government policies were implemented to help bolster sagging economic conditions. One of the measures adopted

resulted in a lower exchange rate on the Canadian dollar. This move has been of definite advantage to grain producers as it is reflected in higher export prices for Canadian grain. In June The Canadian Wheat Board raised the price of all grades of export wheat 5¢ per bushel to maintain the value of this commodity in terms of other currencies. Present supply and demand conditions indicate that the Board was justified in obtaining the full benefit of devaluation for Canadian grain producers.

European Common Market

In July of 1961 the British Parliament authorized its Prime Minister to apply for United Kingdom membership in the economic community known as the "European Common Market." A good deal of concern has subsequently been expressed by Commonwealth Countries that such a move may have disastrous or unfavorable effects on Commonwealth trade, particularly in agricultural products. At time of writing this report Britain has indicated that its entry in the European Common Market would depend on satisfactory provisions for Commonwealth trade and for United Kingdom agriculture.

Coincident with these discussions, Canada's Minister of Trade and Commerce, Hon. George Hees, on October 11th, 1961, indicated that the Canadian Government is intensively studying the possibilities of an Atlantic Free Trade bloc embracing Canada, the United States and Western Europe.

International Wheat Agreement

The current International Wheat Agreement expires on July 31st, 1962. In addition to the inherent principles of assuring supplies to importers and markets to exporters at equitable and stable prices, the Agreement through its broader objectives has facilitated registration of International trade in wheat.

Your Board would recommend that our Association firmly endorse the negotiation of a new Agreement effective August 1st, 1962, similar in objective and purpose to the current Agreement.

The 1961 annual conference of International Federation of Agricultural Producers adopted a resolution seeking a new International Wheat Agreement of five years duration.

Proposed Coarse Grains Conference

Interested member Countries of the International Federation of Agricultural Producers, both importers and exporters of coarse grains, informally discussed and agreed upon a coarse grains Conference which it was planned would be held in London, England, December 11th to 13th,

1961, with a view to ensuring greater stability in International coarse grains markets. Due to various recent developments the proposed Conference has been postponed for an indefinite period.

National Conference on Farm Policy Research

In April, 1961, a conference was held in Winnipeg attended by Provincial and Federal Government representatives, officials of farm Organizations and University personnel, to assess in broad terms farm policy research in Canada, and recommend policies for the future. The meeting recommended that an Agricultural Economics Research Council be established in Canada endowed sufficiently to provide a minimum annual budget of \$300,000.00. To date this suggestion is being considered by various Governments and interested Organizations, and is in line with interest shown by Alberta Wheat Pool in the fields of research, particularly that of marketing.

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

In the relatively brief history of Western Canada grain growing has been a dominant feature of its economy. The success and hardship associated with grain production and marketing are well known and are fields in which, due to circumstance and the resourcefulness of the people in agriculture, a good deal of innovation and improvement has been made. The operating and financial statements of your Association this year and for the past several years are an indication of the progress through the pooling movement which has resulted from co-operative effort and self-reliance.

In the same manner in which the pooling movement was utilized by prairie grain producers in the 1920's as a decided improvement over methods of the day, some additional modification and improvement in grain marketing must be continually pursued. Widespread drought conditions in the 1961 season, with substantial reduction in grain yields and farm income, now give rise to some serious consideration of the nature of grain handling facilities in Western Canada. The dangerous dependence of elevator Companies, your Association not excluded, on storage earnings reveals the extent to which grain handling costs have outstripped revenues from actual handling operations and value of services rendered. Cost increases of our Association per bushel of grain handled have amounted to more than 60% in

the past decade — about three times the rise in the national wholesale index of goods and services. This results partly from attempts to maintain elevator facilities at low volume Stations, which have virtually been abandoned years ago as trading, social and educational centers. Through the decade of the 1950's unusual circumstances also led to an unprecedented expansion of elevator and storage facilities in grain growing regions to the point where a substantial part of the year's deliveries can now be stored at any one time, the cost of which is being borne by the farmer with the exception of Federal assistance under "The Temporary Wheat Reserves Act." While the present facilities and the manner in which the expansion of storage space has come about appear to have been well justified, present day costs for the storage of grain only five or six miles removed from the producer's farm, when viewed in relation to costs for the several thousands of miles to an ultimate destination, appear as a distinct burden to the grain economy. The experience of the past and several developments of the present offer some suggestions for consideration.

The universal acceptance of quota deliveries by producers, and the orderly procedures of The Canadian Wheat Board system of grain market-

ing, question the need for maintaining present day stocks of grain in country elevators. Given adequate waterfront terminal facilities and railway service the ability of The Canadian Wheat Board to carry on an efficient marketing program would appear to be less dependent on large inventories of grain at Sidings than has been the case in the past. The possibility of additional benefit to producers by further co-ordination of the various facilities and services involved in our present marketing system commends itself to the attention of our Association.

All of which is respectfully submitted.

G. L. HARROLD
NELSON MALM
ALLAN J. MACPHERSON
W. R. MUELLER
GERALD OBERG
GEORGE W. BRAITHWAITE
O. KEITH ROSENBERGER





Terminal elevators at Port Arthur (above) with a capacity of 2,000,000 bushels and Victoria (below) with a capacity of 1,040,000 bushels.





A. T. BAKER
General Manager

Report of General Manager

ON 1960-61 CROP YEAR

To the President and Directors,
Alberta Wheat Pool.

Gentlemen:

The 1960 grain crops were good in most areas of the province. Adequate moisture reserves and good growing conditions prevailed except in south-eastern Alberta, where dry weather ended the long period of abundant rainfall and above average yields. Harvesting, which began earlier than usual, was completed without serious delay and the grain presented no handling difficulties.

Export sales showed a marked improvement, making possible good shipments from the country. Despite a decline in coarse grain exports, total shipments of all grain from Alberta country elevators were up more than 8 million bushels over last year. West Coast ports continue to grow in importance as export outlets for grain. Even though Vancouver terminals were strike-bound for three weeks and a severe car shortage was encountered in July, movement from the West Coast, amounting to 160.7 million bushels, was the second highest since a record of 169.6 million bushels was established in 1957-58. To supply this heavy movement and make possible equalization of delivery quotas, it was necessary to ship substantial quantities from western Saskatchewan. A quota of 7 bushels per specified acre was in effect at all Alberta shipping points at the end of July. Although producers' deliveries dropped by nearly 6 million bushels, your country elevator system handled only slightly less grain than one year ago.

As the year drew to a close, it was obvious that drought in southern and east-central Alberta would seriously reduce the crop yield in the 1961 season. In view of the poor prospects in these areas, some economy of operation is planned by curtailing services that are not required. Operating costs, which have reached a new high of 11.5 cents per bushel, suggest that the present overbuilt country elevator system is a luxury which producers cannot much longer afford. A thorough study is being conducted with a view to making recommendations for long-range plans for more economical operation.

Country Elevator Operations

Receipts of grain and oil seeds for the year were 59,802,637 bushels compared to 59,849,309

bushels last year. It is anticipated that the proportion of member business will be about the same as in 1959-60 when 94.79 per cent of all deliveries was from members. Your elevators, comprising 33.5 per cent of the country elevator space in the province, showed a gain for the seventh successive year and established a new mark by handling 41.49 per cent of the grain marketed in Alberta compared to 40.15 per cent last year. This increase is in part due to grain shipments exceeding producers' deliveries, making more storage space available and offering to Pool members the opportunity, steadfastly sought, of delivering grain to their own facilities.

The average receipts per elevator were 105,420 bushels, a slight drop from the previous year. The plant was fully utilized for storage in the early part of the crop year but, with heavy shipments, some space accumulated later on. Average use of the storage space was 82 per cent. Grain in store at July 31 showed a marked drop to 33,980,460 bushels compared to 39,649,084 bushels a year ago. Under instructions from the Wheat Board good progress was made in emptying off-site storage and only 695,000 bushels remain.

Freer shipments made possible 275 cut-offs, compared with 235 and 199 in the two years previous. The elevators weighed up showed a gross overage of .100 per cent against .099 a year ago, a remarkable example of how carefully agents observe the policy of close weighing.

The 1960 crop was not a difficult one to handle and the grade losses of previous years were avoided except for that anticipated in 3 C.W. 6 Row barley, to which reference was made a year ago. New grading regulations have been introduced by the Board of Grain Commissioners and, as stocks of this grade are now at a low level, it is expected that losses will not recur.

Producers delivered 440,519 bushels of rapeseed, which was pooled, with a price of \$1.80 per bushel being secured. This volume, representing a five-fold increase over the previous year, reflects both the growing importance of rapeseed as a crop and the marketing of a higher proportion on a pooling basis.

In the spring of 1961 producers were offered the opportunity of signing contracts for mustard seed acreage, with the crop to be handled on a pooling basis. The drought, which had started in the mustard growing areas of southern Alberta before seeding time, caused uncertainty about the crop and raised hopes of high outright prices, with the result that the acreage sign-up was small.

Terminal Operations

Vancouver terminal receipts were 47,310,030 bushels compared to 41,193,712 bushels the previous year. The combined receipts of 54,329,295 bushels at the Vancouver and Victoria terminals considerably exceeded any previous record and were made possible by large shipments of Saskatchewan Pool grain. Experience in recent years has demonstrated that maximum use cannot be made of our terminal facilities without full cooperation and close contact between the Pool, the Railroads and the Wheat Board. Although progress was made during the past year in achieving a more uniform supply of cars, delays still occur. Over a thousand more cars could have been unloaded in July had they been available.

Your management has given careful consideration to the suggestion that another terminal should be built at the West Coast. Admittedly this would make a smoother operation for those engaged in the transportation and sale of grain for export but it must be kept in mind that the cost would ultimately be borne by the producer. The necessity of imposing this additional charge on the producers' grain will not be satisfactorily demonstrated until the present handling facilities have been used to their maximum capacity, and found inadequate. On the other hand, the changing pattern of grain movement from the prairies indicates the desirability of more storage space at our terminal to provide a larger reservoir in case of interruption in car or ship arrivals and to make room for the wide variety of grades, grains and seeds being received and stored.

Our terminal at Port Arthur was again operated by the Manitoba Pool under the terms of a very satisfactory agreement.

Seed Division

The Seed Division once again handled over 15 million pounds of cleaned forage seed, mostly on a pooling basis. Two hundred and nineteen thousand bushels of cereal seed were purchased outright. Close cooperation was maintained with Northern Canadian Seed Sales, although a large percentage of sales was made by Seed Division personnel. Our traffic department was successful in negotiating reduced rail rates which, since February of this year, have resulted in large freight savings to seed producers.

Initial payments were set as high as seemed safe in the light of prevailing information but market conditions during the year forced the opening of new pools for red clover and fescue at lower initial payments. On the other hand, as the brome market strengthened, a new pool was started at a considerably higher initial payment. This departure from the basic principle of pooling seemed the only practical course to take in the light of prices available and keen competition.

The seed business is hazardous. The Pool endeavours to stabilize the market at the highest possible level but these efforts can be of little value without the growers' support. Growers seem to be interested in pooling only at an initial payment nearly as high as the outright price being paid by competitors, who may buy relatively small quantities of seed and then withdraw from the market. A low pooling price permits competitors to acquire cheap seed which they, in turn, can sell at low prices and thus break the market. These firms often require only enough seed to fill a small sale and can be in or out of the market as profitability dictates. This does not encourage orderly marketing. The Pool has an obligation, not shared by competitors, to give all members the same treatment and to take all the seed they offer. Thus it assumes the responsibility of carrying and selling seeds that are in surplus. If the Pool is to get enough seed to be an effective factor in stabilizing the market and securing a fair price for all growers, initial prices must often be set higher than market conditions warrant. Unless growers show more faith in pooling, it may not be economically practical to continue and instead a return to outright purchase may have to be considered.

