

Latest in file

ALBERTA WHEAT POOL



Annual Report
FOR THE YEAR ENDING 31ST JULY
1960

Foreword

The Alberta Wheat Pool is a co-operative grain and seed marketing association of nearly 50,000 farmer members. It owns and operates a fully integrated line of country and terminal elevators, seed warehouses and cleaning plants. In keeping with co-operative principles, earnings are returned to members in proportion to their patronage.

Democratic control is maintained through 70 elected delegates who meet annually to review the performance of their organization and to establish broad policy. They elect 7 directors who guide the affairs of the organization during the year.

Ownership rests entirely with members through the "reserves" they hold. These reserves are revolved by purchasing them from members who no longer have need of elevator services and re-issuing them to active farmers on a patronage basis. This assures continued farmer ownership.

Briefly, the objectives of the Alberta Wheat Pool are to:

Operate an efficient and financially sound grain handling system;

Offer grain producers a high standard of service at cost;

Give leadership in shaping grain marketing policies, in the interests of grain producers, on the national and international levels;

Provide sound and vigorous representation on matters affecting the social and economic position of the farming industry;

Assist in the development of the co-operative movement in the belief that it can provide service, savings and protection in a manner that is obtainable in no other way.

The Alberta Wheat Pool is a service organization. It is 50,000 organized farmers going about their own business.

ALBERTA WHEAT POOL - SEASON 1959 - 60

Board of Directors

G. L. HARROLD, LAMONT — *President*
W. J. BLAIR, NACO — *1st Vice-President*
NELSON MALM, VAUXHALL — *2nd Vice-President*
W. R. MUELLER, SPIRIT RIVER
R. C. BELL, CARSTAIRS
GERALD OBERG, FORESTBURG
A. J. MACPHERSON, DELIA

Officers

A. T. BAKER, *General Manager*
C. L. NOWLIN, *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*
G. C. GRIFFIN, *Winnipeg Manager*
M. G. WOOD, *Edmonton Manager*
H. K. MOEN, *Seed Division Manager*

Solicitors

ALLEN, MACKIMMIE, MATTHEWS, WOOD, PHILLIPS AND 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

HIGHLIGHTS OF THE YEAR

1959 - 60

Net Earnings		\$ 2,426,508
Handleings — Grain	in bushels	59,659,295
— Forage Seed	in pounds	15,479,308
Percentage of Alberta Grain Deliveries Handled		40.25%
Gross Value of Deliveries to Canadian Wheat Board and Other Sales		\$75,071,868
Capital Expenditures		\$ 2,851,835
Total Investments in Capital Assets		\$29,921,931
Working Capital		\$ 8,064,866
Patronage Dividends Distributed (out of Previous Year's Earnings)		\$ 3,083,089
Percentage of Member Business in Previous Year		95.3%
Cumulative Total of Patronage Dividends Distributed		\$26,180,523
Cumulative Total of Reserves Purchased from Members		\$12,188,231
New Members		2,157
Total Membership		49,660
Country Elevators Purchased from Ogilvie Flour Mills Co. Ltd. and Lake of the Woods Milling Company Limited		35
Number of Elevators at End of Year — Country		567
— Terminal		2
Elevator Capacities in Bushels — Country		41,957,500
— Terminal		9,300,000
Number of Employees		1,055
Calgary Office Building Completed		

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	Montgomerie, T. S.	Medicine Hat

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	Rosenberger, O. Keith	Balzac
204	Versluys, C. J.	Champion	209	Clayton, Clifford S.	Airdrie
205	Magnuson, Melvin O.	Lomond	210	Richards, Ralph E.	Olds

DRUMHELLER — District Three

301	Muza, John E.	Empress	306	Cammaert, Emile	Rockyford
302	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	Braithwaite, George W.	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	Rosyth	509	Ness, Ingvald	Kingman
505	Lefsrud, Harold	Viking	510	Rasmussen, Clarence H.	Gwynne

VEGREVILLE — District Six

601	Kent, W. R.	Marwayne	606	Ziegler, Alex	Winterburn
602	Mead, George B.	Vermilion	607	Montpetit, Paul	Legal
603	Ziegler, George	Vegreville	608	Basaraba, William N.	Smoky Lake
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	Harris, Leslie N.	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

Comparative Summary

	<u>1959-60</u>	<u>1958-59</u>
Handlings — Grain in Bushels	59,659,295	61,504,666
Handlings — Forage Seed in Pounds	15,479,308	15,248,901
Handlings — Cereal Seed in Bushels	170,395	184,758
Handlings — Oil Seed in Bushels	190,014	476,116
Gross Value of Deliveries to Canadian Wheat Board and Other Sales	\$75,071,868	\$80,154,866
Earnings Before Capital Cost Allowances	\$ 3,655,976	\$ 4,454,918
Net Earnings	\$ 2,426,508	\$ 3,308,594
Provision for Income Tax	\$ 100,536	\$ 124,803
Available for Patronage Dividends	\$ 2,325,972	\$ 3,183,791
Current Assets	\$48,680,149	\$44,521,860
Current Liabilities	\$40,615,283	\$37,189,985
Working Capital	\$ 8,064,866	\$ 7,331,875
Capital Expenditures on Properties and Equipment	\$ 2,851,835	\$ 2,451,655



Beneath white clouds the golden grain falls before the swather's blade.

Western Producer Photo

A hungry combine eats its way across one of Alberta's grain fields

Alberta Government Photo





G. L. HARROLD
President

Gentlemen:—

Your Directors wish to report that the facilities and services of the Alberta Wheat Pool were again usefully employed throughout the year and were extended in various endeavours.

Grain handlings, although slightly down from the previous year, represented a greater percentage of deliveries to Alberta country elevators. The surplus from the year's operations which remains for distribution will, as a result, be somewhat reduced from one year ago.

Services to members in the form of accident insurance, handling of fertilizers and some farm supplies, were maintained, along with the establishment of handling and pooling facilities for rapeseed during the year.

Your Association was active in its representation of the membership in all policy matters at provincial and federal government levels with which our Association is concerned.

GRAIN MARKETING

Canada's exports of its five principal grains during the crop year suffered a decline for the second year in a row. Preliminary figures issued by the Board of Grain Commissioners for Canada indicated exports totalling 352.4 million bushels — a drop of approximately 25.4 million bushels from the year previous, with declines in all grains except rye.

World markets were burdened throughout the year with heavy stocks of grain and sales activities further hampered by large offerings of wheat on a non-commercial basis. Canada was, however, able to maintain total exports of its five principal grains at some 38 million bushels greater than the thirty-year average.

The United Kingdom remained Canada's best grain customer during the year, followed by Japan and Germany, with the imports of Japan the highest in history.

Producer marketings in Western Canada during the 1959-60 season amounted to approximately 517 million bushels of grain as compared with 551 million bushels in the previous crop year. Ac-

Report of Board of Directors

ALBERTA WHEAT POOL
TO 38th ANNUAL MEETING OF DELEGATES

cording to the latest estimates of the Dominion Bureau of Statistics the carryover of all grains in Western Canada decreased in the year under review. As at July 31st, 1960, an estimated 760.3 million bushels were in all positions in comparison with 810.6 million bushels one year earlier. Reductions occurred in the total carryover stocks of each of the five major grains. Farm carryover stocks were similarly down from 237.7 million bushels as at July 31st, 1959, to 193.5 million bushels on July 31st, 1960. The greatest reduction was in wheat, approximately 46 million bushels.

WHEAT POOL REPRESENTATIONS

**FINANCIAL ASSISTANCE FOR
WESTERN GRAIN PRODUCERS**

Following our annual meeting last year and on the instructions resulting therefrom, your Board continued to participate in the Liaison Committee of the ten major western farm Organizations in pursuit of a deficiency payment policy for western grains.

At the conclusion of the annual meeting of The Canadian Federation of Agriculture in Toronto in late January of this year, the Liaison Committee, in addition to other representatives from western farm Organizations, met with the Prime Minister of Canada and Members of the Federal Cabinet, and again sought deficiency payments on western grains. The Federal Cabinet Members were informed that the recent annual meetings of the Organizations represented had all reaffirmed their support for a deficiency payment proposal as a practical method by which the Federal Government could achieve a grain price adjustment. The delegation was assured that a statement would be forthcoming on this request in the near future.

On March 4th, 1960, in the House of Commons, the Prime Minister referred to the acreage payment to western grain producers made in 1958 and the contempt with which this payment had been received by opposition party Members and some of the spokesmen for western farm Organizations, indicating that the Government would have been prepared to recommend further assistance of this nature had it been favourably received. He again referred to his remarks of 1958 — that the fixed support type of deficiency payment is not the most equitable way of giving assistance to western farmers during the period of adjustment while the national farm program begins to take hold

and work for the farmer. This was followed by an announcement in the House of Commons on August 8th, 1960, by the Prime Minister, that the Government proposed to make during the current year an acreage payment of \$1.00 per acre up to a maximum of 200 acres per farm as a form of assistance to grain producers in lieu of a two-price system. The Government felt this proposal would bring a measure of justifiable assistance to western grain growers but could not be considered a "hand out" in any sense of the word. Your Association favourably acknowledged the Government's recognition of the financial position of the prairie grain producer in the belief that measures of this nature within the context of the Government's forthcoming national policy for agriculture were moves in the direction of a more equitable share of the national income for the farm community.

ROYAL COMMISSION ON TRANSPORTATION

Early in the crop year plans were made to join with the Saskatchewan and Manitoba Wheat Pools and United Grain Growers, Limited, in making a strong representation on behalf of prairie agriculture to the Royal Commission on Transportation, which had been announced by the Prime Minister on May 13th, 1958. A team of experts was retained by this group, including legal counsel and railway cost and freight rate specialists, to carry out an analysis of the railways' presentations to the Royal Commission on Transportation and to present a well founded case in favour of national support for any financial problems which the railways may have and which cannot be solved by better management, increased efficiency and possibly the curtailment of unnecessary services.

The first part of a formal presentation on behalf of the Alberta Wheat Pool and associates was made to the Royal Commission on Transportation on September 26th, 1960. The unwarranted attack on the Crow's Nest Pass rates on grain made by the counsel for Canadian Pacific Railways to the Royal Commission in his statement that 'the only inequity of which his client is aware is the statutory rates on grain' we feel, will be successfully invalidated by the findings of our studies. Using the same cost analysis techniques as those on which the railways' submission was based, deficits on other traffic of a magnitude much greater than the alleged deficits on grain traffic have become apparent.

A separate submission by Alberta Wheat Pool to the Royal Commission on Transportation was made by the President of Alberta Wheat Pool to the Regional Hearings of that Commission held in Edmonton on February 17th, 1960. The aim of this presentation was to illustrate that the Crow's

Nest Pass Agreement which remains on the Statutes to this day was part of a broad national policy which has provided substantial and long lasting benefits to both the railways and the Dominion of Canada. Because of the interdependence of all phases of National policy it is not possible to accurately examine any one facet without considering others. Therefore an attempt was made to put the Crow's Nest Pass rate problem in broader historical perspective and point out that there were many benefits accruing to the railways which should be considered in the final analysis.

FEED MILLS

In March, 1960, the House of Commons Standing Committee on Agriculture and Colonization was empowered to examine and inquire into the delivery of grain by producers to feed mills operating in the "designated area" as defined by "The Canadian Wheat Board Act", and to report to the House of Commons observations and proposals thereon. This Inquiry apparently resulted from representations by private feed mill operators in Western Canada to be freed of any regulations under the current "Canadian Wheat Board Act".