Fertilizer sales amounted to 5,274 tons as compared to 2,577 tons last year. The Pool's entry into the fertilizer business has had the effect of securing lower prices for nearly all users of fertilizer in the province. Reduced spreads gave lower prices than last year, with a consequent smaller earning per ton handled.

Net earnings of \$29,979.83 on forage, \$12,817.13 on cereals and \$18,841.79 on fertilizer operations gave the Seed Division a total surplus of \$61,638.75.

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 \$2,860,408 after taking into account regular and special capital cost allowances of \$1,238,305. The continuing rise in the costs of operation was more than offset by substantially larger revenues from several sources. Proceeds from grain deliveries and sales were higher due to heavier shipments from country elevators. Storage earnings also were up, reflecting the additional capacity acquired through the Ogilvie purchase. Last year the Seed Division showed a deficit while this year there was a surplus.

New reserves to the value of \$622,699 were taken by members, bringing their investment in the organization to \$13,810,770. This represents a debt of the association to the members. There is no obligation to pay interest on the money members have invested in their own organization.

but during the last ten years patronage dividends paid in cash represent a yearly return in excess of 5 per cent. The present policy of purchasing reserves from the estates of deceased members, from those who no longer farm and from members who are 72 years of age or over assures that the ownership and control is always vested in active members.

Working capital increased during the year by \$112,407 to \$8,177,273, which places your organization in a strong financial position to come safely through a period of adversity.

Capital expenditures, exclusive of the purchase of Victoria Elevator Limited, were \$1,322,133. Your organization has taken full advantage of the provisions of the income tax regulations pertaining to special capital cost allowances on elevators and annexes, with the result that the extensive country and terminal building program of the last ten years has been almost entirely paid for out of depreciation and earned surplus. The wisdom of a "pay as you go" policy during a period of buoyant revenues will become evident with the return of lean years.

Subsidiary Companies

Victoria Elevator Limited, which proved to be a most useful addition to your operations, enjoyed a very successful year. Receipts, consisting of wheat, flax and rapeseed, totalled 7,019,265 bushels. Net earnings were \$24,268 after income taxes of \$23,705 and provision of \$29,249 for capital cost allowances. This does not, however, indicate the true value to our members, as this company paid over \$124,000 to the Pool on account of grain diverted to Victoria plus a management fee of \$10,000. Extensive repairs have put the plant and equipment in excellent shape.

Interior Feeds Limited was not so successful in its first year, showing a loss of \$1,150. This company owns no capital assets, so that depreciation is not a charge against operation. The Pool received full storage and elevation charges on all grains handled for this company and also a management fee of \$5,000. Interior Feeds stabilized the market for producer and consumer, ensuring a higher return to producers and at the same time recapturing for your elevators business lost to competitors in previous years. The benefits of this operation to producers far exceed in value the revenue accruing to the Pool.

Properties

Your plant and equipment were maintained in good condition by replacement and extensive repairs. Pool crews constructed 8 elevators, 5 annexes, 3 seed warehouses and 9 dwellings. The modernization of older dwellings and the installation of car movers and dust collectors at heavy points was continued in keeping with the trend toward better living and working conditions. Surplus properties were disposed of by sale or dismantling.

The storage capacity of country properties was increased during the year by 276,100 bushels, to a total of 42,233,600 bushels in 563 elevators and 605 annexes. In addition the Pool owns 408 dwellings, 3 seed cleaning plants, 52 seed warehouses, 27 flour sheds, 17 coal sheds, 2 warehouses in Calgary, 3 terminal elevators and an office building in Calgary.

Branch Offices

All shipments of grain to the Lakehead and to other eastern interior destinations are handled through our Winnipeg office. Because of frequent elevator congestion, it was necessary last year to arrange the diversion of 5,752,254 bushels of Durum wheat and other grain to terminal elevators other than those operated by the Manitoba Pool. Another important function of this office is the placing of selected malting barley with exporters and domestic maltsters for which over-quota delivery permits and premiums are obtained for our barley growers. Export sales of rapeseed are made in Winnipeg in conjunction with other producer-owned elevator companies. This involves keeping in constant touch with the overseas markets for oil seeds. The hedging of open market purchases of rye and flax are conducted entirely through Winnipeg office regardless of whether these grains are shipped to Vancouver or to the Lakehead. A close contact is maintained with the two government boards, the Canadian Wheat Board and the Board of Grain Commissioners, as well as with the grain trade generally. We are represented at all meetings held by the two boards when matters of importance are discussed with the elevator companies.

The Edmonton office maintains close contact with country personnel, the seed division, delegates and members, and acts as liaison between the Pool and the trade. This office grades agents' grain samples, analyzes and grades seed samples and arranges diversions to mills, feeders and malting companies.

Public Relations

A well integrated and effective public relations program has been developed by the Publicity, Field Service and Country Information departments. The main objectives of each department are the dissemination of information among members and the public and the creation of understanding and goodwill toward the organization but the work and methods of each differ widely. Publicity handles all advertising and provides information to a diverse public mainly by means of radio, television and the printed word. Field Service, through its eight district representatives, relies on personal contact as a means of building and maintaining friendly relations and getting information to the members and the general public. Country Information works directly with Pool employees, elected officials and key members who, in

turn, become more effective in their efforts on behalf of the organization. It is the philosophy of these departments that one of the strengths of the Alberta Wheat Pool lies in a well-informed membership.

It has long been recognized that with the retirement of more and more of the original members, who know the history of cooperative grain marketing and the worth of the Pool, increasing attention would have to be given to member relations. The Country Information department was established five years ago and its rapidly developing program, together with the more diverse activities of the Publicity and Field Service departments, are aimed at meeting this need.

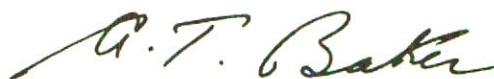
Staff

Since its humble beginning over 38 years ago, the Alberta Wheat Pool has had a history unique in the annals of cooperative effort until today it occupies a recognized position of influence, strength and leadership in the agricultural industry. The very satisfactory results presented here for your consideration are proof that the organization is continuing to show the growth that comes from initiative and ability to adapt to changing conditions. This, in very large measure, is due to the good performance of the staff at all

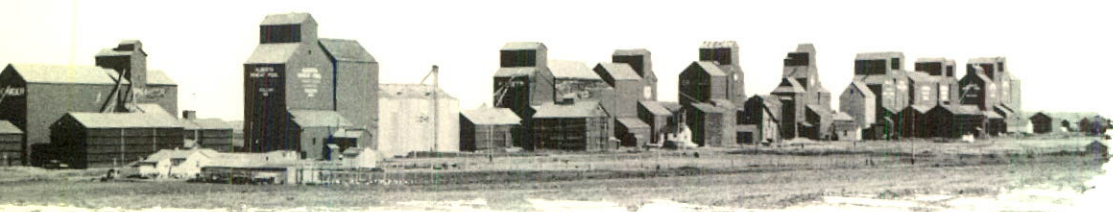
levels. I wish to express my deep-felt appreciation for their loyalty to the ideals of the Pool and for the efficient way in which they have discharged their duties.

Any institution is only as good as its people and, though justifiably proud of our employees, we are by no means complacent. A constant effort is made to help them become even more efficient and better able to do their jobs. Our endeavour is to hire only the most able men and women and a continuous program of employee training is carried on. We have recognized the wisdom of mobilizing the talents of all of our people to assure that the Pool maintains its position. As your organization grows and expands into new fields, more and more opportunities for advancement open up. I have no doubt that in meeting the challenge, our people will make secure the future of this great farmer organization.

Respectfully submitted



General Manager



Auditors' Certificate

Harvey Morrison & Co.
Chartered Accountants

CALGARY, ALBERTA

To the Members,
Alberta Wheat Pool:

We have examined the consolidated balance sheet of Alberta Wheat Pool and subsidiary companies as at July 31, 1961 and the statements of consolidated earnings and surplus retained 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 surplus retained 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, 1961 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.

Calgary, Alberta.
October 26, 1961

Harvey Morrison
Chartered Accountants

ALBERTA W
and Subsidiaries

CALGARY

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT

	1961	1960
Cash in banks, on hand and in transit	\$ 622,574.81	\$ 623,568.80
Stocks of grain (Note 2)	40,134,490.58	44,470,314.75
Stocks of seed and supplies (Note 3)	828,656.65	1,763,619.49
Advances on grain	19,761.00	96,101.04
Accounts receivable	1,290,694.70	1,111,656.41
Accrued items receivable	95,578.00	158,699.46
Prepaid expenses	433,128.70	456,189.00
Total current assets	<u>\$43,424,884.44</u>	<u>\$48,680,148.95</u>

DEFERRED

Accounts receivable	<u>\$ 157,793.86</u>	<u>\$ 138,106.37</u>
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FIXED ASSETS at cost

Buildings, sites and operating machinery	30,554,467.65	29,291,349.87
Less accumulated capital cost allowances	<u>21,055,073.40</u>	<u>19,861,738.14</u>
	9,499,394.25	9,429,611.73
Uncompleted construction (see contra)	<u>243,610.94</u>	<u>231,401.88</u>
	<u>9,743,005.19</u>	<u>9,661,013.61</u>
Elevator and office equipment, autos, trucks and miscellaneous equipment	672,785.65	630,580.76
Less accumulated capital cost allowances	<u>368,641.26</u>	<u>340,932.35</u>
	<u>304,144.39</u>	<u>289,648.41</u>
Net fixed assets	<u>\$10,047,149.58</u>	<u>\$ 9,950,662.02</u>

INVESTMENTS at cost

Shares in affiliated companies	108,670.00	108,670.00
Grain Exchange memberships	9,852.00	9,302.00
Seed cleaning plants and associations	<u>870.00</u>	<u>700.00</u>
	<u>\$ 119,392.00</u>	<u>\$ 118,672.00</u>

EXCESS OF COST OF INVESTMENT OVER BOOK

VALUE OF SUBSIDIARY COMPANY	<u>\$ 155,419.98</u>	
	<u>\$53,904,639.86</u>	<u>\$58,887,589.34</u>

See accompanying notes to consolidated financial statements.