Your Association accepted an invitation to appear before this Committee and made a submission on May 6th, 1960, in the interests of prairie feed grain producers. Our presentation recommended that Canadian Wheat Board regulations as they now stand be enforced insofar as deliveries of grain to feed mills are concerned. The Committee was urged to view the preponderant support of the prairie grain farmers for the current orderly method of grain marketing under The Canadian Wheat Board and the beneficial performance of these endeavours which have gained farm support.

The Agricultural Committee made the following report to the House of Commons on June 30th, 1960:—

- "(1) The feeds industry is an integral and essential part of the livestock industry and feed mills perform necessary social and economic services, expansion of which in the prairie Provinces is desirable in the interests of economical and efficient production of livestock and poultry and the products thereof;
- "(2) The feeds industry has grown and aided the general prosperity of local regions under a system of flexibility and the Committee finds that too much inflexibility in the allocation of quotas to feed mills is not in the best interest of either the producer or consumer of grains for feed; we therefore recommend that the former practice be continued;
- "(3) Evidence was presented to the Committee that apparent discrimination exists be-

tween Agreement and non-Agreement mills, and the Committee recommends that this situation be studied in order to maintain a fair position between these two types of mills."

To date there have been no developments resulting from this inquiry.

LEGISLATION FEDERAL

"The Temporary Wheat Reserve Act"

"The Temporary Wheat Reserve 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 1959-60 in excess of 178 million bushels. Under the provisions of this Act The Canadian Wheat Board received \$43,604,072.28 during the crop year 1959-60, which has been allocated as follows: —

1958-59 Pool Account	
Wheat	\$32,410,770.86
1959-60 Pool Account	
Wheat	\$11,193,301.42
Total	<u>\$43,604,072.28</u>

"Prairie Grain Advance Payments Act"

"The Prairie Grain Advance Payments Act" was again in force during the crop year. This Act provides for an advance to grain producers on the basis of 50¢ per bushel of wheat, 20¢ per bushel of oats, and 35¢ per bushel of 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. 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 \$38,492,505 were made to 50,047 producers in the prairie Provinces. Of this amount, \$7,877,670 were made to 11,810 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$3,335,048 to 4,709 producers, including 369 loans of \$180,541 under provisions for loans on unthreshed grain.

"Prairie Grain Provisional Payments Act"

"The Prairie Grain Provisional Payments Act" was enacted by Parliament in January, 1960, as complementary legislation to "The Prairie Grain Advance Payments Act" of 1957, to enable The Canadian Wheat Board to make advance payments in the 1959-60 crop year on unthreshed grain in the prairie Provinces. This legislation became necessary in view of the large amount of unthreshed grain resulting from snow storms early in October, 1959.

"Prairie Grain Loans Act"

"The Prairie Grain Loans Act" was also passed in January, 1960, providing lending Banks with a Federal guarantee on loans made to prairie grain producers on the security of threshed and unthreshed grain. The lending provisions were for similar amounts and methods of repayment as for advances under "The Prairie Grain Provisional Payments Act."

Assistance to Prairie Farmers for Unharvested Crops

In November of 1959 the Federal Government offered to share with the Provinces financial compensation to prairie farmers unable to harvest their crops due to unseasonable snowstorms. Authorization for assistance of one-half the cost of payments of \$3.00 per acre with a maximum of \$600.00 per farm was approved by the House of Commons in February, 1960, to those farmers who had harvested less than 50% of their 1959 seeded acreage.

Under separate provisions freight rate assistance for the movement of fodder in Alberta and Saskatchewan was also extended during the year.

"Farm Credit Act"

The Farm Credit Corporation, under the provisions of "The Farm Credit Act" mentioned in our last Report, commenced its actual operations on April 1st, 1960. The nature of its use to date by Alberta farmers indicates that its provisions, along with those of the Provincial "Farm Purchase Credit Act", are fulfilling to a considerable degree the need for long-term moderate interest rate loans for the purchase of farm lands and chattels. The appraisal values and operating practices of this Corporation are realistic and progressive, resulting in benefit to some farmers in building up economic units and enabling others desirous of retiring or moving to other occupations to dispose of their farm properties at fair values and on satisfactory terms.

"The Crop Insurance Act"

"The Crop Insurance Act" passed by Parliament in July of 1959, has had as yet no application in our Province. The Minister of Agriculture for Alberta, Hon. L. C. Halmrast, during the past year has indicated that should farmers show an interest in this scheme the Province of Alberta will give consideration to providing legislation and facilities for a Crop Insurance program.

Manitoba instituted legislation and a Plan in the summer of 1959, establishing four test areas of varying degrees of risk for crop insurance to become operative in 1960. The provisions of the Plan protect insured crops up to 60% of the

long term average yield on wheat, oats, barley and flax. This project will undoubtedly be watched with interest by all farmers in the prairie Provinces.

PROVINCIAL

Provincial legislation in the past year concerning agriculture was confined to amendments to existing Acts.

"The Farm Purchase Credit Act" mentioned in previous Reports of our Association appears to be serving a useful purpose in the financing of farm lands. Purchase Boards, through which the provisions of this Act are extended to farmers, have been established in all except eight Municipal Districts in the Province. Farm lands valued at upwards of \$9.5 million have now been purchased through the facilities of this legislation.

ALBERTA WHEAT POOL ACT OF INCORPORATION

On instructions received at the 1959 annual meeting of the Alberta Wheat Pool, amendments to our Act of Incorporation were sought at the 1960 session of the Provincial Legislature to enable the Pool to pay consumer's patronage dividends on sales of fertilizer and/or other commodities handled by the Pool, and to permit the payment of patronage dividends on seed on the basis of dollar value. The Legislature passed these amendments, and Royal assent was given to the Bill on April 11th, 1960, with the provisions effective as of January 1st, 1960.

SHIPPING ORDER ALLOCATION AND BOXCAR DISTRIBUTION

Almost since the beginning of commercial grain growing on the prairies, and intermittently throughout the history of our Association, boxcar distribution has been somewhat less than satisfactory. The irritations of the years were, however, mild in comparison to the situation which developed in the early 1950's. Through various circumstances — including above average crops on the prairies, pressure on the world's grain markets and the necessity for producers' marketing quotas — allocation of shipping orders amongst grain handling Companies, with which is closely associated the distribution of boxcars for grain shipments, became a persistent problem. Injustices arose between shipping points, between producers and between elevator Companies. Producer-owned elevator Companies in general found themselves seriously restricted in their efforts to accept members' grain within the established quotas of The Canadian Wheat Board. Various methods of allocation under the direction of the Minister of Trade and Commerce, Transport Controller and The Canadian Wheat Board, along

with the railways' own policies, generally resulted in a pattern of "one elevator — one car" during the 1950's. The inequities of this procedure were only slightly modified by the action taken on a directive from the Minister of Trade and Commerce to The Canadian Wheat Board in July of 1955. Each elevator Company continued to receive a fixed percentage of The Canadian Wheat Board's shipping orders without specific regard for the amount of farmers' intended patronage to each Company.

Repeated efforts by farm Organizations to have this formula modified to permit producers to deliver to the elevator of their choice were largely ignored. In an endeavour to accept the maximum amount of members' grain during this period producer Organizations resorted to the building of additional storage space greatly in excess of actual requirements. Recognition of the unsatisfactory arrangement for allocation of shipping orders was made in the Report of the Bracken Inquiry on boxcar allocation early in 1959. Implementation of the principal recommendations of this Report — "to distribute boxcars to ensure more elevator competition" and "to permit producers the right to do their elevator business where they choose" — was made by The Canadian Wheat Board at the beginning of the 1959-60 crop year under instructions from the Minister of Trade and Commerce.

Your Association expressed approval of this move, and notwithstanding some difficulties the new provisions enabled Alberta Wheat Pool facilities to accept a greater percentage of producer marketings during the year than would have been possible under the previous arrangement. Similar provisions are again in effect in the new crop year and we anticipate additional and gradual improvement in the use of farmer-owned elevators to result.

THE CANADIAN WHEAT BOARD

The summer of 1960 marked the twenty-fifth anniversary of "The Canadian Wheat Board Act" and the operations which have been carried out under its provisions on behalf of prairie grain producers.

Orderliness in handling and marketing of western grains has been the objective of prairie farmers since grain was first produced in this region and we recognize the multiple benefits which this legislation has contributed through depression, war time and prosperity, to the economy of Canada. Prairie farmers, and no less the whole Nation, can take great pride in the development of The Canadian Wheat Board and its possibilities as a blueprint for other overdue improvements in the fields of international commerce.

ALBERTA WHEAT POOL, SEED DIVISION

Forage seeds were again handled on behalf of producers on a pooling basis by the Alberta Wheat Pool Seed Division. Cereal seeds were purchased outright.

Initial prices for forage seeds, except off-grades and specialty items, were established in the summer of 1959 at levels as high as could safely be recommended at that time. It was felt that an announcement of prices at the highest level possible would have a stabilizing and beneficial influence on the market in the interests of the producer. Total handlings for the season increased to approximately 15,500,000 pounds of cleaned seed, about 75% of which were grasses.

Along with Manitoba Pool Elevators we continued to use Northern Canadian Seed Sales, Limited, as a central selling agency on a basis similar to that of the previous year, with some revision in the formula for allocation of costs. Above normal stocks of forage seeds in North America at the beginning of the crop year, coupled with a large production during the season, kept markets under pressure throughout the year.

The Seed Division made strenuous efforts and was successful in moving into market a large portion of the Alberta crop.

The establishment of uniform initial payments operative for the full year was largely responsible for a deficit which occurred in the over-all operations of the Seed Division. While this deficit was substantial, it must be viewed in the light of its stabilizing influence on the market exerted during the year by our operations. It seems obvious that the Pool cannot continue to exercise a significant stabilizing effect on seed prices in times of temporary over-production unless individual growers will also accept some responsibility by refraining from offering seed at sacrificial prices.

The experience gained to date in forage seed marketing by our Association suggests that a good deal of flexibility in our handling procedures would be found advantageous in most years. Our dependence on export markets for some kinds of seeds produced in Alberta particularly imposes a serious handicap under rigid policies.

We wish to note that early in 1960 the Alberta Wheat Pool made full settlement to Alberta Seed Growers' Co-operative, Limited, and assisted the liquidator of that Association in the final disbursement of funds to its members.

INTERIOR FEEDS' LIMITED

Following the extension of Provincial railway facilities to Fort St. John, B.C., in the fall of 1958, a number of factors including over-quota delivery

privileges and pricing methods, gave advantage to unlicensed track buyers in the domestic feed grain business in British Columbia. The volume of grain passing through these channels reached such proportions in the 1959-60 crop year that our Association felt some obligation to enter this business to maintain volume of handlings through to our elevator facilities and to assist members to the extent of any price advantage and stabilization which we could bring into the market. Accordingly, we incorporated a Company known as "Interior Feeds, Limited" to participate in the feed grain business within the Province of British Columbia, with operations commencing August 1st, 1960.