HEAT POOL

ry Companies

ALBERTA

ET - as at July 31, 1961 and Comparison with July 31, 1960

LIABILITIES

CURRENT

	1961	1960
Outstanding cheques, cash tickets and orders	\$ 5,540,911.15	\$ 6,910,995.51
Bank loans (secured)	16,820,000.00	24,780,000.00
Call and short term loans	5,078,478.37	3,446,067.23
Loans from members	2,631,380.50	878,437.22
Accounts payable	1,123,685.21	1,085,094.52
Construction commitments (see contra)	243,610.94	231,401.88
Income tax payable	35,632.53	40,536.53
Mortgage debenture instalment due		
February 1 next	416,666.66	416,666.67
Accrued items payable	402,826.41	333,903.07
Growers — outstanding payments	182,076.09	166,208.82
Net earnings — current year (Note 4)	2,860,408.25	2,426,508.31
Less estimated minimum income tax (Note 5)	(88,064.60)	(100,536.53)
Total current liabilities	<u>\$35,247,611.51</u>	<u>\$40,615,283.23</u>

DEFERRED

4½ % Mortgage debentures (Note 6)	<u>\$ 1,250,000.00</u>	<u>\$ 1,666,666.66</u>
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RESERVES (Members' Investment) (Note 7)	<u>\$13,810,770.80</u>	<u>\$13,188,071.74</u>
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SURPLUS

Retained from earnings of prior years	3,071,202.71	2,947,843.99
Arising from disposals of properties	525,054.84	469,723.72
	<u>\$ 3,596,257.55</u>	<u>\$ 3,417,567.71</u>

\$53,904,639.86

\$58,887,589.34

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED EARNINGS

Year Ending July 31

	1961	1960
Operating Revenues (Note 8)	\$13,929,055.14	\$12,724,922.74
Deduct:		
Elevator and seed plant operating expenses	4,633,388.17	4,337,185.99
Office, administration and supervisory expenses	2,125,627.32	1,967,980.70
Terminal elevator operating expenses	1,533,116.28	1,242,051.02
Interest charges	1,538,209.41	1,521,728.57
	<u>9,830,341.18</u>	<u>9,068,946.28</u>
Earnings before capital cost allowances	4,098,713.96	3,655,976.46
Capital cost allowances	1,238,305.71	1,229,468.15
Net earnings for the year (Note 4)	<u>\$ 2,860,408.25</u>	<u>\$ 2,426,508.31</u>

STATEMENT OF CONSOLIDATED SURPLUS RETAINED FROM EARNINGS OF PRIOR YEARS

	1961	1960
Balance at beginning of year	\$ 2,947,843.99	\$ 2,847,628.12
Less sundry adjustments	715.02	307.20
	<u>2,947,128.97</u>	<u>2,847,320.92</u>
Add:		
Earnings from the previous year	2,426,508.31	3,308,594.45
Less sundry adjustments	180.72	179.66
	<u>2,426,327.59</u>	<u>3,308,414.79</u>
Less patronage dividends:		
In cash	547,292.33	766,131.64
In members' investments redeemed	1,023,027.15	645,553.44
In members' investments increased	622,179.91	1,671,404.11
	<u>233,828.20</u>	<u>225,325.60</u>
Less income taxes paid	109,754.46	124,802.53
	<u>124,073.74</u>	<u>100,523.07</u>
Balance at end of year	<u>\$ 3,071,202.71</u>	<u>\$ 2,947,843.99</u>

See accompanying notes to consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

- NOTE 1 The consolidated financial statements include the accounts of the Alberta Wheat Pool and its wholly-owned subsidiary companies, Alberta Pool Elevators Limited, Victoria Elevator Limited and Interior Feeds Limited.
- NOTE 2 Stocks of wheat, oats and barley have been valued at Canadian Wheat Board delivery prices and stocks of other grains at market or open sales contract prices where applicable. Allowance has been made for handling and other charges.
- NOTE 3 Stocks of forage and cereal seeds and other supplies have been valued at cost 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 are held by Bank of Montreal and are payable in four 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 accruing 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.





1960-1961

FACTORS AFFECTING WORKING CAPITAL

Working Capital, July 31, 1960	\$ 8,064,866
1959-60 Earnings Available for Distribution (Note 9)	2,325,972
Operating Earnings, 1960-61, before capital cost allowances	4,098,714
Proceeds of Disposals —	
Buildings and Machinery	114,440
Equipment	87,452
Capital Gains	55,331
Return re Winnipeg Office Investment	614
	<hr/>
	\$14,747,389

APPLICATION

1960-61 Net Earnings Held Pending Disposition	\$2,772,344	
New Buildings and Machinery	1,327,221	
New Equipment	197,870	
Funds Provided for Completion of Construction Program	12,209	
Patronage Dividends Paid in Cash	547,292	
Members' Investment Reserves Purchased	1,023,027	
Payment on Debentures	416,667	
Income Taxes Paid or Provided for —		
1960 — Dominion of Canada	9,218	
1961 — Dominion of Canada	88,064	
1960 — Province of Ontario	181	
Increase in Deferred Assets	19,687	
Increase in Investments	720	
Excess Over Book Values Paid for Ownership of		
Victoria Elevator Limited	155,420	
Sundry Adjustments	196	\$ 6,570,116
	<hr/>	
Working Capital, July 31, 1961		<u>\$ 8,177,273</u>

1923 to 1961

SOURCE AND APPLICATION OF FUNDS

SOURCE

Depreciation and Capital Cost Allowances	\$21,423,715
Members' Investment Reserves	13,810,770
Earned Surpluses Retained	3,071,203
Capital Surpluses from Properties	525,055
Debenture Loan	<u>1,250,000</u>
	<u>\$40,080,743</u>

APPLICATION

Elevators, Terminals, Cleaning Plants, Dwellings and Other Properties	\$30,798,078
Elevator and Office Equipment, Automobiles and Trucks and Miscellaneous Equipment	672,786
Excess Over Book Values Paid for Wholly-Owned Subsidiary Company	155,420
Investments in Affiliated Companies and Miscellaneous Memberships	119,392
Deferred Accounts	157,794
Working Capital	<u>8,177,273</u>
	<u>\$40,080,743</u>

RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Dividends	Earnings Retained
1961	59,802,637	\$13,929,055	\$9,830,341	\$1,238,306	(See Note 4)	
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
1952	76,927,178	8,374,033	5,174,142	786,718	2,220,338	97,282

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
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	23,840,802	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
1952	486	16,305,803	31,297,474	27,344,385	3,953,089	2,119,869

Canadian Co-operative Wheat Producers Limited

Directors' Report 1960 - 1961

October 5, 1961

To the Shareholders

Canadian Co-operative Wheat Producers Limited
Winnipeg, Manitoba.

Gentlemen:

This report, covering the crop year 1960-61, is the thirty-seventh annual report submitted by the directors of Canadian Co-operative Wheat Producers Limited. Reference is made herein to crops and markets and to the activities of your directors in the period intervening since our last report.

The dominant feature of the 1960 crop season was the high temperatures during the summer months which while producing a satisfactory yield left the prairie region with depleted moisture reserves. This condition together with a dry spring and summer in 1961 over most of the prairie region resulted in an exceedingly short crop; a disaster for many producers. The total volume of wheat harvested in the prairie provinces in 1961 was less than half that of the previous year.

The Canadian Wheat Board and the Board of Grain Commissioners were placed under the federal ministry of agriculture.

The net income of farm operators moved upwards slightly in 1960, being 3.6% above the revised estimate for 1959.

The federal government introduced legislation designed to raise the standard of living and improve the economic opportunities of the rural population. The reports of the Royal Commission on Transportation and the Royal Commission on the Automotive Industry were released. The findings of these Commissions are not in keeping with the recommendations submitted by your organization.

The federal government's direct action in devaluing the Canadian dollar immediately resulted in an increased price of wheat at Fort William.

Canada's Gross National Product totalled \$35,959 million. This figure reflects the state of the nation's economy and is about three per cent above the level of the previous year. It is stated that the physical volume of output was about two per cent higher and the final product price about one per cent higher than in 1959. The G.N.P. was at a seasonally adjusted rate of \$36,012 million in the first quarter of 1961.

During the year great emphasis has been given to the importance of wheat in international relations by able and prominent leaders in world affairs. This commodity is the key to campaigns to relieve hunger. The desirability of setting up a world food bank received growing support.

CENTRAL BOARD

In keeping with a long established practice the board of directors of Canadian Co-operative

Wheat Producers Limited held two meetings during the year under review. The directors are the three executive officers of each of the member Wheat Pools, that is, the Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators.

There were two changes on the board during the year. L. A. Boileau, of Saskatchewan, was elected to replace J. H. Wesson who resigned, and A. J. Macpherson, of Alberta, was elected in the place of W. J. Blair who also resigned. These two men failed to qualify as directors, when they were no longer directors of their own provincial organization.

Mr. Wesson was first elected to the board of directors of Canadian Co-operative Wheat Producers Limited on January 7, 1929, and he remained in this position until April 1961. He was elected to the executive committee on May 27, 1937. On December 20, 1937, he was elected vice-president and he was elected president on February 28, 1941. He held this office continuously until the current year. Upon the resignation of Mr. Wesson from the presidency of Canadian Co-operative Wheat Producers Limited and the Saskatchewan Wheat Pool he was publicly honored for the outstanding contribution he had made on behalf of the wheat producers in the prairie provinces. Your board of directors were happy to associate themselves with the many tributes paid to Mr. Wesson.

Mr. Blair was elected to the board of directors of Canadian Co-operative Wheat Producers Limited on February 23, 1948, and held this position until the current year. At the time of his resignation Mr. Blair was vice-president of the Alberta Wheat Pool. His modest quiet manner did not obscure a vigorous spirit frequently displayed on behalf of farmers.

We recognize the many accomplishments of these two men and acknowledge their efforts on behalf of agriculture, to the general welfare of farmers and to farmer co-operatives.

Mr. Charles W. Gibbings, president of the Saskatchewan Wheat Pool, was elected president of the Company on April 27, 1961. He is also president of Pool Insurance Company and Canadian Pool Agencies Limited. Messrs. Gibbings, Parker and Harrold are members of the Advisory Committee of the Canadian Wheat Board.

The executive members of your board have been invited by both federal and provincial governments to participate on consultative bodies dealing with major agricultural problems, particularly with regard to the situation arising from the summer's drought.

A major item of interest during the year requiring the attention of your board was the Royal Commission on Transportation. Other matters receiving the consideration of your directors were the promotion of trade, particularly wheat exports

to Japan; the possibility of making the Canadian Wheat Board Act permanent legislation, and recommendations emanating from the Farm Policy Research Conference held in Winnipeg.

The Central Board has instigated an important progressive program under which a study will be made of food utilization on the broadest scale. We have asked qualified economists to inquire into the extent to which Canada could properly commit itself in providing a constant supply of food of many kinds to help feed undernourished peoples in various countries of the world. We have authorized a budget for this undertaking. When this searching inquiry has been made it is our belief that the recommendations derived therefrom can be the basis upon which the Canadian Wheat Pools can establish a policy on food utilization which they will promote before governments and the public.

INTERPROVINCIAL POOL MEETINGS

The full boards of directors of the three provincial Pools met on two occasions during the year under review — at Regina on February 3 and 4, and in Winnipeg on August 18 and 19, 1961.

At each meeting commissioners of the Canadian Wheat Board attended and gave the directors information dealing with the salient features of current grain marketing problems. Numerous resolutions which had emanated from the annual meetings of the three pooling organizations in the latter months of 1960, covering a wide range of matters relative to grain handling and exporting, were brought to the attention of the commissioners. The regulation of the Canadian Wheat Board concerning grain deliveries to feed mills imposed on December 16, 1960, was discussed in great detail, following which the meeting agreed "Not to make an issue but to watch operations, to follow prices offered by feed mills and at the year end to make such recommendations to the proper authorities as may be determined."

Resolutions which were brought to the attention of the Commissioners dealt with quotas, box car supply and congested elevators.

The directors at the February meeting considered the effect of the abandonment of certain railway branch lines on operations and studied the possibilities of operating country elevators once the line had been removed.

The meeting requested the Prime Minister of Canada "to continue to press for more united efforts in world surplus food disposal programs as a means of alleviating world distress and as a weapon for peace."