INSURANCE FOR ALBERTA WHEAT POOL MEMBERSHIP

MEMBERS' ACCIDENT INSURANCE PLAN

The Members' Accident Insurance Plan during the 1959-60 crop season operated with less dissatisfaction from the membership and individual delegates than in the previous crop year. This possibly resulted from a better understanding of the terms of the Plan and the amendments made at the commencement of the 1959-60 crop year, which relaxed the over-all eligibility requirements and abolished the twelve-month delivery requirement. This permitted limited benefits to be paid to members who had delivered a minimum of 900 bushels of grain, or \$675 in value of forage seed, within a period of thirty-six months prior to a claim for an accident.

In all, 201 claims were adjusted during the 1959-60 crop year, involving 19 fatalities, 21 claims for dismemberment, 2 for loss of eyesight, and the remainder for medical and miscellaneous other expenses. Members availed themselves of the opportunity to insure 517 sponsored workers under this Plan.

Total payments to members under the provisions of this Plan since its inauguration on August 1st, 1958, until the end of the 1959-60 crop season, amounted to \$62,913, of which approximately 60% was paid during the last crop year. Outstanding for settlement at the close of this crop year were 82 claims.

LIFE INSURANCE PLAN FOR POOL MEMBERSHIP

Early in 1960 your Board gave consideration to the need of young farmers for low-cost term life insurance. Following some investigation Co-operative Life Insurance Company offered our Association a Plan which in reality was individual insurance that could be offered our membership at a favourable premium rate on condition that Alberta Wheat Pool acquaint its membership with the provisions of such a Plan and enable its agents to accept premium fees. The opinion of

our delegates on this matter was solicited by letter on March 21st, 1960.

The Farmers' Union of Alberta at the same time was making preparations for a Plan for its membership similar in nature to the Plan the Alberta Wheat Pool had under consideration, and early in April requested our Association to consider leaving this field to that Organization. In view of an indecisive response from our delegates on the matter your Board agreed to hold any Plan for term life insurance for Pool members in abeyance until the viewpoint of the delegates in annual meeting was made known.

CONSTRUCTION AND PROPERTIES

During the year the construction program was mainly on a replacement basis and of approximately the same proportions as in the past several years. Principally, this provided replacement of facilities on which upkeep costs had become excessive or where additional space was also required at large delivery points.

In the late summer of 1959 the owners of Ogilvie Flour Mills Company, Limited, and Lake of the Woods Milling Company, Limited, sought disposition of their country elevator properties in the prairie Provinces and a terminal at the Lakehead on a "package deal" basis to the three Wheat Pools. Involved were approximately 230 country elevators and miscellaneous annexes, dwellings and warehouses. The Alberta properties, mainly in the Lethbridge-Medicine Hat Railway Division of the Canadian Pacific Railway and a few in east-central Alberta, consisted of 35 country elevators, 45 annexes, 17 dwellings, plus 33 flour sheds and 1 coal shed. Negotiations resulted in the purchase of these properties by the three Wheat Pools in their respective Provinces.

During the year an appraisal was made of the relative merits of the two seed warehouse sites owned by this Association in Edmonton. A decision was made to dispose of the West Edmonton site and concentrate any building program on the East Edmonton property. Due to the accumulation of substantial stocks of seed a large steel warehouse was constructed on this site during the year.

Victoria Elevator, Limited, with a terminal at Victoria, B.C., was offered by its owners for sale to Alberta Wheat Pool in the spring of 1960, and arrangements for purchase were completed on September 30th, 1960.

The Alberta Wheat Pool Office Building in Calgary was also largely completed during the year and occupied on January 1st, 1960.

PUBLICITY AND PROMOTIONAL ACTIVITIES

The Association's long standing program of promotional and publicity activities was continued during the year, with its prime objective

of keeping the membership informed on all endeavours and operations of the Pool.

Your Association was an active member of the joint educational venture of Alberta Co-operatives and farm Organizations known as "The Farmers' Union and Co-operative Development Association". The superior opportunities offered by the co-operative method of doing business, we feel, warrants increasing efforts in the fields of co-operative education and co-operative development.

Our association with the Provincial and National Federations of Agriculture was maintained, in addition to close liaison and harmony with the Farmers' Union of Alberta.

We wish to acknowledge the active part which the membership and delegates of Alberta Wheat Pool have also undertaken during the year on behalf of your Association and the co-operative movement generally.

MEMBERSHIP

In the face of a declining number of farm operators in the Province, an increase in membership in the Alberta Wheat Pool was gratifying to your Directors.

With a marked increase in the number of applications for membership received in the final months of the 1959-60 season compared with applications submitted during the corresponding period of recent years, enrolments for the season totalled 2,157, the highest since the 1953-54 season. By comparison, 1,877 members were enrolled during the 1958-59 season, while the average was 1,831 for the five seasons preceding 1959-60.

Cancellations with respect to members no longer farming numbered 1,032, and 629 memberships were terminated by death. However, there was a net increase of 496 in membership during the 1959-60 season and the total membership at July 31st, 1960, was 49,660, comprising 10,449 signers of the original Marketing Agreements and 39,211 members who were enrolled since 1939 under Section 6 of our Act of Incorporation. Of the 104,403 memberships established since 1923, those terminated or cancelled total 54,743.

ELECTION OF DELEGATES

During the summer of 1960 elections were held in the odd-numbered sub-districts. Twenty-four delegates were elected by acclamation and elections were held in ten sub-districts. One sub-district, 103, failed to submit a nomination at the closing time provided in our By-laws for acceptance of nominations in a general election. In the subsequent by-election Mr. W. A. Oliver of Warner was re-elected by acclamation.

Four delegates of our Association with many years of service retired from office this summer.

Mr. V. J. Bertrand of Milo was elected a delegate in 1925 and served until 1930. He was again elected in 1931 and remained in office until 1933. Following re-election in 1936 his service was continuous until 1960 — a total of 31 years.

Mr. John Hallett of Fleet first became a delegate of our Association in 1929 and served until 1934. He was re-elected in 1936 and continued in office until the summer of 1960, a total of 29 years service.

Mr. David Kaechele of Ghost Pine Creek was also first elected in 1929 and served for a period of two years. In 1934 he was again elected a delegate of our Association, and remained in office until the summer of 1951. He again served from 1953 to 1956, and was re-elected in 1958, to continue in office until 1960 — a total of 24 years.

Mr. Jake Frey of Acadia Valley, with a total of 16 years in office as delegate of our Association, was first elected to office in 1924 and continued until 1925. He was again elected in 1927 and served until 1931. In 1949 Mr. Frey was again re-elected a delegate and continued in that capacity until the summer of 1960.

The dedicated service of these men to the Alberta Wheat Pool is gratefully acknowledged.

IN MEMORIAM

We regret to record the passing since our last annual meeting of six former delegates and one former Director of our Association.

On March 7th, 1960, the death occurred in Calgary of Mr. Martin Padberg, formerly of Oyen, who had served as a delegate of Alberta Wheat Pool for seven years, from 1938 to 1945.

Mr. J. H. Rhodes of Brant, one of the early delegates of Alberta Wheat Pool, serving from 1927 to 1930, and an active member of many other farmer Co-operatives, passed away in Calgary on March 15th, 1960.

Mr. A. Van Weiden of Monarch passed away on April 21st, 1960. He had served as a delegate of our Association for four years, from 1947 to 1951.

On June 8th, 1960, the death occurred of Mr. J. H. Christman, formerly of Monarch. Mr. Christman had represented Alberta Wheat Pool members in his sub-district as delegate from 1937 to 1941, a period of four years.

The death of Mr. D. J. Burton, formerly of Stanmore, occurred in Calgary on June 23rd, 1960. Mr. Burton's period of service as a delegate of Alberta Wheat Pool extended from 1930 to 1947.

Mr. W. S. Falconer of Big Stone, delegate of Alberta Wheat Pool for 13 years, 1936 to 1945 and 1947 to 1951, passed away at Cereal on July 22nd, 1960.

During our last annual meeting word was received of the death on November 24th, 1959, of Mr. G. G. Coote of Nanton, who served as a Director of our Association from 1936 to 1952.

We wish to record our sincere appreciation for the part each of these men played in the development and guidance of our Association.

STAFF

We extend recognition and appreciation to the staff for the same devotion to service during the year which our Association has enjoyed throughout its history.

Training courses for agents and opportunities for self improvement for other members of the staff were maintained during the year, resulting, we believe, in mutual benefit for staff and our operations.

BOARD OF DIRECTORS

At the first meeting of the Board of Directors of Alberta Wheat Pool held after the 1959 annual meeting, the following Officials were elected:—

President G. L. Harrold
First Vice-President W. J. Blair
Second Vice-President Nelson Malm

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 W. J. Blair 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.

A large number of representations to governmental and other bodies required the attention of your Board throughout the year, and particularly that of your President.

GENERAL

TRADE

The relentless pressure of increasing costs continues to undermine the prairies' grain economy, which is further threatened by the appeals of industry in its own economic self-interest for further restrictions on imports. We share a growing concern for Canada's balance of payments deficit and recognize that some action must be taken, but we are equally concerned with the direction of corrective measures. The prairie grain producer depends heavily on the export market. In particular, well over half of Canada's wheat exports in 1959-60 went to three Countries — the United Kingdom, Japan and West Germany.

Of these three, growth of exports to Japan has been most spectacular. With declines in sales to other areas, Canada's grain industry needs these expanding markets. It is almost certain, however, that imposing additional restrictions against imports from these areas will affect their ability to purchase our products. Furthermore, it is not here where the need for corrective action lies since we sell substantially more to each than we buy through imports. Our balance of payments deficit is mainly due to our disparate transactions with the United States.

We need only restore this balance to answer our Country's need for growth in manufacturing. Undue restriction of trade with other areas, we believe, is not in the best interests of either manufacturing or agriculture.

FACILITIES

Through no fault of the people who staked their future in the unproven prairie regions of Western Canada some settlement policies and developments proved to be ill-suited and lacking in endurance. Substantial population shifts have occurred in many communities with resulting disruption in educational, social and commercial institutions. Grain handling facilities, due to slow depreciation, have outlasted many other commercial services. The extent to which they can be maintained in present form, in view of economies available through the operation of larger units, is open to question. This matter, along with the future of under-utilized railway facilities with which it is closely associated, commends itself to the attention of our Association.

THE ROAD AHEAD

The year on which we are reporting saw the close of the 1950's, which in retrospect was a decade of special interest to the members of our Association. This era began with a degree of prosperity sharply in contrast to the depressing years which had been gloomily forecast on the experience following World War 1.

Although the world political scene was much less favourable than its earlier counterpart, economic conditions in all facets of Canadian life were much more stable and promising. Progress was made in the fields of marketing, while scientific advances and technological improvements in production, proceeded at a rate unknown before and in forms which were readily adaptable to Canadian farm conditions.

Rural life in Alberta, and this may be general throughout the prairie Provinces, improved considerably during this decade. Those years saw tremendous development in road building, in

communications, in the development of schools and in opportunities for both general education and vocational training in a wide range of commercial endeavours. This situation was assisted in Alberta by a significant industrial development.

From the standpoint of the commercial operations of your Association, however, this decade may turn out to be one of the least progressive in the history of the Wheat Pool movement. While it is true that our financial position improved considerably and that our facilities were expanded and improved, several circumstances seriously impeded efficient use of prairie grain handling facilities.