The directors by resolution vigorously opposed any interference with the Crow's Nest Pass freight rates.

Acreage payments by the federal government or an acceptable substitute therefor were matters considered by the meeting, as was storage payments on grain held on farms. The meeting lent

its support to a representative group seeking tariff revision on oil seeds. A resolution was adopted for submission to the forthcoming Western Agricultural Conference in which reciprocal tariffs with the U.S.A. on oil bearing crops and oilseed products were sought.

When the directors met in August they were unable to reach unanimous agreement on a submission which could be made to the Board of Grain Commissioners relating to grain handling tariffs for the 1961-62 crop year. The Alberta Wheat Pool, looking to a reasonably good harvest and handling, felt unable to justify any request on its own behalf for higher tariffs than those in effect in the previous year, while Saskatchewan Wheat Pool and Manitoba Pool Elevators requested an increase in handling tariffs in both country and terminal elevators.

This meeting indicated support to a project which would be conducted at the University of Manitoba, in which fundamental research in co-operation would be pursued. The directors also favorably considered a suggestion that Canadian Co-operative Wheat Producers should provide a scholarship for a student from Africa and that the scholarship should be tenable at a university in one of the three prairie provinces.

WESTERN AGRICULTURAL CONFERENCE

The Western Agricultural Conference antedates the Canadian Federation of Agriculture. It is a matter of more than casual interest that the provincial organizations of agricultural producers' associations in British Columbia, Manitoba, Saskatchewan and Alberta affiliated themselves in the Western Agricultural Conference at a meeting held in Calgary, Alberta, on July 29-30, 1935, "With the object of giving unity to the agricultural movement and cohesion to its purpose in the western provinces." J. H. Wesson, who for many years was president of this organization, Canadian Co-operative Wheat Producers Limited, was elected the first president of the Western Agricultural Conference at the Calgary meeting. At that time he was vice-president of the Saskatchewan Wheat Pool and an executive officer of the Saskatchewan Co-operative Conference.

It has been a practice since 1935 for the representatives of farm organizations in the western provinces which are affiliated with the Canadian Federation of Agriculture, to meet in separate session for the purpose of analyzing resolutions and matters of policy prior to attending the meeting of the national body.

The Western Agricultural Conference was held in Saskatoon, Saskatchewan, February 7-8, 1961, with a full slate of delegates and thirty-eight visitors attending. In all, forty-nine resolutions were considered by the Conference. Of particular interest were resolutions dealing with Crow's Nest Pass rates, deficiency payments on hogs and eggs, acreage payments, two-price system for grain, wheat utilization and a world food bank. A controversial subject before the Conference was that of the Wheat Board quota regulation which

had been announced less than two months previously under which western feed mills were permitted to buy feed grains outside of quota regulations. Following a lengthy discussion it was agreed "that the farm organizations of the Western Agricultural Conference maintain a watching brief on this situation and be prepared to recommend any changes that seem desirable as at July 31, 1961."

The application of these regulations has been watched closely.

T. G. Bobier, a member of our board of directors, and vice-president of the Saskatchewan Wheat Pool, was elected president of the Western Agricultural Conference to succeed James M. Bentley of Alberta. James M. Bentley and S. E. Ransom, of Manitoba, were elected vice-presidents. Mrs. C. R. Braithwaite was elected as western women's representative to the Canadian Federation of Agriculture.

CANADIAN FEDERATION OF AGRICULTURE

The annual meeting of the Canadian Federation of Agriculture held in Ottawa February 20th to the 23rd, was a memorable one in that the meeting recognized the 25th anniversary of the organization. Appropriate programs, presentations and acknowledgments were features of this anniversary meeting.

Resolutions considered by the meeting and addresses presented placed great emphasis on programs of self-help for farmers and on the contribution which food in abundance can make in the struggle for freedom by peoples in developing countries.

The attendance of practically all the directors of the three prairie Wheat Pools is indicative of the support which these three organizations give to the Canadian Federation of Agriculture and their recognition of the need for a national farm organization. Three of our directors, W. J. Parker, G. L. Harrold and T. G. Bobier were elected directors of the Canadian Federation of Agriculture.

H. H. Hannam was re-elected president, a position he has held since January 1940. Vice-presidents elected were J. M. Bentley of Alberta, and J. B. Lemoine of Quebec.

The President in his address recognized a number of pioneers whose life work had meant so much in the quarter century march of the farm movement. This was appropriate when "We commemorate a quarter century of conscientious concerted effort by folks who till the soil in joining their hands and hearts in one nation-wide association:

- "(a) to speak with one voice for the farming industry;
- (b) to achieve their right of fuller and better living; and
- (c) to give positive and constructive leadership to their industry as a major force in shaping the national destiny of all the people of Canada."

In the closing minutes of his address Dr. Hannam referred to the great responsibility that a farm organization must accept. He said:

"As farm people, we are one element in the democracy of the western world. And our western world must demonstrate its ability to make democracy work and produce a new and better kind of security and freedom for all men than has prevailed or been possible heretofore. As a farm organization we must accept a broad citizenship responsibility.

"We need to go forth with conviction and enthusiasm for our democratic way of life. We must, by means of our work, show that we are on the side of those suffering hardship, inequities and injustices. Democracy must prove its superiority by performance in order to prevail over the ideology of the iron curtain."

The president of the International Federation of Agricultural Producers, James G. Patton, of Denver, Colorado, addressed the meeting. He reported on the activities of the IFAP; he made reference to campaigns which are being carried on under the headings "Food for Freedom" and "Freedom from Hunger"; to observations that he had made on a world tour and to the fact that the greatest challenge to the democratic nations is now faced in those nations which are largely agricultural. A number of pertinent statements made by Mr. Patton were meaningful to men whose livelihood is that of food production. We cite excerpts from Mr. Patton's address:

"There are two great struggles taking place in the world today. One of them is the fight against poverty, starvation and disease. The other is the struggle for freedom and respect for individual rights."

"I returned about a year ago from a stimulating tour of world agriculture. I found starvation and disease in many areas of the newly emerging nations, but there was something more, I saw a dynamic people moving away from a feeling of belonging to a village community and toward a feeling of unification at the national level. Their twin struggles for food and freedom have given rise to great surges of so-called nationalism."

"It is time that the farmers of the free world and their organizations faced up to the new opportunities for helping people in the emerging areas of the world in their two great struggles and in promoting peace and freedom in the effort."

"Organized agriculture has the obligation to urge governments to act, to face up to the challenge of the two great struggles — one for food, the other for freedom. The challenges of the emerging people require action on our part if civilization is to survive. Otherwise, we join the procession of ex-

tinct civilizations which were deaf to the demands of their time."

An interesting visitor to the meeting was Senator Geo. D. Aiken of Vermont, U.S.A., who spoke to the meeting informally. Senator Aiken referred to the very close association which he had had with the leaders of Canadian agriculture at the time the International Wheat Agreement was in its formative stages. Since then Senator Aiken has given consistent support to the IWA and was in Canada representing his government in consultation with Canadian officials on matters of trade relations.

Unfortunately the Rt. Hon. John G. Diefenbaker was unable to attend the meeting. His absence was due to a bereavement and the meeting expressed its condolences. John C. Pallett, Q.C., M.P., substituted for the Prime Minister and in his address outlined the steps taken by the present government to assist agriculture.

Mr. Pallett said: "The farmers' life is not an easy one. Nothing any government can do will take their burdens away. What we can hope is to give them opportunities they did not have in the past to share in some of the good things of Canadian growth and progress, to feel that their effort has reasonable expectation of return, to remove risks that can be removed and to encourage them to continue with confidence."

The meeting re-emphasized the policy of the CFA which advocates co-operative effort as a means of meeting the problems of agriculture when it adopted the following resolution:

"That in future, before going to government with our problems, we investigate as to whether the solution does not lie within our own hands; and

"That to this end we encourage the increased use of co-operatives and producer marketing boards, and that studies be carried out by competent persons appointed by the Federation as to the best plan for putting into effect orderly marketing for each agricultural product so that as complete information as possible will be available to producers ready to establish a co-operative or marketing board;

"That we solicit concerned authorities, that is, provincial and/or federal governments;

(a) To assist in encouraging the increased use of co-operatives and marketing boards, and

(b) To improve the co-operative legislation and other marketing legislation, and

"That the Canadian Federation of Agriculture study the need for national marketing boards and federal co-operative legislation with a view to requesting implementation of such national legislation as is found necessary."

The meeting recognized that assistance would be required of governments to aid agriculture in

meeting some of its difficulties, some of which are influenced by trade policies of the nation. The following resolution adopted by the meeting gives credence to this point of view:

"That every effort be made by the agricultural organizations to impress upon governments that not only must emergency policies be utilized, but also that programs of action and research studies must at once be aimed at establishing adequate pricing of primary farm products, working with producers in a program of planned production and surplus disposal."

The Prime Minister and members of his Cabinet received a delegation from the Canadian Federation of Agriculture on February 28, 1961. Attending on this occasion were eleven Cabinet Ministers and twenty-two directors and officers of the Federation. The delegation was led by its President, Dr. H. H. Hannam, who presented a prepared brief.

Immediately following the presentation to the Prime Minister and his Cabinet, the same delegation met the caucuses of the Conservative, Liberal and CCF parties. These hearings were held separately and provided an opportunity to inform members of parliament of each affiliation of the decisions recently made by the CFA and of the part the national organization expects the government to play in finding solutions to the difficulties being experienced by agricultural producers.

The board of directors of the Canadian Federation of Agriculture met in Charlottetown, Prince Edward Island, on July 25, 26 and 27, 1961. The more important items dealt with marketing programs for hogs, the price and supply of feed grain, continued and increased financial support to the International Federation of Agricultural Producers, requested the Minister of Agriculture to meet with the CFA to review the plans and programs of the federal government with respect to the Agricultural Rehabilitation and Development Act. The meeting approved and offered support to the Agricultural Economics Research Council of Canada and asked that two representatives of the CFA be appointed to the board of governors. The meeting suggested that a formula be devised for the deduction at source from farm sales of funds for the contribution of the farm sector to the Research Council.

Arrangements have been made under which the next annual meeting of the CFA will be held in the Banff School of Fine Arts, Banff, Alberta, commencing on January 21, 1962.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The International Federation of Agricultural Producers held its 12th General Conference in Dubrovnik, Yugoslavia, May 11 to 24, 1961. Canada was well represented at this General Conference. A delegation of fifteen persons was headed by H. H. Hannam, president of the Canadian Federation of Agriculture. Two of our directors,

G. L. Harrold of Alberta, and T. G. Bobier of Saskatchewan, were members of the delegation.

The Conference formally accepted six new members. The new farm organizations joining IFAP represent farmers in Israel, Japan, Morocco, Pakistan, The Philippines and Tunisia. The IFAP, which is a non-governmental world farm organization, now claims to represent 35 million farm families. The number of farm organizations now holding membership in IFAP stands at 47, representing producers in 32 countries.

The Conference dealt with the world food program. The IFAP emphasized the need to make a wide distribution of food a dominant part of international aid for economic development in developing countries. The statement by the Canadian delegation pointed out the need for effective international machinery to do the job of multi-lateral food distribution. This machinery should take the form of an international agency which should have an identity of its own. It is reported that the Conference discussed the report on "Development Through Food" by the Food and Agriculture Organization Director-General Sen. The IFAP suggestion is that the Food Distribution Agency be established under the auspices and general policy direction of FAO and under the supervision of the Council of FAO, and it was suggested that the services of the Canadian Wheat Board or the United States Commodity Credit Corporation might be used.

The Sub-Committee on Grain was presided over by the vice-chairman of the Policy Committee, Gordon L. Harrold, one of our own executive.

A resolution was adopted by the Conference seeking a new International Wheat Agreement which should extend for a period of five years commencing on July 31, 1962. The Conference considered the world coarse grain situation which is influenced by the large supply of grain and grain sorghum in the United States. It was agreed that a special meeting of interested member organizations be held for the purpose of discussing this matter and making such recommendations as would lead to greater stability in the coarse grain market. The meeting will be held in London, England, on December 11-13, 1961.

Mr. B. W. Biesheuvel, of The Netherlands, was elected president of IFAP and the delegates agreed that the next general conference of IFAP should be held in November 1962 in Accra, Ghana.

GOVERNMENT POLICY FOR AGRICULTURE

The action of governments makes an impact on Canadian agriculture. Each year special pieces of legislation are placed on the statute books which are designed to be of direct assistance to agricultural producers. Your board keeps in close touch with these matters and has on many occasions approached government authorities with recommendations, appeals and objections. While in some instances our approach to governments

has been direct, in most cases we have acted in concert with other farm organizations through the Canadian Federation of Agriculture. In this report we refer briefly to legislation which has been enacted during the year under review and to events which have occurred in keeping with government policy.

Minister of Agriculture — Appointed

On October 11, 1960, the Prime Minister announced the appointment of Hon. Alvin G. Hamilton as Minister of Agriculture. He had previously been Minister of Northern Affairs and National Resources, and in his new appointment succeeded the Hon. Douglas Harkness.

The Canadian Wheat Board

The Prime Minister announced on October 11, 1960, that the Canadian Wheat Board would come under the jurisdiction of the Department of Agriculture. Previously the Canadian Wheat Board had been under the Department of Trade and Commerce.

Board of Grain Commissioners

The Prime Minister announced in the House of Commons on November 22, 1960, that the Board of Grain Commissioners had been transferred from the authority of the Minister of Trade and Commerce to the Minister of Agriculture. This decision by the government gives the Hon. Alvin Hamilton, Minister of Agriculture, full responsibility for all the agricultural policies of the federal government.

The Agricultural Rehabilitation and Development Act

The House of Commons on May 31, 1961, passed the Agricultural Rehabilitation and Development Act. This legislation is designed to provide for the rehabilitation of agricultural lands and the development of rural areas in Canada. It recognizes the technological changes in Canadian agriculture which necessitate adjustments on the part of many persons engaged in the industry in order to maintain or raise their standard of living. The act empowers the minister of agriculture with the approval of the governor-in-council to enter into an agreement with any province providing for:

- "(a) the undertaking jointly with the government of the province or any agency thereof of projects for the more efficient use and economic development of marginal or submarginal agricultural lands specified in the agreement; or
- "(b) the payment to the province of contributions in respect of the cost of such projects undertaken by the government of the province or any agency thereof."

Your board wholeheartedly endorses the broad objectives which this legislation is designed to meet. We realize that the government is pre-

pared to render financial assistance to acceptable provincial and community projects.

Before any program envisaged under the legislation will be implemented it must have the support of forward looking people. Since the programs will get their genesis in the community we anticipate that Wheat Pool members in the three prairie provinces will find opportunities for leadership in projects as they emerge.

Farm Credit Act

The Farm Credit Act was amended by the House of Commons on June 13, 1961. The capital of the Farm Credit Corporation was increased from \$8 million to \$12 million. This action enables the Corporation to increase its maximum lending from \$200 million to \$300 million.

Amendment to Railway Act (Rapeseed)

The Railway Act was amended by legislation passed on June 20, 1961, making the rates applicable to flaxseed by virtue of the Crow's Nest Pass Agreement, apply to rapeseed.

The action of the federal government in making possible a lower freight rate for rapeseed has been acknowledged with appreciation. This action is in keeping with many requests that have been made and overrides the ruling of the Board of Transport Commissioners made on June 10, 1960.

National Productivity Council

The federal government established a National Productivity Council by legislation which it passed on December 16, 1960. The purpose of the legislation is set out in the preamble to the Act:

"In order to provide expanding opportunities for increased employment and trade and rising national standards of living, it is in the national interest to promote and expedite continuing improvement in productive efficiency in the various aspects of Canadian Economic activity."

The Council shall consist of twenty-five members, five of whom shall be chosen from the field of agriculture and other primary industries. Agriculture is represented on the Council by Dr. H. H. Hannam, president of the Canadian Federation of Agriculture, G. L. Harrold, one of our directors, and Rene Trepanier, former deputy minister of agriculture for the Province of Quebec. The federal grants to the Council will amount to \$150,000 each year plus an additional contribution to match all private financing. The actual implementation of the productivity program is intended to be carried out by local productivity committees formed on an area basis. While the aims of the National Productivity Council are acceptable, at this early stage we are unable to report on its activities.

Organization for Economic Co-operation and Development

The Minister of Finance reported to the House of Commons on December 16, 1960, that Canada had signed a convention in Paris establishing the Organization for Economic Co-operation and Development. Parliament gave approval to the convention on February 28, 1961.

In our annual report two years ago we referred at some length to the trade patterns which were developing in Europe and in North America. At that time we expressed our conviction that the interests of our members would be best served if barriers to trade were removed. We said that "In self-interest Canadian farmers should do everything possible to promote policies designed to increase reciprocal trade between our country and prospective buyers."

Many new trade relationships have developed in the intervening period. These changing trade patterns will affect Canadian agriculture either directly or indirectly and it will be to our interest, we believe, if Canada is closely associated with the nineteen countries and the European Coal and Steel Community, the Atomic Energy Community and the European Economic Community, all of whom signed the convention establishing OECD.

Your board is in sympathy with the objects of the Organization for Economic Co-operation and Development. This organization replaces the former Organization for European Economic Co-operation of which Canada and the United States were associate members. The new organization will provide a continuing forum for consideration of the effects on member countries and on others of the trade groupings that are emerging in Europe. The aim will be to promote the expansion of trade on a multilateral and non-discriminatory basis. Another purpose will be to promote by means of consultation and harmonization an improved flow of aid to under-developed countries.

Royal Commission on Transportation

The Royal Commission on Transportation was engaged in public hearings at the time we issued our last report on September 29, 1960. Public hearings were concluded in January 1961 and the report of the Commission was released in March 1961, and placed before the House of Commons on April 10, 1961.

The Saskatchewan Wheat Pool appeared before the Commission in September 1960, when it presented a comprehensive brief in which an historical analysis of railway policy and development and the importance of wheat in the nation's economy was submitted and stated that wheat had contributed much during the years to the prosperity of all Canada within the framework of the established railway and other government policies.

The brief submitted to the Commission by W. B. Saunders, the transportation consultant for the Alberta Wheat Pool, Manitoba Pool Elevators, Saskatchewan Wheat Pool and the United Grain

Growers Limited, was also presented in September 1960. This submission dealt with the role of the railways in the Canadian economy, the nature of the revenues and the key elements which affect the cost of operation. Mr. Saunders analyzed the principal problem areas which affect the net earnings and the ability of the railways to provide efficient transportation for the people of Canada. He made an appraisal of the cost techniques used by the Canadian National and Canadian Pacific Railways in their submissions to the Commission. Mr. Saunders made specific criticism of the grain studies of the railways without implying any criticism of the railway employees. Your board believes that the studies presented by Mr. Saunders on our behalf were most fair, that the Commissioners were duly impressed and that the cost involved was more than justified.

The report of the Commission was forwarded to the Governor-General-in-Council on March 30, 1961. It was signed by the six commissioners. However, three of the commissioners issued minority reports. The particular section of the Commission's report which is of concern to us is that dealing with freight rates on grain. We quote excerpts from the report dealing with export grain traffic:

"Evidence was presented by the railways to the effect that the deficit on the transport of grain to export positions was approximately \$70 million for the two railways in 1958 . . . We have reached the conclusion that the variable cost of moving grain from western Canada to export positions in 1958 was \$37.6 million for the Canadian Pacific Railway and \$33.1 million for the Canadian National Railway. The shortfall of revenue on variable costs in 1958 was of the order of \$2 million for the Canadian Pacific and \$4 million for the Canadian National . . . We recommend that in the case of the Canadian Pacific Railway a sum of \$9 million annually shall be paid on behalf of the export grain traffic as a contribution to constant costs. This should place export grain traffic in a position comparable to other segments of traffic in the light of the permissive level of earnings. Making the adjustments necessary due to the different financial structure of the Canadian National Railways the payment recommended that Company as a contribution on behalf of the export grain traffic to overheads is \$7.3 million.

"We, therefore, recommend that upon submission and approval of reports of the variable cost of moving grain and of the revenue therefrom for the previous year, the railways be granted annually a sum of money equal to the shortfall of revenue on variable expense plus \$9 million in the case of the Canadian Pacific Railway and \$7.3 million in the case of the Canadian National Railways. In any of the years where for one or both of the railways the revenues from the carriage of grain from western Canada to export posi-

tions were greater than the variable costs, the railways would be granted the sum of \$9 million in the case of the Canadian Pacific and \$7.3 million in the case of the Canadian National less the excess of revenue over variable costs."

The report of the Commission also dealt with passenger train service and with light density lines in the operation of which both railways sustained substantial losses. The Commissioners calculate the loss in 1958 on passenger train service for the Canadian National Railways at \$50,358,000, while the operating deficit for passenger train service for the Canadian Pacific Railway was estimated at \$27,650,669. Evidence was submitted to show that passenger train service deficits were declining. A five year target date had been set by the Commissioners for the elimination of these deficits. The Commission recommended that annual amounts be paid during the years 1961 to 1965 inclusive in the following amounts: 1961, \$62 million; 1962, \$49.6 million; 1963, \$37.2 million; 1964, \$24.8 million; 1965, \$12.4 million, or a lower amount if the actual deficits were less.

From 1966 the Commission recommended that no subsidies be paid on account of the passenger service generally. The Commission also recommended an annual grant of \$13 million to be made available to provide compensation for losses actually incurred in the operation of lines which the railways are prepared to abandon: In the view of the Commissioners, fifteen years was set as a reasonable period to enable adjustments to be made; this would be sufficient time for the railways to complete their program for curtailing railway service on uneconomic lines.

Commissioner A. R. Gobeil in his minority report said:

"I cannot however, accept the other Commissioners' decision that a subsidy is required in order to compensate the railways for alleged deficits incurred on the carriage of grain and grain products to export positions. There are three reasons for my disagreement with this position.

"Firstly, I believe that the Canadian Pacific Railway, having obtained certain very real advantages when it undertook — in perpetuity — to accept a ceiling on these grain rates, became party to a contract which is still in effect and which must be abided by.

"Secondly, I do not believe that the grain cost studies which have been brought before this Commission have succeeded in their attempts to measure the extent of the loss which, it is alleged, the railways incur in the movement of grain under statutory rates. I am not convinced, furthermore, that the studies in question have been able to establish that there is any loss whatsoever.

"Thirdly, I believe that, if there is a loss associated with the carriage of grain it is due to the cost of maintaining light density lines rather than the cost of carrying grain."