The adoption of nationalistic policies in many Countries of the world in the interests of domestic agriculture imposed serious handicaps in the marketing of wheat in international trade along conventional lines. These factors, together with above average production of grains in Western Canada, necessitated delivery and marketing restrictions for several years. Lack of a realistic method for the utilization of country elevator facilities in Western Canada resulted in the construction of additional facilities out of all proportion to the requirements of the day. These facilities have been paid for by farmers and the upkeep is and will be borne by them for years to come.

Following years of effort on the part of farm Organizations, and the Wheat Pools in particular, the provisions for a system of shipping order allocation ordered by the Minister of Trade and Commerce in July, 1959, has resulted in some improvement to our Association, but further benefit will require continued vigilance on the part of our employees and support from farmer members.

Our most urgent task in the years ahead will be to provide the use of your elevator facilities on a standard of efficiency commensurate with that of the industry which it serves.

All of which is respectfully submitted,

G. L. Harrold
W. J. Blair
Nelson Malm
W. R. Mueller
R. C. Bell
Gerald Oberg
Allan J. Macpherson



Report of General Manager

ON 1959 - 60 CROP YEAR

A. T. BAKER
General Manager

To the President and Directors
Alberta Wheat Pool

Gentlemen:

The 1959 Alberta wheat crop averaged 20.7 bushels per acre, with correspondingly good yields in other grains and seeds. Total production of all grains was, therefore, slightly over normal. Harvesting was done under very adverse weather conditions, with both quality and condition of the grain suffering from excess moisture, resulting in loss to producers and making the handling of the crop most difficult for both growers and elevator operators. Special concessions were made by the Canadian Wheat Board in respect of handling out-of-condition grain and growers were enabled to deliver large quantities before serious deterioration occurred. A significant feature of the grain year was the lack of interest in quality wheat and, consequently, there was a slow movement from congested points having only top grades to ship. Quotas were fairly well equalized in Alberta by the end of the year but the wisdom of this practice should be examined in the light of last year's experience when the large accumulation of unwanted grades and grains made it difficult to bring forward grain in demand.

About 10 million bushels less were shipped from this province than in 1958 and producers' deliveries were down by nearly 14 million bushels. Under the circumstances, it is gratifying to note that Alberta Pool receipts were not much lower than in the previous year and that substantial savings were again made for producers who delivered to Pool elevators.

Country Elevator Operations

I am pleased to report that your elevators, comprising 33.5 percent of the elevator space in the province, showed a gain for the sixth successive year and established a new record by handling 40.25 percent of the grain marketed in Alberta. A small part of this increase was due to the acquisition of the Ogilvie line of elevators

but most of it can be attributed to the working of the new regulations for the relief of congested elevators. This increase in business confirms the contention steadfastly made by this organization, that, given the opportunity, Pool members would deliver more grain to their own facilities. The Federal Government and the Wheat Board are to be commended for making this possible.

The average receipts per elevator, excluding the Ogilvie line which we owned for only part of the year, were approximately 110,000 bushels. There was little working space available during the year as the average amount in store was equal to 83 percent of total capacity. Even with the improvement in boxcar allocation, Pool members were not able to deliver all they wished to their own elevators. Grain in store July 31 was 39,649,084 bushels.

Successful working of the regulations arising out of the Bracken report requires that actual capacities be accurately known, so that "congestion" can be determined. A committee of the trade was set up to review elevator capacities and as a result our figure has been reduced to 41,957,500 from 43,675,350 bushels.

By strenuous effort, 235 complete cut-offs were made compared with 199 in the previous year. The elevators weighed up showed a gross overage of .099 percent, which indicates that agents were carefully observing the policy of close weighing.

In view of the fact that the 1959 crop was not easy to handle, some grade loss occurred but was not considered excessive. Furthermore, a good part of the grade loss accrued from the handling of Barley. It has been increasingly apparent that a great deal of Barley bought as 3 C.W. 6 Row will not hold this grade because of its extreme vulnerability to breaking during the handling process. In recognition of this fact, new grading regulations are being introduced by the Board of Grain Commissioners.

The expansion of your country elevator system, with more elevators and greatly increased stocks in store for long periods, has placed a disproportionately heavy responsibility on some travelling and divisional superintendents. Plans were made for re-arrangement of administrative territories and the appointment of two more travelling superintendents, bringing the total number to 20.

Our participation in the fertilizer business has not been aggressive but unquestionably has had the effect of making savings for most users through lower prices. Elevator agents offered growers the privilege of buying carlots for delivery from the car and, where space was available, small stocks were kept in seed warehouses.

Coal was handled at ten points for the convenience of members.

Growers were given the opportunity to sign Rapeseed acreage contracts, with the understanding that the seed marketed would be pooled. In association with other organizations contracting Rapeseed, we entered into a sales agreement with a group of exporting firms. Participating organizations each had the option of sharing in every sale in proportion to the acreage contracted. We accepted our portion of each sale and thereby secured about the average price for the year. A very satisfactory return of 4.1 cents per pound was realized on the 84,546 bushels delivered to this pool. An additional 75,472 bushels were handled through your elevators for growers who had sold to other buyers.

Branch Offices

Offices are maintained in Winnipeg and Edmonton. The former provides a most valuable liaison with the trade, the Grain Exchange, the Malting Companies, the Wheat Board and the Board of Grain Commissioners. The Edmonton office similarly provides an indispensable point of contact with all of our business associates in the trade and assists in the movement of grain through that point.

TERMINAL OPERATIONS

The bulk of Alberta grain sold for export goes through West Coast ports, which, in recent years, have assumed greater importance in the movement of Canadian grain, as indicated by a volume of 154.1 million bushels during the 1958-59 season. Last year, however, several unforeseen difficulties interfered with normal export trade and the volume through these ports declined about 17 million bushels.

Ocean freight rates rose in relation to shipping costs via the Atlantic route, thus making the latter more attractive. The wet harvest necessitated the drying of many million bushels of tough and damp grain of the grades which were in demand for export. This caused costly delays, especially during the months of December, January and February when ocean vessels had to wait for cargoes. Prolonged and inconclusive negotiations between the Terminal Operators and the Grain Workers' Union created uncertainty and uneasiness in the trade, so that importers were

loath to make purchases which exporters might be unable to deliver. Fearing that a strike might tie up loaded boxcars, the railroads restricted shipments to the West Coast for several weeks.

All of these factors combined to reduce the volume of Pool terminal handlings by some 8 million bushels to 41,193,712 bushels, with a consequent reduction in earnings and also in the amount of grain which could be delivered by producers. In spite of a capacity drier operation, it was necessary to divert substantial quantities of grain to other terminals for drying, thereby further reducing the volume handled through the Pool terminal. Because of the heavy stocks carried during the year and the reluctance to interfere further with the operation, no weigh-up was made.

Buyers of Canadian grain complained that the protein content of cargoes from the Alberta Pool terminal was lower than from the Saskatchewan Pool terminal. In an effort to get the desired uniform quality, an arrangement was made for exchange of cars between the two terminals.

The Vancouver sales department was again able to hold a large percentage of the B.C. domestic business but volume declined somewhat due to the keen competition of track buyers.

Since the car dumpers were originally installed, no major repairs had been made until this year, when two were rebuilt. It is anticipated that the third one will be repaired during the coming year. Alterations were made to the dust control system in an endeavour to reduce the amount of dust discharged into the atmosphere. Continuous maintenance kept the rest of the plant in excellent condition.

Our terminal at Port Arthur was again operated by the Manitoba Pool under the terms of a very satisfactory agreement. Shipments from Alberta to the head of the Lakes showed little variation from previous years and our share of the earnings is only slightly down.

Seed Division

The production of seed, particularly the grasses, was very heavy in 1959, and much of it was harvested with a high moisture content. This created great difficulties for the Seed Division. In an attempt to stabilize the market and assure a reasonable return to the producers, the Pool set a high initial payment. The trade was not aggressive in buying grass seeds and, consequently, the Pool received a large percentage of the crop. Storage facilities were inadequate to house the large volume delivered, with the result that even outside storage became congested and it was necessary to suspend deliveries of Fescue for 14 weeks. A large amount of custom cleaning was

then contracted with other firms, permitting the resumption of Fescue buying and giving producers the opportunity to deliver the balance of their stocks at the same initial payment.

The Seed Division continued to work closely with Northern Canadian Seed Sales and by the end of the year the stocks of most of the seeds were sold and some sales contracts had even been made against the next crop. A separate pool was maintained for each kind of seed so that growers would receive the actual value of their seed, as determined by the selling price, less the costs incurred. Falling prices caused some pools to operate at a loss but the earnings on Alsike, Russian Wildrye, Intermediate Wheatgrass and Slender Wheatgrass warranted final payments totalling \$20,372.

Surpluses of \$5,174 and \$13,946 in Cereals and Fertilizer, respectively, when offset against the loss of \$127,635 on the Forage seed operation gave a net deficit of \$108,515 for the Seed Division.

Custom cleaning of 3½ million pounds of Fescue and Brome was contracted at a cost of approximately \$74,000. This is much more costly than cleaning in our own plants. A substantial item contributing to the deficit was the interest charges incurred in carrying for long periods tremendous inventories which had been sold but not delivered to the buyers.

With the completion of the Wheat Pool Building, the head office of the Seed Division was moved to Calgary, making possible a closer control over the operation and substantial economy.

Operating Results

Net earnings, before taxes, were \$2,426,508 after taking into account regular and special capital cost allowances of \$1,229,468. In the previous year the earnings were \$3,308,594. The reduction in net earnings is accounted for mainly by lower volume of handlings and shipments, higher capital cost allowances and higher operating costs.

Funds for capital expenditures of \$2,665,002 were provided by current authorization of \$1,975,075 and by a carryover of unspent authorization from previous years. The amount spent for replacement of plant and equipment has for some years been about equal to capital cost allowances. It is recognized, however, that capital cost allowances, taken on the original cost of an asset, are insufficient to replace it years later at a higher cost. New money, to the extent that capital cost allowances are deficient, must, therefore, be found to maintain the plant and to provide for such growth as the construction of the office building and the purchase of the Ogilvie elevators. Retained earnings are a source of new

money. Loans may provide temporary funds and capitalization may be increased by issuing more reserves but both of these practices create debts which must be serviced by the earnings of the organization.

New reserves to the value of \$1,671,640 were issued, bringing the members' investment in the organization to \$13,188,071. The association owes this money to the members and must eventually repay it. The present policy is to purchase the reserves from the estates of deceased members, from those who no longer farm and from members 74 years of age or over. The reserves so purchased are re-issued as patronage dividends; thus the ownership and control of the Pool is always in the hands of active farmers. There is no obligation to pay interest on the money members have invested in their own organization but during the last ten years the dividends paid in cash represent an average yearly return of 5.53 percent on the investment.

The working capital, increased during the year by \$732,991 to \$8,064,866, is no more than adequate considering the size of the organization and the hazardous nature of the grain business. The high earnings and healthy growth of recent times should not obscure the memory of the lean years. A return to light crops might again tax our financial resources.

Properties

Your plant and equipment were maintained in good condition by a replacement program involving construction of 7 elevators, 3 annexes, 8 dwellings, 7 seed warehouses and extensive repairs. Pursuant to your instructions, more emphasis has been placed on the modernization of agents' dwellings. Some reconsideration of this program may, however, be desirable as experience has proved that in several cases the cost of remodelling and modernization is extremely high.