Mr. Gobeil said:

"I agree with the statement of the grain organizations in their argument that 'It is very difficult for the grain organizations to understand why the railways chose to ignore a major problem (excess capacity) of this nature' (light density lines) 'and select the movement of statutory grains as the only inequity thereby making the western grain producer the whipping boy for the railway financial ills'."

Mr. Gobeil in essence supports the contention of grain producers in western Canada, a contention which was the basic argument of the grain marketing co-operatives.

The federal government passed legislation on May 30, 1961, amending the Freight Rates Reduction Act, increasing the aggregate of all payments by \$20 million, and on the 13th of July, 1961, authorized the payment of \$50 million as an interim payment "related to recommendations of the Royal Commission on Railway Problems pending its complete report to companies as defined in the Freight Rates Reduction Act of an aggregate amount in respect of the calendar year 1961 . . . as compensation to such companies for the maintenance of their rates on freight traffic at reduced levels as provided for in the said Act."

The federal government has not to date announced a firm policy which can be applied to the problems of transportation facilities in Canada.

Dollar-Sterling Trade Council

We have continued our financial support to the Dollar-Sterling Trade Council so that its effort to stimulate trade between Canada and the sterling area can be pursued. The wheat growers of Canada find some of their largest customers in this area and there can be no question that our organization must do all it can to promote this beneficial trade. Chas. W. Gibbings, our President, is one of the directors of the Council as well as being chairman of the Saskatchewan Committee.

Royal Commission on the Automotive Industry

The Report of the Royal Commission on the Automotive Industry, dated April 14, 1961, was submitted to the House of Commons on June 20, 1961, by the Minister of Finance during his speech on the budget.

Canadian Co-operative Wheat Producers submitted a brief to the Royal Commission which was read into the record on October 27, 1960. Our submission was based on the premise that since Canada must find a market for her wheat in European countries we must be prepared to buy goods, including motor vehicles, from those countries. In the findings of the Commissioner he recommended that "A tariff of ten per cent be imposed against imports of both parts and vehicles from British sources, while present tariff rates against vehicles and parts from Most Favored Nations countries, ranging from 17½ per cent to 25 per cent, would remain in effect." The Commis-

sioner recommended that the excise tax of 7½ per cent on passenger cars be abolished. The Canadian Federation of Agriculture, speaking for Canadian agriculture, lodged a protest with the Minister of Finance relative to the taxation on United Kingdom imports.

Economics Research Council

A conference attended by government representatives and officials of farm organizations and university personnel met in Winnipeg on April 24-25, 1961, and recommended that an Agricultural Economics Research Council be established. The move had been initiated by the Hon. George Hutton, Minister of Agriculture for Manitoba. He had interested the governments of each province as well as the federal government in the proposal. These bodies had set up a steering committee which had organized the Winnipeg meeting and had arranged the program and determined the terms of reference for the conference. A number of our directors and officials of the Wheat Pools attended both as participants and observers.

The need for such a council was emphasized and the scope of its activities and responsibilities was analyzed. To give permanence to the Economics Research Council the conference considered the establishment of a fund sufficiently large to provide a minimum annual budget of \$300,000. Major contributions to the fund will be sought from federal and provincial governments.

The report of the continuing committee for the establishment of the proposed Research Council was considered by ministers of agriculture and their deputies at a conference held in Charlottetown, Prince Edward Island, on July 31 - August 1-2, 1961.

The committee offered the proposal that in its initial stages the research program should survey projects in agricultural economics which had been completed and endeavor to co-ordinate existing research programs and that during this initial period no contributions will be sought from other than government sources. The committee also proposed that the Council should not be established immediately but an interim board representing federal and provincial departments of agriculture should be set up and that this board should be responsible to a conference of ministers.

While the report of the Charlottetown conference suggests that the enthusiasm generated by the Winnipeg meeting has diminished, we recognize that some considerable time will be required for the several governments in Canada to give wholehearted support to this undertaking. We record our belief that the research program envisaged is the direction in which we should look for answers to some of Canada's agricultural problems.

Agricultural Stabilization Act

The annual report of the Agricultural Stabilization Board covers the year ended March 31,

1961. In carrying out its program of stabilizing prices it is reported that the net cost during the year amounted to \$50,776,295, approximately \$10 million less than in the previous year. The major amounts in this expense item were incurred in supporting the price of creamery butter, pork, and milk for processing. The inventory value of commodities held by the Stabilization Board at their year end stands at \$90,382,592.

The Agricultural Stabilization Board is the instrument used by the Government of Canada to carry out its deficiency payment programs for hogs and eggs. Since the average market price for hogs throughout 1960 remained above the support level no stabilization payments were required. However, administration costs incurred by the Board amounted to \$7,470. The net costs of providing deficiency payments on eggs for the year which closed on September 30, 1960, amounted to \$2,082,673.

INTERNATIONAL WHEAT AGREEMENT

It is reported that the total commercial purchases by importing countries from exporting countries recorded with the International Wheat Council, for the crop year 1960-61, to July 29, 1961, amounted to 529,268,000 bushels. Of this total Canadian sales accounted for 44.12%, United States 24.59%, Australia 16.96%, and Argentina 8.60%. France, Sweden and Italy recorded negligible sales, while no sales were recorded for Mexico and Spain.

The current International Wheat Agreement expires on July 31, 1962. An effort by Canada to secure a new agreement will be supported by the directorate of the three Wheat Pools. Your board will keep a close watch on developments. We are of the opinion that world trade and commodity prices justify consideration of a higher ceiling on wheat prices.

CREDIT SALES OF GRAIN

Much public interest was aroused by the announcement that a substantial volume of grain had been sold to China. We have endorsed transactions of this nature and have expressed our appreciation to the Canadian Wheat Board for their effort in opening up new markets and also to the Canadian Government for underwriting the terms of sale.

In July 1955 the directors of the three Wheat Pools in joint meeting recorded their approval of the arrangements under which sales were made to Poland. In the intervening period credit sales have been made to other countries and in increasing volume. The officials of the Canadian Wheat Board are to be commended for negotiating an agreement with China under which more than 200 million bushels of wheat and nearly 60 million bushels of barley will be supplied. The action of the federal government in providing credit in the maximum amount of \$50 million — a sum which has been increased to \$100 million — has met with general approval. Your directors strongly endorse this action.

The Minister of Agriculture announced in the House of Commons on February 17, 1961, that approximately 7.3 million bushels of wheat had been sold to Czechoslovakia, the terms of payment being 10 per cent cash at date of shipment, 30 per cent one year later, 30 per cent two years later and the remaining 30 per cent three years from date of shipment.

On February 2, 1961, the Minister of Agriculture told the House of Commons that an agreement with the China Resources Company of Hong Kong had been reached for the sale of approximately 40 million bushels of grain valued at \$60 million, which would be shipped during the next few months. On May 2, 1961, he announced an additional sale to China of 2.2 million bushels of wheat, and he also announced that a long term agreement had been signed with China to facilitate orderly marketing of grain during the period June 1, 1961, to December 1963. Under this agreement Canada is committed to supply approximately 186.7 million bushels of wheat and 46.7 million bushels of barley, worth approximately \$362 million. Mr. Hamilton said:

"If one adds the previous order for 28 million bushels of wheat and 12 million bushels of barley, valued at \$60 million, then the total transaction that could be provisionally expected for the three calendar years 1961, 1962 and 1963 will be 217 million bushels of wheat and 58.8 million bushels of barley, with a total approximate value of \$425.6 million."

The sale of about 3.7 million bushels of wheat to Poland and the terms of sale were announced on June 6, 1961, by the Minister of Agriculture.

Canadian grain producers have endorsed the action of the federal government in providing the credit which enabled the Canadian Wheat Board to make sales to China, Czechoslovakia and Poland. There can be no question that when sales in this volume are transacted the whole business community of Canada will benefit.

WHEAT SURPLUS DISPOSAL

The stocks of wheat in North America have, for a number of years, been the subject of debate and controversy. Your organization has repeatedly stated that these reserves of wheat should be treated as a national asset. We are pleased to report that growing support for this point of view is evident. Plans to dispose of this wheat are not merely directed at relieving pressure on the market but are now designed to fulfil a two-fold purpose — to irradicate the bearish influence on the market and to provide nutrition to millions of people in needy countries. It is the growing emphasis on the humanitarian aspect of the programs which we draw to your attention.

Canada's role in this new approach can be dominant. We believe that our nation should not only supply food to the needy nations out of agricultural surpluses as they occur but should com-

mit herself to supply stated quantities of various commodities, the volume being related to the ability of our agriculture and the nation's finance.

Believing as we do that this is possible we have instigated a research project on food disposal. We have asked Professor W. J. Anderson, chairman of the Department of Agricultural Economics at the University of British Columbia, to undertake the study with Dr. John J. Deutsch, vice-principal of Queen's University, and Professor D. Ralph Campbell of the Ontario Agricultural College, acting as consultants. In sponsoring this project it is our intention to have available in one document considered views on the general subject of food disposal upon which we might develop policy decisions.

It must be generally recognized that the United States of America will play a dominant role in future plans under which food in its many forms can be supplied to peoples in developing countries. These plans have been watched closely and critically. We waited with some anxiety the announcement which the new administration in the United States would make early in the year on its overall agricultural policy and also what action this new administration intended to take to bring their wheat surplus to a desired level. Our executive committee, that is, the presidents of the three prairie Wheat Pools, and the vice-president of United Grain Growers, attended a conference in Minneapolis, U.S.A., on February 15, 1961, and met representatives of the Great Plains Wheat Incorporated for the purpose of studying basic problems in each country and to consider our mutual interests in wheat sales. This conference reviewed the proposal emanating from Washington that the U.S.A. would endeavor to secure higher prices to the farmer for wheat by controlling acreage under production. It was agreed that action taken at Washington to solve the problem of U.S. surplus wheat would be watched closely and that another meeting would be held after an interval of three or four months. Early in September a delegation from the Great Plains Wheat Incorporated visited Canada to study the component parts of Canada's wheat marketing mechanism. One of the special problems of this group is that of segregating and marketing high quality wheat.

The new President of the U.S.A., John F. Kennedy, in his message to Congress indicated that he thought the declining farm income in recent years was against the interests of the United States economy. This concept has been incorporated in new legislation designed to increase the price of wheat in that country and to meet the problem of grain overproduction. The President supported strongly the "Food for Peace" program which had been instigated by his predecessor, when in making his State of the Union Message he said:

"This Administration is expanding its new food-for-peace program in every possible way. The products of our abundance will

be more effectively used to relieve hunger and help economic growth in all corners of the globe. I have asked the director of this program to recommend additional ways in which these surpluses can advance the interests of world peace — including the establishment of world food reserves."

World Wheat Trade Expanding

The increasing world trade in wheat and the factors involved are illustrated by Broomhall in an article released on July 19, 1961, from which we quote the following paragraphs:

"There is quite a possibility that, when the current cereal year ends on July 31st, returns of world trade in wheat and flour will show a figure of around 40 to 41 million tons. This is an estimate put out by the Food and Agriculture Organization of the United Nations, and probably includes exports of Russian wheat to satellite countries of Bulgaria, Roumania, Czechoslovakia, Hungary and Poland.

"This figure of some 40 million tons compares with a world wheat trade of 15½ million tons annually in the five years preceding the first world war. Probably in no period of history has there been a comparable quantitative increase in exports of one particular commodity. It is an increase that owes almost everything to a newly accepted principle that not only rich individuals but rich nations have a moral obligation to help nations and peoples who are less prosperous than themselves. It is to the credit of the United States that she has accepted the challenge and has encouraged her farmers, in all recent years, to grow much more wheat than could normally be consumed domestically or exported at competitive prices. She has been willing to draw on her wealth in order that an immense quantity of wheat could be shipped to the undernourished people of India, Pakistan, Indonesia, Malaya, the United Arab Republic, Korea, and several other Asiatic countries . . .

"But her P.L. 480 exports have not been confined to the underdeveloped and undernourished countries of non-Communist nations. American wheat and flour has been supplied, under the same formula, to Poland and Yugoslavia — countries which are dedicated to the Communist faith, but which are not so closely controlled from Moscow as, say, Bulgaria, Roumania and Hungary."

The extent to which the export of cereal grain from the United States of America has been increased due to financial assistance provided under their special legislation is illustrated by a statement made by the Secretary of Agriculture to the U.S. House Committee on Agriculture.

We quote:

"The importance of Public Law 480 in supplementing our exports can best be illustrated in terms of individual commodities. We are estimating wheat exports this year at 650 million bushels, a new record — almost half of last year's crop. About 70 percent of these wheat exports are moving under the Public Law 480 programs. Without such programs wheat exports probably would not exceed 200 million bushels. About 65 per cent of our rice exports, 45 per cent of our vegetable oils exports, and 33 per cent of our feed grain exports are going out under these programs."

The United Nations on Surplus Disposal

The United Nations in its General Assembly nearly a year ago passed a resolution unanimously instituting action on surplus disposal of foodstuffs. We cite excerpts from the resolution:

"The General Assembly considering that the peoples in many of the less developed countries suffer from serious shortages of food, noting with approval that the Food and Agriculture Organization of the UN in co-operation with the UN, appropriate specialized agencies, governments of member states and non-governmental organizations, has launched a freedom from hunger campaign designed as a concerted attack on the problem of providing adequate food for food-deficient peoples . . .

"Invites the Food and Agriculture Organization, in consultation with governments of member states, the Secretary-General, appropriate specialized agencies and other international bodies (such as the International Wheat Council, the Wheat Utilization Committee, etc.) to undertake a study of the feasibility and acceptability of additional arrangements, including multilateral arrangements under the auspices of the Food and Agriculture Organization, having as their objective the mobilization of available surplus foodstuffs and their distribution in areas of greatest need, particularly in the economically less developed countries."

Canada was one of the key promoters of the UN resolution when her delegate outlined the Canadian attitude as follows:

"Canada has repeatedly urged that international action be taken to provide food, which is in surplus in some parts of the world, to needy and hungry peoples in other lands . . .

"It must be admitted that progress in this matter has thus far been slow to us in Canada, and no doubt even more so to the food deficit countries, disappointing. On a number of occasions in recent years the Prime Minister of Canada has urged that specific programs be established to make

available surplus foodstuffs for consumption in those parts of the world where food shortages occur . . .

"Canada would of course expect that any food bank that may be established as a result of the FAO's study would be both realistic and workable."

The growing importance of government action to encourage the utilization of wheat is illustrated by the following excerpt taken from a statement by the IFAP made in May 1961:

"It will be observed that 'Government Assisted Programs' made up 12 per cent of total world exports of wheat in 1954-55 (the first year of the United States P.L. 480 program) and over 28 per cent in 1959-60. Information thus far available suggests that for 1960-61 the percentage will reach over 30."

WORLD SUPPLIES AND EXPORTS

Believing that information relating to the production and sale of grain at both the national and world level will prove of value to wheat producers generally, we have summarized and incorporated in our report statistics which have been released by the Dominion Bureau of Statistics, the Board of Grain Commissioners and the Food and Agriculture Organization.

Supplies

The supply of wheat remains at a high level. Available supplies in the four major exporting countries, at or about July 31, 1961, are estimated by the Dominion Bureau of Statistics at 2617.9 million bushels, which is 5% below the available supply a year ago. Included in this figure is the new wheat crop in the United States, estimated at 1204.1 million bushels, but the new crop in Canada is not included, the supply figure representing the crop year end only for Canada. This is true also for Australia and Argentina.

Exports

The export of wheat and flour by the four leading nations in world wheat trade reached a figure of 1,284.3 million bushels, an increase of nearly 300 million bushels over the volume moved in the previous year. The United States increased her exports by 155.9 million bushels, Australia by 80.8 million bushels, and Canada by 76.5 million bushels. Shipments from Argentina were reduced in the amount of 13.6 million bushels.

The DBS reports that "While Canada stands second to the United States in terms of total wheat and flour exports she is by far the largest seller in the world commercial market. In 1959-60 more than 95%, or some 264 million bushels of Canada's wheat exports were sold on normal commercial terms. Little more than half this quantity, or 135 million bushels were sold by the United States for dollars."

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

(Dominion Bureau of Statistics)

— in million bushels —

Crop Year	Total	Argentina	Australia	United States	Canada	Canada's % of Total
1950-51	838.6	94.5	127.8	375.3	241.0	28%
1951-52	939.9	24.1	93.4	466.6	355.8	37%
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	39%
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	25%
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	1,284.3	62.9	198.6	669.0	353.8	27%

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 revised estimates of the Dominion Bureau of Statistics covering the production of grain in the 1960-61 crop year are set out in the following table. It will be noted that there is a slight variation in these statistics from the preliminary estimate which we were pleased to cite a year ago.

Grain Production 1960

(Dominion Bureau of Statistics Latest Estimate)

— in millions —

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
Wheat	23.2	489.6	22.6	470.0
Oats	11.1	456.1	7.9	304.0
Barley	7.4	207.0	7.2	201.0
Rye	.54	10.1	.45	7.5
Flaxseed	2.57	23.0	2.55	22.7
Total	44.81	1,185.8	40.70	1,005.2

The forecast of production of Canada's grain crops for the crop year 1961-62 was indicated on August 15. This estimate is set out in the following table:

Grain Production 1961

(Dominion Bureau of Statistics Preliminary Estimate)

— in millions —

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
Wheat	23.8	260.5	23.2	239.0
Oats	11.6	327.5	8.3	183.0
Barley	6.1	121.9	5.9	116.0
Rye	.52	6.2	.43	4.0
Flaxseed	2.36	15.0	2.34	14.7
Total	44.38	731.1	40.17	556.7

The severe drought condition which affected production in most areas of the prairie provinces is reflected in the yields. The tables cited indicate a drastic reduction from the volume produced a year ago. Wheat production is the lowest in any year since 1937. It was 47% less than last year's crop and 48% below the 10-year average. The barley crop is the smallest since 1941.

Farmers' Marketings

The large grain deliveries made in the last three months of the crop year reflect the congested facilities at both country and terminal points during most of the grain year. The total volume of the five principal grains marketed in the prairie provinces was approximately 30 million bushels greater than in the previous year, but from 5 to

30 million bushels less than in the three years preceding.

Producers' Marketings at country elevators

at public and semi-public terminals

at interior private and mill elevators and loaded over platform

Wheat, Oats, Barley, Rye and Flaxseed

— in million bushels —

	1960-61	1959-60	1958-59	1957-58
Wheat	396.7	378.5	367.7	378.2
Oats	37.6	24.3	39.3	58.3
Barley	88.0	95.6	122.8	116.9
Rye	6.0	4.3	4.7	7.4
Flaxseed	18.4	14.0	17.5	15.3
Total	546.7	516.7	552.0	576.1

Approximately 6.7 million bushels of bagged seed wheat was delivered by producers, a figure not included in the Board of Grain Commissioners' statistics. The new regulation issued by the Canadian Wheat Board permitting producers to deliver grain to feed mills in excess of established quota provided an outlet for 7.4 million bushels of wheat, oats and barley.

On August 30, 1961, this regulation was extended until July 31, 1962.

CANADIAN GRAIN EXPORTS

Canada's grain exports during the crop year 1960-61 were approximately 60 million bushels greater than those of the previous year. Detailed information covering the export of 412.9 million bushels of the five principal grains is contained in the preliminary review of exports issued by the Board of Grain Commissioners for Canada. The volume of wheat exported for the crop year 1960-61 was the third largest on record. The increase in exports is accounted for almost exclusively by larger shipments of wheat in bulk form. There was little variation in the volume of flaxseed exported between the two years.

The volume of oats exported was down significantly. Barley and rye also showed sizeable reductions in the volume exported. The following table provides the comparisons:

Total Grain and Milled Products Exported

	— in million bushels —		30-year Average 1930-31 to 1959-60
	1960-61	1959-60	
Wheat (and flour)	347.8	272.1	251.9
Oats	2.6	5.6	25.1
Barley	46.3	57.7	33.5
Rye	2.6	4.5	5.7
Flaxseed	13.6	12.5	4.3
Total	412.9	352.4	320.5

The United Kingdom maintained her position as the leading purchaser of Canadian grain though she bought substantially less barley; 8.7 million bushels in 1960-61 compared with 48.5 million in 1954-55 and 41.5 million in 1958-59. Japan's purchase of 54 million bushels of wheat reached a new high for that nation.

The emergence of Communist China as a substantial buyer of wheat and barley accounts largely for the increased volume of grain shipped by Canada. Taking 34.7 million bushels of wheat and 20.4 million bushels of barley, China ranked third among our principal customers.

Shipments of Canadian oats to foreign markets at 1.9 million bushels were the lowest on record for a period of 40 years.

Leading Buyers of Canadian Grain

Sales of Wheat, Oats, Barley, Rye and Flaxseed

	1960-61	1959-60	1958-59	1957-58
— in million bushels —				
United Kingdom	106.4	130.3	152.7	149.1
Japan	60.1	49.6	50.3	51.5
China	55.1	—	—	—
Germany	33.5	32.1	37.9	32.0
Belgium and Netherlands	19.6	24.1	22.3	40.3
United States	18.1	22.3	18.7	55.1

Carryover of Canadian Grain

The stocks of Canadian grain in store all positions on July 31, 1961, show little variation from the previous year or from the average of the 1951-60 period. The volume of the five major grains was estimated by the Dominion Bureau of Statistics to be 738.7 million bushels; this volume is approximately 25 million bushels smaller than that held at the same date a year ago. Details are set out in the following table:

Canadian Carryover as at July 31

	1961	1960	1959	Average 1951-60
— in million bushels —				
Wheat	523.2	537.6	549.0	498.4
Oats	94.4	92.8	119.0	127.0
Barley	106.4	121.5	128.2	110.4
Rye	7.3	6.8	7.9	12.6
Flaxseed	7.5	4.9	6.5	4.2
Total — 5 grains	738.7	763.5	810.6	752.6
On farms	222.2	221.3	271.9	294.4
Commercial	516.5	542.2	538.7	458.2

The Dominion Bureau of Statistics submits an estimate showing stocks of grain held on farms, the figures for 1961 being almost identical with those issued a year ago at the end of the 1959-60 crop year.

Farm Carryover in Canada

	1961	1960	1959	10-Year Average
— in million bushels —				
Wheat	89.4	81.7	130.0	147.6
Oats	73.7	72.0	80.0	86.2
Barley	55.1	63.0	57.0	52.6
Rye	2.6	3.8	3.4	6.8
Flaxseed	1.4	.8	1.5	1.2
Total	222.2	221.3	271.9	294.4

Using figures issued by the Dominion Bureau of Statistics, it is demonstrated that approximately 89% of the farm carryover of grain in Canada was held in the prairie provinces.