The storage capacity of country properties was increased during the year by 2,839,000 bushels to a total of 43,675,350 bushels. This, however, was under the old basis of calculating capacities, to which reference has been made already. The new basis shows a figure of 41,957,500 bushels in 567 elevators and 607 annexes. In addition, the Pool owns 419 dwellings, 3 seed cleaning plants, 49 seed warehouses, 42 flour sheds, 22 coal sheds, 2 warehouses in Calgary, 2 terminals and an office building in Calgary.

Public Relations

It is not enough that members of the Alberta Wheat Pool be merely satisfied patrons attracted by a high standard of elevator service. If the Pool is to achieve its full potential on behalf of

farm people, it must have an enthusiastic and well informed membership, taking pride in the accomplishments of their organization and fully recognizing that its success depends upon their interest and support. Each member should feel a responsibility towards his organization.

To keep members and others fully informed, a continuous education and information program is carried on. Primarily, it is aimed at the farm people of this province but care is also taken to acquaint those in other occupations with the objectives and activities of the organization, its place in the farm scene, and the importance of a healthy agriculture in the nation's economy.

Briefly, our public relations program is intended to publicize the fact that the Alberta Wheat Pool is a progressive, efficiently operated, farmer-owned co-operative; that it is continuously working on behalf of farm people in an effort to improve social and economic conditions on the farm; that it provides leadership in shaping grain marketing policies and that it offers grain producers the means of speaking with a strong and unified voice which is so important in our highly organized and complex society.

The wide recognition of these truths, resulting in increasing patronage and ever-growing support of Pool facilities, is essential if farm

people are to secure the full benefits of co-operative marketing.

The Publicity, Field Service and Country Information departments are primarily responsible for the public relations activities of this organization although it is recognized that every employee and elected official also has a responsibility in this regard.

Staff

It is a pleasure to commend your staff, numbering 1,055 people, whose activities were largely responsible for the results being presented for your consideration. The financial statements are evidence of excellent commercial performance in years gone by and indicate an enviable current position but they alone do not provide reassurance for the future. This will depend on the abilities, initiative and attitudes of Pool people. I believe the members can look ahead in the confident knowledge that their business is in good hands.

Respectfully submitted,



General Manager

On November 30, 1959, the Alberta Wheat Pool marked an important milestone in its history with the dedication of a new head office building in Calgary. This ultra-modern, eight-storey structure embodies the latest in design. Not only is it distinctive and attractive in appearance but it provides efficient and pleasant working conditions for the organization's head office staff, which has grown with the steadily expanding country elevator system.

This new building is a monument to the foresight, determination and ability of Alberta's pioneer farmers and it is a tribute to the loyalty of many thousands of grain producers who have given steadfast support to their own co-operative elevator facilities. It is a building in which Alberta's farm people may justifiably take pride.



ALBERTA W
and Alberta Pool
CALGARY

CONSOLIDATED BALANCE SHE

ASSETS	1960	1959
CURRENT		
Cash in Banks, on Hand and in Transit	\$ 623,568.80	\$ 586,896.27
Stocks of Grain	44,470,314.75	41,302,449.46
Stocks of Seed, etc.	1,763,619.49	1,100,753.26
Advances on Grain	96,101.04	11,793.04
Accounts Receivable	1,111,656.41	1,044,955.39
Accrued Items Receivable	158,699.46	88,136.56
Prepaid Expenses	456,189.00	386,876.50
Total Current Assets	<u>\$48,680,148.95</u>	<u>\$44,521,860.48</u>
DEFERRED		
Accounts Receivable	\$ 138,106.37	\$ 68,571.07
FIXED ASSETS		
Buildings, Sites and Operating Machinery	29,291,349.87	26,858,192.89
Less: Accumulated Capital Cost Allowances	<u>19,861,738.14</u>	<u>18,864,402.05</u>
Uncompleted Construction (See Contra) (Note 1)	9,429,611.73	7,993,790.84
231,401.88	<u>231,401.88</u>	<u>1,118,139.37</u>
9,661,013.61	<u>9,661,013.61</u>	<u>9,111,930.21</u>
Elevator and Office Equipment, Autos, Trucks and Miscellaneous Equipment	630,580.76	612,104.35
Less: Accumulated Capital Cost Allowances	<u>340,932.35</u>	<u>347,013.47</u>
289,648.41	<u>289,648.41</u>	<u>265,090.88</u>
Net Capital Assets	<u>\$ 9,950,662.02</u>	<u>\$ 9,377,021.09</u>
INVESTMENTS		
Shares — in Affiliated Companies (Note 2)	108,670.00	108,670.00
Grain Exchange Memberships	9,302.00	9,302.00
Shares — in Municipal Seed Cleaning Plants	700.00	550.00
	<u>\$ 118,672.00</u>	<u>\$ 118,522.00</u>
	<u>\$58,887,589.34</u>	<u>\$54,085,974.64</u>

HEAT POOL

Elevators Limited

ALBERTA

NET - as at July 31, 1960 and Comparison with July 31, 1959

LIABILITIES

CURRENT

	<u>1960</u>	<u>1959</u>
Outstanding Cheques, Cash Tickets & Orders	\$ 6,910,995.51	\$ 6,615,881.05
Bank Loans	24,780,000.00	21,805,000.00
Call and Short Term Loans (Note 3)	3,446,067.23	2,267,562.25
Loans from Members (Note 4)	878,437.22	234,490.27
Accounts Payable	1,085,094.52	882,425.03
Construction Commitments (See Contra)	231,401.88	1,118,139.37
Provision for Balance of Income Tax (Note 5)	40,536.53	68,802.53
Mortgage Debenture — Payment Due Feb. 1, next	416,666.67	416,666.67
Accrued Items Payable	333,903.07	312,665.24
Growers — Outstanding Payments (Note 6)	166,208.82	266,961.00
Provisional Advances on Seed Sales	17,600.00	
Net Earnings — Current period (Note 7)	2,426,508.31	3,308,594.45
Less: Minimum Income Tax (Note 5)	(100,536.53)	(124,802.53)
Total Current Liabilities	\$40,615,283.23	\$37,189,985.33

DEFERRED

Mortgage Debenture, 4½% (Note 8)	<u>\$ 1,666,666.66</u>	<u>\$ 2,083,333.33</u>
RESERVES (Members' Ownership Investment) (Note 9)	<u>\$13,188,071.74</u>	<u>\$11,516,431.69</u>

SURPLUS

Retained from Earnings, Prior Years	2,947,843.99	2,847,628.12
Accrued from Properties (Note 10)	469,723.72	448,596.17
	<u>\$ 3,417,567.71</u>	<u>\$ 3,296,224.29</u>
	<u><u>\$58,887,589.34</u></u>	<u><u>\$54,085,974.64</u></u>

STATEMENT OF EARNINGS, EXPENSES AND PATRONAGE DIVIDENDS

	In the Year Ending July 31	
	<u>1960</u>	<u>1959</u>
OPERATIONS		
Operating Revenues (Note 11)	\$12,724,922.74	\$12,709,152.13
Less:		
Elevator and Seed Plant Operating Expenses	4,337,185.99	4,161,287.07
Office, Administration & Supervisory Expenses	1,967,980.70	1,845,595.98
Terminal Elevator Operations	1,242,051.02	1,098,069.05
Interest Charges	1,521,728.57	1,149,282.04
Net Earnings Before Capital Cost Allowances	3,655,976.46	4,454,917.99
Capital Cost Allowances	1,229,468.15	1,146,323.54
Net Earnings for the Year (Note 7)	<u>\$ 2,426,508.31</u>	<u>\$ 3,308,594.45</u>
PATRONAGE DIVIDENDS AND RETAINED EARNINGS		
Earnings from the Previous Year (Note 7)	\$ 3,308,594.45	\$ 2,365,604.19
Deduct: Sundry Adjustments	179.66	255.72
	<u>3,308,414.79</u>	<u>2,365,348.47</u>
Deduct: Patronage Dividends —		
In Cash	766,131.64	548,456.00
In Members' Investments Redeemed	645,553.44	400,324.96
In Members' Investments Increased	1,671,404.11	1,236,173.13
	225,325.60	180,394.38
Deduct: Income Tax Paid	<u>124,802.53</u>	<u>98,014.94</u>
Balance Retained	<u>\$ 100,523.07</u>	<u>\$ 82,379.44</u>
RETAINED SURPLUS EARNINGS		
Retained from Past Operations	\$ 2,847,628.12	\$ 2,765,591.07
Less: Sundry Adjustments	307.20	342.39
	<u>2,847,320.92</u>	<u>2,765,248.68</u>
Add: Balance Retained from Previous Year	<u>100,523.07</u>	<u>82,379.44</u>
	<u><u>\$ 2,947,843.99</u></u>	<u><u>\$ 2,847,628.12</u></u>

Auditors' Certificate

*Harvey, Morrison & Co.
Chartered Accountants*

FOURTH FLOOR
ALBERTA WHEAT POOL BUILDING
CALGARY, ALBERTA

To the Members:

We have examined the consolidated balance sheet of Alberta Wheat Pool and its wholly-owned subsidiary, Alberta Pool Elevators Limited as at July 31, 1960 and the consolidated statements of operations, patronage dividends and retained earnings and retained surplus earnings 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 the matter of stocks of grain, country stocks were weighed over at two hundred and thirty-five points and the stock records were adjusted accordingly. At all other points, book stocks have been taken into account without adjustment. Stocks at the Vancouver terminal were weighed over as of August 3, 1959. The basis of valuation was consistent with that of previous years.

In our opinion the accompanying consolidated balance sheet and the related consolidated statements of operations, patronage dividends and retained earnings, and retained surplus earnings, supplemented by the notes appended thereto and the above reference to stocks of grain, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined organizations as at July 31, 1960 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the organizations.

Harvey, Morrison & Co.

CALGARY, Alberta.
September 30, 1960.

CHARTERED ACCOUNTANTS

1959 - 1960

FACTORS AFFECTING WORKING CAPITAL

SOURCE

Working Capital July 31, 1959	\$ 7,331,875
1958-59 Earnings Available for Distribution (Note 13)	3,183,792
Operating Earnings, 1959-60	3,655,976
Funds Available from Provisions for Construction	
Commitments of Previous Years (Note 14)	886,738
Proceeds of Disposals —	
Buildings and Machinery	90,969
Equipment	70,520
Capital Gains	21,128
Return re Winnipeg Office Investment	499
	<hr/>
	\$15,241,497

APPLICATION

1959-60 Net Earnings Held Pending Disposition	\$2,325,972
New Buildings and Machinery (Note 14)	2,665,002
New Equipment	186,833
Patronage Dividends Paid in Cash	766,132
Members' Ownership Reserves Purchased	645,553
Payment on Debentures	416,667
Income Taxes Paid or Provided for —	
1960 — Dominion of Canada	100,536
1959 — Province of Ontario	180
Increase in Deferred Accounts	69,535
Increase in Investments	150
Sundry Adjustments	71
Working Capital, July 31, 1960	<hr/> \$ 8,064,866

SOURCE AND APPLICATION OF FUNDS

SOURCE

Depreciation and Capital Cost Allowances	\$20,202,670
Members Reserves (Ownership Investment)	13,188,072
Earned Surpluses Retained	2,947,844
Capital Surpluses from Properties	469,724
Debenture Loan	1,666,667
	<u><u>\$38,474,977</u></u>

APPLICATION

Elevators, Terminals, Cleaning Plants, Dwellings and other Properties	\$29,522,752
Elevator and Office Equipment, Automobiles and Trucks and Miscellaneous Equipment	630,581
Investments in Affiliated Companies and Miscellaneous Memberships	118,672
Deferred Accounts	138,106
Working Capital	8,064,866
	<u><u>\$38,474,977</u></u>

RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Dividends	Earnings Retained
1960	59,659,295	\$12,724,923	\$9,068,946	\$1,229,468	(Note12)	(Note12)
1959	61,504,666	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
1951	50,727,822	6,443,811	4,264,660	555,155	1,444,922	99,029

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
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
1951	488	15,567,704	17,397,348	13,500,513	3,896,835	2,022,657

NOTES TO FINANCIAL STATEMENTS

NOTE 1 Provision is made in year-end accounts for those funds required to complete the capital program planned for the year. This provision results in removing from working capital the necessary funds.

NOTE 2 Affiliated companies are Canadian Pool Agencies Limited and Pool Insurance Company.

NOTE 3 Includes commercial demand and short term loans and loans from co-operatives engaged in other activities.

NOTE 4 Loans taken as a service to members of Alberta Wheat Pool and their families.

NOTE 5 Provision is made in the accounts for the full minimum income tax payable and instalment payments have been made according to the terms of the Income Tax Act.

NOTE 6 Balances due to growers from purchases of reserves and other pooling operations.

NOTE 7 Current year's net earnings, less minimum income tax payable, are carried as a current liability pending action taken by Annual Meeting of Delegates held in November.

NOTE 8 Debentures held by Bank of Montreal payable in annual payments of \$416,667.

NOTE 9 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 10 Surpluses accruing from disposals of assets for sums in excess of capital costs.

NOTE 11 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 12 Statistics will not be available until action is taken following recommendations at Annual Meeting of Delegates. See also Note 7.

NOTE 13 See Notes 7 and 12. Action taken following recommendations as above results in effects on working capital as shown.

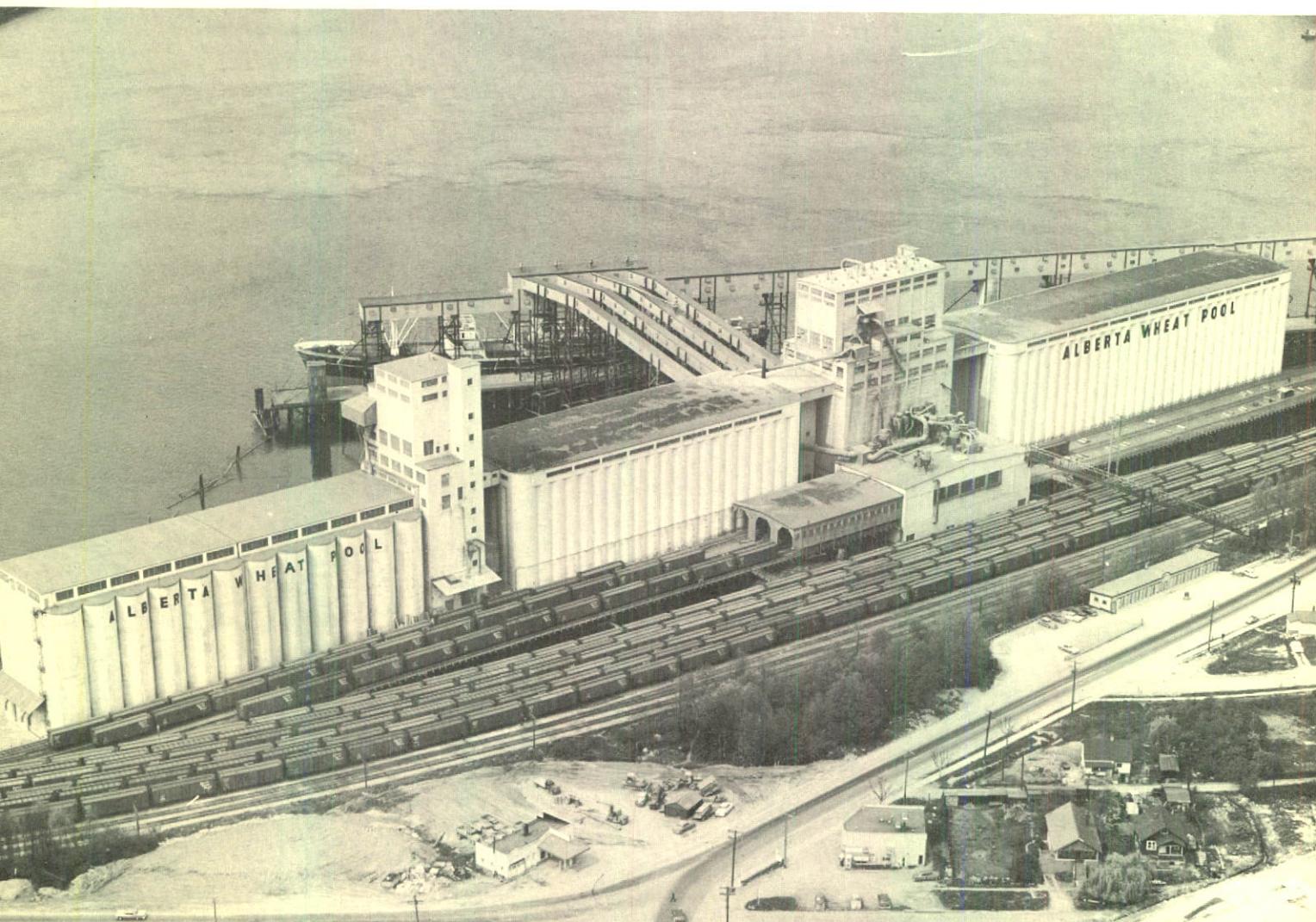
NOTE 14 See Note 1. Completion of items of capital program of previous year carried forward reflects investment in capital assets of funds appropriated in the relative year.



Alberta's nearly 1700 country elevators handle some of the world's best wheat.

Rowed, O'Neill Photo

The Pool's 7,300,000 bushel Vancouver Terminal ships millions of bushels of grain each year to customers around the world



Canadian Co-operative Wheat Producers Limited

Directors' Report

1959 - 1960

September 29, 1960

To the Shareholders
Canadian Co-operative Wheat Producers Limited
Winnipeg, Manitoba

Gentlemen:

The directors of Canadian Co-operative Wheat Producers Limited are pleased to submit the thirty-sixth annual report of the company covering the crop year 1959-60. We refer to actions taken by your board since we issued our last report even though this period does not coincide with the crop year.

The 1959 crop was a good one but the difficulties in harvesting are unforgettable. It was estimated by the Dominion Bureau of Statistics that the production of principal grains would be 908 million bushels, 6% higher than that of the previous year, yet 280 million bushels of all grain remained for harvesting when a heavy snow commenced to fall on October 6. The three provincial governments and the federal government provided for cash payments designed to alleviate distress caused by the adverse climatic conditions.

The request to the federal government for deficiency payments was rejected. In August 1960 the Prime Minister said the government would make an acreage payment on the same basis as that made in 1958.

The volume of wheat exported and the price realized were slightly less than for the previous year due to severe competition in the world wheat market.

Matters of vital interest to grain producers which received the attention of your board included: the Royal Commission on Transportation with the emphasis on Crow's Nest rates and branch line abandonment, and quota deliveries to feed mills.

The buoyancy of the Canadian economy continues. The figure indicating the rate of growth of the Gross National Product for 1959 reached \$34,593 million compared with \$32,606 million for the year 1958. This growth continued at a moderating rate into 1960. Agriculture did not share in this buoyancy. Cash income from the sale of farm products, together with participation payments totalled \$2,786.0 million in 1959, slightly below the income figure for the year 1958 of \$2,813.3 million.

CENTRAL BOARD

The board of directors of Canadian Co-operative Wheat Producers Limited held two meetings during the year. This body in Wheat Pool circles is known as the Central Board. It is an organization through which the three Wheat Pools unify their policies and programs, the three executive officers of each of the three provincial Pools comprising a board of nine members. There was no change in personnel of the directorate during the year under review.

Consideration was given by the Central Board to numerous matters of concern to grain producers in the prairie provinces. Of particular interest were representations which should be made to the Royal Commission on Transportation and also the close association with other agricultural organizations seeking financial assistance from the federal government for the grain producers of western Canada. The Central Board studied the progress report released by the Joint Pool Committee on Co-operative Bank and agreed that a report on this matter will be available to the member Wheat Pools.

The board of directors is conscious of the steps being recommended in various quarters to direct aid to underprivileged countries. Communications with the Prime Minister urged the federal government to increase its aid under the Colombo Plan as a means of assisting developing countries and making cereal grain available to hungry people.

Your board was represented before the Minister of Transport at Ottawa on March 1, 1960, in opposition to tolls on the Welland Canal. This action was in keeping with the general policy of the three Wheat Pools in opposing seaway tolls.

INTERPROVINCIAL POOL MEETINGS

Since our last report the boards of directors of the three provincial Pools met on January 20-21, 1960, and August 19-20, 1960, in joint sessions. This type of meeting provides an opportunity for men from various points in the prairie provinces to consider problems common to each.

At the Interprovincial Pool meeting held in January the directors considered the argument which would be advanced by each Wheat Pool to the Royal Commission on Transportation. It was decided that the inquiry made by the Commission should be broad and cover all phases of railway transportation. The meeting made its request to the Chairman of the Royal Commission in the following resolution:

"That the Chairman of the Royal Commission on Transportation be respectfully requested to take such steps as are necessary to insure that, in conformity with the general wording of Order P.C. 1959 - 577, the Commission do not permit the Canadian Pacific Railway Company nor the Canadian National Railway Company to restrict their respective submissions to an inquiry into Crow's Nest Pass rates."

This meeting expressed its concern that the federal government had not responded to the request for deficiency payments on grain marketed through the Canadian Wheat Board in previous years, submitted by a delegation on March 10, 1959. A period of ten months had intervened without definite word from the federal government. The meeting agreed to recommend that the campaign in support of deficiency payments be continued by methods deemed most likely to achieve results and that efforts be continued to

maintain a united front by the ten organizations which were co-sponsors of the western farm delegation to Ottawa on March 10, 1959.

The meeting considered certain modifying policies, which if adopted would reduce the amount required as a direct payment by the Treasury for deficiency payments, and it gave support to four recommendations as follows:

That the Government of Canada be urged to:

- (a) Implement a two-price system governing domestic sale of wheat for human consumption whereby the price on the domestic market would be related to the level of the domestic economy and would not be governed by the export price.
- (b) Provide adjustment payments from the Treasury to compensate for the reduction in grain prices caused by exchange premiums on Canadian currency in relation to that of the United States.
- (c) Provide payments from the Treasury of Canada for carrying charges for all grains in store in public elevator facilities.
- (d) Assume the cost of subsidizing Canadian flour exports, which is now being absorbed by the wheat producers.

The meeting was informed of an assessment made against Manitoba Pool Elevators and the Saskatchewan Wheat Pool for demurrage charges by both railways. Details of the assessment and of the government order rescinding that of the Board of Transport Commissioners were studied. The possibility of legal action by the railways was acknowledged.

The operations of the Canadian Wheat Board were studied and unqualified support to the Canadian Wheat Board was voiced in a resolution adopted by the meeting as follows:

"That the world-wide influence of the Canadian Wheat Board in maintaining the price level for wheat be recognized and the Board be established on a permanent basis as the sole marketing agency for all grains."