	Manitoba	Saskatchewan	Alberta	Total
— in million bushels —				
Wheat	8.0	66.0	13.0	87.0
Oats	9.0	26.0	20.0	55.0
Barley	7.0	28.0	18.0	53.0
Rye3	1.5	.6	2.4
Flaxseed2	.8	.4	1.4
Total	24.5	122.3	52.0	198.8

FARM INCOME

Unfortunately we are unable to report any substantial improvement in the income position of the grain producers in the calendar year 1960. Statistics illustrating both the cash and net farm income for the prairie provinces remain at a static level. The very fact that substantial supplementary payments were deemed necessary by the federal government to grain producers in the prairie provinces is indicative of the unsatisfactory income position of these farmers.

The total farm cash income in the year 1960 is estimated by the Dominion Bureau of Statistics to have amounted to \$2,860 million compared to \$2,811 million in 1959. This total figure includes payments made under the provisions of the Prairie Farm Assistance Act, the Emergency Unthreshed Grain Assistance Policy, and the Western Grain Producers Acreage Payments Plan. The payments under these categories total \$77,204,000. The Dominion Bureau of Statistics estimates that the returns from the sale of field crops were slightly more than three per cent above the returns from the same source in 1959, while the farmer's income from the sale of livestock and livestock products was about 2½ per cent below the 1959 level. The Dominion Bureau of Statistics in its report goes on to say that "the decline was due entirely to reduced returns from the sale of hogs, poultry and eggs." The income from the sale of cattle and calves in 1960 was nearly \$10 million more than that derived in 1959.

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

	1960	1959	1958
— Dominion Bureau of Statistics —			
— in thousand dollars —			
Wheat	\$426,371	\$424,181	\$420,255
Wheat, CWB Payments	70,640	72,662	64,258
Oats	16,424	15,261	21,468
Oats, CWB Payments	3,153	2,072	—
Barley	68,308	85,468	78,728
Barley, CWB Payments	5,335	6,121	7,570
Rye	4,139	4,955	5,229
Flaxseed	42,205	49,273	35,756
Total	\$636,575	\$659,993	\$663,264

Net farm income in 1960 is calculated by the Dominion Bureau of Statistics to be \$1,358 million, an increase of \$152 million over the figure cited for 1959 and almost identical with the net income returns in 1958.

Total Net Farm Income

	3 Prairie Provinces	6 Other Provinces	Canada ex. Newfoundland
— in million dollars —			
1950	\$ 572.5	\$647.2	\$1,219.7
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	604.4	601.8	1,206.3
1960	708.7	649.6	1,358.4

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 1960 was approximately one per cent over these costs in the previous year. The estimates of the DBS for the four previous years are reported for the purpose of illustrating these steadily rising costs:

\$1,887.9 million in 1960
\$1,879.7 million in 1959
\$1,793.1 million in 1958
\$1,706.4 million in 1957

PRAIRIE FARM ASSISTANCE ACT

In keeping with our usual procedure we submit information covering the application of the Prairie Farm Assistance Act for the year under review and for the period since the Act was originally passed in 1939. The amount contributed by the one per cent levy, \$6,941,094, varies little from the amount collected in any of the last eight years. This reflects a consistency in both the volume of grain marketed and the price level of these grains.

We cannot predict the extent to which provincial crop insurance schemes will replace the operations of PFAA. On July 8, 1959, the House of Commons passed the Crop Insurance Act. Under this legislation the cultivated land of a farmer in any area to which an insurance scheme extends is not eligible for assistance under the Prairie Farm Assistance Act if any insured crop is grown by the farmer on any part thereof. The levy will not be assessed against crops insured under a provincial plan.

Your board is inquiring into the extent to which crops marketed through certain outlets are not assessed the one per cent levy, yet the land on which these crops are grown would be eligible for an award in the event of crop loss.

1960-61 Crop Year			
	1% Levy	Awards	Payments
Manitoba	\$ 930,501.29	3,353	\$ 665,860.00
Saskatchewan	4,246,938.63	14,329	4,557,041.00
Alberta and Peace River Block	1,763,654.49	20,852	5,781,239.50
Total	\$6,941,094.41	38,534	\$11,004,140.50

1939-40 to 1960-61			
	1% Levy	Awards	Payments
Manitoba	\$ 18,932,595.22	111,676	\$ 17,720,943.77
Saskatchewan	72,554,796.78	702,024	172,768,823.68
Alberta and Peace River Block	35,745,671.24	338,666	70,324,200.80
Unallocated	20,145.26	—	—
Total	\$127,253,208.50	1,152,366	\$260,813,968.25

CONCLUSION

The short crop just harvested in western Canada is vivid evidence that the wheat producer is at the mercy of numerous factors and influences. The depressing effect of a small harvest on the nation's business can not be measured at this date, only anticipated. The production and marketing of wheat has for long been recognized as a dominant factor in the economy of industrialized nations: it remains the most important element in world trade. While production and trade have increased since 1925, the year in which the wheat producers established this organization,

policies covering its pricing and distribution have become matters of governmental action in an increasing number of nations and the influence of government action in wheat trading becomes more involved.

Your directors share the concern of the wheat producer: the anxiety of the producer to see that his interests get full and fair consideration when governmental policies are being formulated.

World wheat production more than doubled during the period 1921-25 to 1954-58. It increased from 3,970 million bushels the average in 1921-25 to 7,712 million bushels the average in 1954-58, and to the estimated total of 8,690 million in 1958. During the same period the world wheat trade also increased though not to the same extent. The average wheat trade in 1922-26 was 776 million bushels and the average total world shipments of wheat and flour in 1956-60 was 1,238 million bushels. The July-June 1960-61 world shipments reached 1,500 million bushels. The exports from the four principal wheat exporters in 1959-60 were 984 million bushels and 1,284 million bushels in 1960-61.

If 35 years ago the grain producers of western Canada recognized the need for a strong producer-controlled marketing agency such a requirement is more evident under the conditions which exist today. Wheat producers and their organizations have experienced many difficult and discouraging periods. These experiences lead us to anticipate that the period we now face, with lowered production and growing exports, will bring our program of orderly and centralized marketing under scrutiny and criticism. The challenge is clear. The conviction that the interests of the wheat producer can be served best by marketing associations will need to be restated in vigorous terms. Wheat producers must take every opportunity to express their point of view on every aspect of wheat trading. The rapidly changing pattern of international business relations convinces us that the need for such action was never greater nor the opportunity nearer at hand. It must remain the constant purpose of your organization, representing as it does many thousands of wheat producers, to advance the principle that the extent to which governments regulate the production, pricing and exporting of wheat must receive the consent of the producer.

Respectfully submitted,

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Harold B. Sneath
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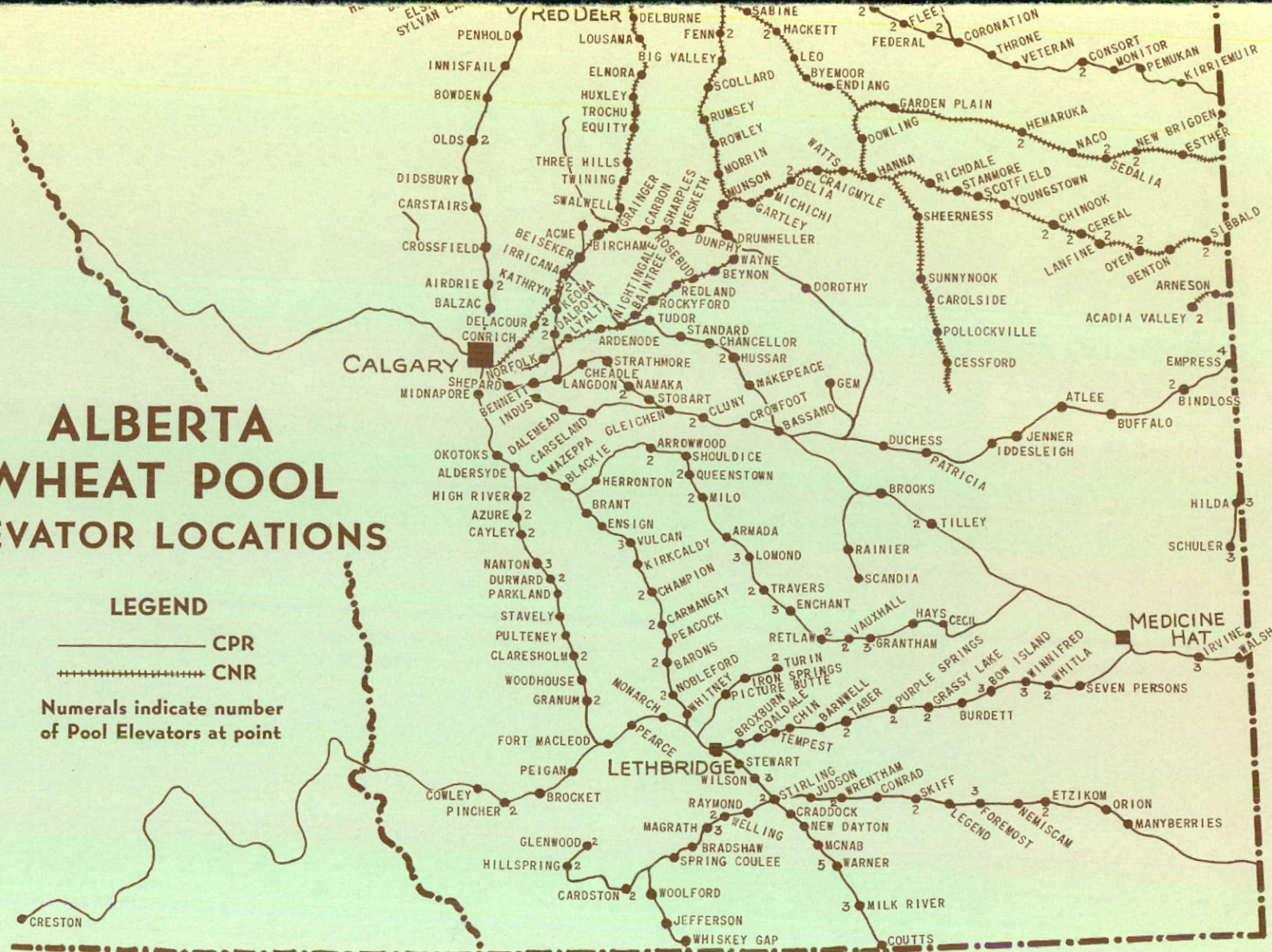
**Open out for
Alberta Map**

ALBERTA WHEAT POOL ELEVATOR LOCATIONS

LEGEND

— CPR
+++++ CNR

Numerals indicate number
of Pool Elevators at point



A map of the Peace River Area, showing the route of the Peace River Highway (Hwy 2) and various towns and landmarks. The map is oriented with North at the top. The highway is marked with a dashed line and the number '2' at several points. Towns and locations along the route include Fort St John, Dawson Creek, Pouce Coupe, Hythe, Beaverlodge, Wembley, Dimsdale, Spirit River, Rycroft, Woking, Sexsmith, Clairmont, Grande Prairie, Hines Creek, Gage, Fairview, Bluesky, Whitelaw, Brownvale, Berwyn, Grimsby, Nampa, Eaglesham, Tangent, Wanham, Grouville, Falher, Donnelly, McLeannan, High Prairie, and Enilda. The map also shows the Peace River and several creeks, including Hines Creek, Gage, and Spirit River.