The effect the opening of the St. Lawrence Seaway had had on the operations of Lakehead terminals was reviewed by the directors. The meeting recognized that the volume of grain the farmers can deliver to particular elevators is influenced by the ability of the country elevators to ship that grain to Lakehead terminal and for that terminal to secure adequate boat capacity for shipment out of the terminal. The meeting studied ways and means of relating boat space allocated by the Lake Shippers' Association to deliveries at country elevators.

At the August meeting it was unanimously agreed that the Board of Grain Commissioners should be requested to maintain grain handling tariffs in both country and terminal elevators for the crop year 1960-61 on the same level as those prevailing in the previous year. This meeting considered in some detail a statement made by the Prime Minister when he announced that it was the government's policy to make an acreage payment to western grain producers in lieu of deficiency payments.

WESTERN AGRICULTURAL CONFERENCE

The Western Agricultural Conference was held in Winnipeg on January 22-23, 1960. This Conference is attended by representatives of numerous farm organizations in the three prairie provinces and receives continuing support from the three Wheat Pools.

Approximately 80 resolutions were presented to the Conference. These emanated from the three provincial Federations of Agriculture, the Alberta Farmers' Union, Saskatchewan Farmers' Union, the three Wheat Pools and the United Grain Growers. The prime purpose of the Conference is to consider each resolution before it goes to the annual meeting of the Canadian Federation of Agriculture either in its present or amended form.

J. M. Bentley, of Edmonton, was re-elected president for the ensuing year. T. G. Bobier, a member of our board of directors and vice-president of the Saskatchewan Wheat Pool, and S. E. Ransom, of Boissevain, were elected vice-chairmen. J. R. McFall, of Edmonton, was appointed secretary of the Conference. Mrs. N. R. Jasper, of Hartney, Manitoba, was nominated to the Canadian Federation of Agriculture as the western women's representative.

CANADIAN FEDERATION OF AGRICULTURE

The Canadian Federation of Agriculture held its 24th annual meeting in Toronto, Ontario, on January 26-28, 1960. The meeting was attended by 72 delegates and a large number of visitors representing every phase of organized agriculture, together with officials of the federal and provincial departments of agriculture.

Your board is of the opinion that the participation in the annual meeting of the Canadian Federation of Agriculture by such a diverse representation is indicative of the acknowledgement by these agricultural groups of the need for one national organization. As the pattern of the Canadian economy changes, as the number of people engaged in agriculture declines, we are aware that farmers retain their economic importance but lose their political power. The Canadian Federation of Agriculture is designed to serve all branches of agriculture so that it may present the case of the farmer to the Canadian public. Your board is convinced that the support, financial and otherwise, given to the Canadian Federation of Agriculture by our member organizations is justified.

The annual meeting of the CFA recognized the economic position of the western grain grower and reiterated the position it took a year ago in supporting the request for financial assistance to these interests from the federal government. It supported the western liaison committee which represents ten organizations in the prairie provinces. The annual meeting dealt with transportation and freight rates, matters of deep concern to the grain producers affiliated in our organizations.

The meeting considered 85 resolutions in all. These dealt with vital matters affecting the farmer regardless of his location or type of operation.

On February 24, following the annual meeting, a delegation of 28 persons led by the president, Dr. H. H. Hannam, met members of the Cabinet and submitted a brief. Nine members of the Cabinet met the CFA delegation, the Prime Minister being absent due to illness. It is impossible in this report to deal at length with the CFA submissions. The CFA, in referring to its price support policy, advised the Cabinet members that "We recognize that in present price support programs we have most of the fundamentals that we as producers have asked for." The CFA in its brief indicated support to the western grain producers and reminded the government of their declining income.

We quote from the submission:

"In view of the extensive discussions that have taken place between the government and western grain producers on the question of deficiency payments for wheat, oats and barley — some of them as recently as January 30th last, we do not propose to deal at any length with this question. We do, however, wish to strongly support the requests of western grain producers in this connection. Our Annual Meeting unanimously endorsed this policy. We feel that, in principle, the unreasonably low price conditions which have faced and are facing the western grain producer, the continuing rise in his costs, and the externally created competition from subsidized production and exports over which he has no control, all add up to a strong case for this deficiency payment request. Western grain producers have faced sharp income reductions which are creating real difficulty and hardship, and measures should be taken to alleviate the situation."

The CFA recommended to the government that it expand its program of gifts of wheat to Colombo Plan countries and to provide lower interest rates in an expanded program of loans for purchases of Canadian wheat on credit.

The submission covered a wide range of subjects, the section dealing with research and another section dealing with municipal taxation covered matters of so much importance we wish to draw these items to your attention.

"There is a keenly felt need today for expanded research both into farm marketing, and into the more general economic and social problems facing the farmer. Such research is needed so that we may intelligently develop and improve our marketing and support programs. It is needed also so that we may better understand what is happening in the farm economy and to rural society, and in doing so learn to develop farm policies and extension programs that will better meet the needs and problems which agriculture faces."

"In most provinces of Canada farmers are finding that the burden on them of municipal taxation for education and public services is becoming increasingly heavy and inequitable with the years. This is particularly true in the many areas where the municipal unit is no longer entirely composed of farm people but is a mixture of farmers and non-farm residents. The usual basis of municipal assessment of land and buildings results in farm taxes out of all proportion to the farmers' ability to pay, when compared to other residents. The problem of course is larger than this and involves the question of Federal-Provincial financing. We believe that a Royal Commission should be established to investigate the whole problem of the municipal tax burden on farmers, with a view to finding means of equitably re-distributing this burden.

"This is one aspect of the problem of equalization of educational opportunities between rural and urban communities, a problem which we strongly feel should be a matter of major concern to both provincial and federal governments in considering their fiscal policies and problems."

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The eleventh general conference of the International Federation of Agricultural Producers was held in New Delhi, India, November 27 to December 5, 1959. T. G. Bobier, vice-president of the

Saskatchewan Wheat Pool and one of the directors of our own organization, attended as a member of the Canadian delegation. Dr. H. H. Hannam, Gordon Greer and David Kirk were the other delegates representing the Canadian Federation of Agriculture. There are 43 agricultural organizations from 28 countries now holding membership in the IFAP.

It is challenging, we think, to consider the fact that the conference should be required to deal with the problem of surplus food while being held in a country where food shortage, hunger and want are rampant.

In opening the conference James G. Patton, the president, said: "It is a significant and historic event when IFAP, a relatively young and pioneering organization of farmers of the Free World, meets in a new and vibrant India which is shaping the pattern of democracy in Asia."

Your directors are impressed with the program of the IFAP and the approach taken towards the paradox facing farmers of the world — too much in some nations and too little in others. We value the IFAP as a link between farmers and their organizations and the special agencies established by the United Nations organization.

Dr. B. R. Sen, director-general of the Food and Agriculture Organization, addressed the conference and referred to the common ground between IFAP's objectives and those of FAO, that is, "Raising the living standards of the rural population and promoting the welfare of all those who are engaged in agriculture." Dr. Sen spoke to the conference on the Freedom from Hunger Campaign. He said:

"The one fundamental purpose of the Campaign, as I visualized it, was to promote a climate of opinion throughout the world in which the problems of hunger and want would be faced realistically, their causes analysed with objectivity, and their remedies sought in a bold and courageous manner. If such a movement could be organized, action would follow."

The IFAP conference drew world-wide attention to the problem of surplus grains and their disposal. The conference also studied the problems of agricultural co-operatives and integration, the role of co-operation in developing countries and agricultural co-operatives' contribution to the adjustment of supply to demand.

The report of the New Delhi conference is inspiring.

The North American member organizations of IFAP met in Washington, U.S.A., on April 11-12, 1960. W. J. Parker, G. L. Harrold and T. G. Bobier, members of our board of directors, attended as part of the Canadian delegation during the two-day meeting.

Major problems of agriculture were considered by the meeting. These included vertical integration of agricultural production and marketing, surplus disposal programs, the cost-price squeeze on agriculture, and the impact upon European markets for agricultural commodities which might result from the European Economic Community.

The next general conference of IFAP will be held in the spring of 1961 in Yugoslavia.

GOVERNMENT POLICY FOR AGRICULTURE

Deficiency Payments

Since the time we issued our last report the federal government was on several occasions pressed for a reply to the request made by the

delegation on March 10, 1959, for deficiency payments on grain marketed through the Canadian Wheat Board. On August 8, 1960, the Prime Minister announced that the government proposed to make an acreage payment of \$1.00 per cultivated acre up to a maximum of 200 acres to one farmer, as shown in the Wheat Board permit books and that on the basis of a similar payment made in 1958 this would amount to between \$41 and \$42 million.

We must accept this announcement as the definite and final rejection by the government of our proposal for a deficiency payment. The Prime Minister spoke at length on the alternative proposals which were made, explaining why the government would not implement the two-price system for wheat. He pointed out that the amount payable under acreage payments is roughly equal to the average of what the western farmer would get if the two-price system were put into effect.

In analyzing the Prime Minister's statement we note that the government recognizes that a need exists for financial assistance to the western grain growers and also that the bread consumers in Canada have secured their wheat at a price out of line with prices prevailing in the general economy.

At the same time the Prime Minister stated that the government will continue to give consideration to action which may be taken to meet the welfare of the western wheat farmer. He said, "We will meet with the liaison committee. I think it will be desirable that the three ministers from the western provinces meet with them. If desirable I will join them to meet this committee so that its views may be secured in addition to any that were expressed in the brief . . ."

At the Prime Minister's invitation, the liaison committee met the Prime Minister, the Minister of Agriculture, the Minister of Trade and Commerce, and the Minister for Northern Affairs, in Ottawa on September 13. This conference reviewed the action taken by the government in authorizing acreage payments and its position on the other requests previously made by the liaison committee in its formal presentations. It is reported that "no real results" were achieved by the September 13 conference.

Prairie Grain Provisional Payments Act

Parliament enacted on January 21, 1960, legislation designed to bring relief to farmers whose crop was unthreshed at the time of the big snow storm on October 6, 1959. They passed the Prairie Grain Provisional Payments Act which authorized the Canadian Wheat Board to make advance payments for the 1959-60 crop year in respect to unthreshed grain in the Prairie provinces. This Act is complementary to the Prairie Grain Advance Payments Act which was enacted in 1957. It enabled the Wheat Board to make an advance payment in respect to unthreshed grain, while the 1957 legislation provided for advance payments in respect to threshed grain.

Prairie Grain Loans Act

The Prairie Grain Loans Act, also passed on January 21, 1960, provided for the guarantee of bank loans made to prairie grain producers and authorized the banks to lend money on the security of threshed and unthreshed grain, including wheat, oats, barley, rye, flaxseed and rapeseed, the actual loan to be based on one-half of the estimated deliveries that the applicant farmer expects to make before the end of the current crop year. Under this bill the government guaranteed

each bank against losses up to 25 percent of the aggregate of loans made where this does not exceed \$150,000, and up to 20 percent in respect to the total of loans in excess of \$150,000. The ceiling on total guaranteed loans to be made by all banks was set at \$50 million.

Payments to Farmers on Unthreshed Crops

The House of Commons in committee of supply on February 5, 1960, agreed to "Contributions to the governments of the provinces of Alberta, Saskatchewan and Manitoba, in accordance with terms and conditions prescribed by the governor-in-council, of one-half the amounts paid by the governments of those provinces to farmers in respect of unharvested crops to a maximum of \$300 in respect of any one farm; and to authorize, in accordance with terms and conditions prescribed by the governor-in-council, contributions to the governments of those provinces (or their municipalities) in respect of the administrative costs incurred by them in making such payments to farmers, \$6 million."

The conditions under which a farmer could qualify for assistance can be broadly stated: if he had threshed less than 50 percent of the acreage seeded to the crops covered; if he had threshed less than 8 bushels per acre of dry wheat equivalent; if he had not secured full employment during the period April 1 to October 1, 1959; if he had not obtained a PFAA payment on all the parcels of land he operated. The amounts paid by the participating governments and the number of payments issued are as follows:

	No. of Claims Paid	Amount of Claims	Adminis- trative Expense	Share of Cost 50% by Fed. Gov. 50% by Provinces
Manitoba —	3,351	\$ 816,865.70	\$29,983.60	\$ 423,424.65
Alberta —	16,769	5,213,519.84	43,622.17	2,628,571.00
Saskatchewan —	20,500	6,152,000.00	59,000.00	3,105,000.00

On August 10, 1960, the House of Commons voted \$261,500 to cover contributions to the provinces of Alberta, Saskatchewan and Manitoba. This sum represents one-half of the amounts paid by the governments of those provinces in transporting fodder and livestock bedding and also the movement of cattle to feed for the period October 12, 1959, to April 30, 1960.

Royal Commission on Price Spreads

The report of the Royal Commission on Price Spreads of Food Products was released in September 1959, but was not available at the time we issued our last report on October 1, 1959. No doubt many farmers and people closely associated in farm organizations were somewhat disappointed in the report. It should be remembered, however, that the Commission was not required to make a study of farm prices or incomes but "To inquire into the extent and causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor."

The Commission made an exhaustive study of the price paid to farmers for food products for domestic consumption and the retail price of these domestic foods, and covered the period 1949 to 1958.

The Commission did refer quite pointedly to the fact that farmers have provided food materials at a low price. The position of the primary producer is illustrated in the following paragraphs taken from the Commission's Report:

"In considering the past 10 years the gains to the Canadian consumer from low food material prices, although partly obscured by the superstructure of services, have been considerable. If the pressure of increased productivity on farms results in persistent low prices and returns to the resources in agriculture, there would be a strong case for measures to alleviate the effects on farm producers provided these measures are so devised as to avoid retarding the growth of efficiency and productivity in the industry. We do not interpret our terms of reference as calling for specific recommendations which do not bear directly on the spread in prices for food products. However, it does seem to us that the public expenditures made to agricultural producers over the period we have studied have certainly not been more than a fair quid pro quo for the low cost of food materials (as distinct from food services) to Canadian consumers, the burden of which has fallen on the primary producer."

"We have noticed the substantial participation of primary producers through co-operative organizations in the related activity of assembling and wholesaling of farm products, the lesser activity of producer co-operatives at the processing level, and the small extent of co-operation in food retailing. These differences are understandable. In most cases producers become organized on a commodity basis, but, as we have seen, food materials tend to lose their separate identity as they move closer to the consumer. The retail co-operatives, where they exist, are organizations of consumers rather than producer co-operatives."

Royal Commission on Transportation

The Royal Commission on Transportation held its preliminary organizational meeting in Ottawa September 17-18, 1959. In our last report we referred to the personnel of the Commission and also to its terms of reference. Due to ill-health the Chairman, Hon. Chas. P. McTague, Q.C., LL.D., resigned in December and M. A. Macpherson, Sr., Q.C., was appointed chairman.

Public hearings began in October and the first sittings were held in the city of Toronto. The Commission then sat at numerous centres in eastern Canada before coming to the prairies. The Commission rejected the suggestion of the prairie provinces that the Crow's Nest Pass rates should be excluded from the terms of reference. On the other hand, the Commission also rejected the recommendation by the railways that the inquiry be confined to the Crow's Nest rates.

The three Wheat Pools and the United Grain Growers had agreed to make a joint submission to the Commission at later hearings with each reserving the right to make an individual submission if it so decides. Manitoba Pool Elevators, the Alberta Wheat Pool and the United Grain Growers Limited have already appeared before the Commission. On February 8, 1960, W. J. Parker, President of Manitoba Pool Elevators, presented a submission on behalf of that organization. The presentation confined its argument to matters of a provincial nature and dealt particularly with the railways' stated intention of abandoning certain branch lines. Manitoba Pool Elevators said that it would not oppose the abandonment of certain branch lines but went on to say that the

branch line question, the passenger service problem and the problem of adjusting to other modes of transportation are more important factors for study than the question of statutory grain rates. Manitoba Pool Elevators submitted that grain hauled from Manitoba at Crow's Nest rates is not uneconomic particularly with the elimination of some of the branch lines.

The Alberta Wheat Pool presented a brief at Edmonton on February 17, 1960. Gordon L. Harrold, President of the Alberta Wheat Pool, made the submission on behalf of that organization. The Alberta Wheat Pool related numerous historical facts and offered this evidence so that current issues could be seen in their proper perspective. The essential features of the Crow's Nest Pass Agreement of 1897 were detailed. The Alberta Wheat Pool, commenting on the Canadian Pacific Railway's proposal that it be given a tax exemption as a subsidy, declared:

"When a company is assured of a gift of its own choice to cover so-called losses, then any incentives to streamline operations and become more efficient are completely removed.

"Western farmers are not in favor of a subsidy to be paid to the railway and charged to agriculture's account, that will result in perpetuation of inefficient operations. Furthermore, there is no justification in naming agriculture the beneficiary of aid that can enable railways to easier carry the burden of, say, passenger service, hotels, etc., and further permit more rate discrimination through agreed charges."

The Canadian Federation of Agriculture submitted a brief to the Royal Commission on April 25, 1960. Being a general farm organization the CFA dealt with broad issues and opposed the suggestion put forth by the railways that they should receive either a direct subsidy from the government or a tax exemption in order to compensate for losses they are alleged to have experienced as a result of the Crow's Nest Pass rates. The CFA submitted:

"Any notion of attributing a railway subsidy to the grain growers should simply be ruled out as inadmissible. The fact is that the railways of Canada are not and have never been private enterprises in the usual sense of the word. They were made possible by deliberate acts of government intervention and assistance, as instruments of national policy; both economic and political. The CPR owes its existence and most of its non-rail earnings fundamentally to this fact. The Crow's Nest Pass rates were established as part of a whole pattern of joint railway-government agreement and policy. To come along now and suggest that transportation policy in this country should be to pay the railways large annual amounts from the public treasury and call this money a subsidy to the western grain producer is wrong."

It is expected that the Saskatchewan Wheat Pool will make its submission to the Commission in Ottawa later in the year, at which time the joint submission to which we have referred will be presented. It is anticipated also that on this occasion detailed cross-examination of the railway companies' presentation will be made.

Agricultural Stabilization Act

The Agricultural Stabilization Board succeeded the Agricultural Prices Support Board and has now completed two years of operation. In the year ended March 31, 1960, the Board had included 15 agricultural commodities in its pro-

gram. The inventory value of stocks held by the Board was \$117,796,060, while the net cost or payment during the year amounted to \$60,218,758. The larger items paid covered hogs, milk, dry skimmed milk, shell eggs and creamery butter.

Deliveries to Feed Mills

The development of the livestock industry in recent years has been characterized by the introduction of new techniques which employ feeds especially prepared to meet the needs of feeders of livestock and poultry. To meet this demand, feed mills have become established throughout the nation. With this changing pattern in the prairie provinces the problem of enforcing Canadian Wheat Board quotas had to be faced when some feed mills purchased feed grains from farmers outside the regulations of the Wheat Board, both as to quotas and prices. An additional problem which presented itself was the fact that a number of mills were operated by grain companies which operated as agents of the Canadian Wheat Board and therefore under an agreement, while a larger number of feed mills operated without any agreement between themselves and the Wheat Board.

Certain sections of the Canadian Wheat Board Act had been challenged and upheld in the courts. To meet a situation created by certain objections made by feed mills, the House of Commons on March 29, 1960, adopted a motion:

"That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act, and to report to the house observations and proposals thereon."

The Committee accepted evidence from organizations and companies concerned with the regulation and operation of the grain industry and particularly those business interests dealing with feeding grains. The Alberta Wheat Pool made its submission on May 6, Saskatchewan Wheat Pool on May 20, and Manitoba Pool Elevators on May 23. The tenor of these submissions was that the Wheat Board regulations dealing with quota deliveries should be enforced.

On June 30 the Standing Committee on Agriculture and Colonization reached its conclusion and sent the following recommendations to the House of Commons:

1. The feeds industry is an integral and essential part of the livestock industry and feed mills perform necessary social and economic services, expansion of which in the prairie provinces is desirable in the interests of economical and efficient production of livestock and poultry and the products thereof.
2. The feeds industry has grown, and aided the general prosperity of local regions under a system of flexibility and the Committee finds that too much inflexibility in the allocation of quotas to feed mills is not in the best interest of either the producer or consumer of grains for feed. We, therefore, recommend that the former practice be continued.
3. Evidence was presented to the Committee that apparent discrimination exists between agreement and non-agreement mills and the Committee recommends that this situation be studied in order to maintain a fair position between these two types of mills.

Dollar-Sterling Trade Council

Continued financial support has been given to the Dollar-Sterling Trade Council in Canada. Representing our interests on the Council is Chas. W. Gibbings, one of our directors, who is also vice-president of the Saskatchewan Wheat Pool. It should be restated that the purpose of the Council is to stimulate Canada's trade with the sterling area. We believe that any expansion of trade in this direction would react to the benefit of grain producers.

Certain industries in Canada benefit greatly from protective tariffs and frequent efforts are made by them to maintain or increase these tariffs. Your board has been in close touch with government officials, seeking to broaden Japanese trade. We have pointed out in public statements that this is desirable since Japan is a substantial buyer with large potential.

A one-man commission has been appointed by the federal government to make broad inquiries into the automotive industry. The commissioner is Vincent W. Bladen, M.A., F.R.Sc., dean of the faculty of arts of the University of Toronto. The scope of the inquiry was outlined by the Prime Minister on August 2, 1960. The Dollar-Sterling Trade Council is resisting pressures which might lead to increased import duties on foreign automobiles. Your directors have presented a brief to the Bladen Commission.

Canada-USSR Trade Agreement

On April 18, 1960, the Hon. Gordon Churchill, Minister of Trade and Commerce, and Mr. N. S. Patolichiev, Minister of Foreign Trade of the Union of Soviet Socialist Republics, signed in Moscow a protocol renewing for a period of three years the trade agreement between Canada and the USSR. The purpose of this agreement is to expand and diversify trade between the two countries.

Provision is made in the agreement for the exchange of most favored nation tariff treatment.

It also provides for the purchase in Canada by Soviet Foreign Trade Organizations, under normal commercial conditions, of Canadian goods that may be exported by Canada to a total value of \$25,000,000 per annum, including not less than 200,000 tons of Canadian wheat, provided the total annual value of Canadian purchases from the USSR is not less than \$12,500,000. If Canadian purchases from the USSR are less than \$12,500,000, Soviet purchases may be correspondingly reduced, but the same ratio of two to one will be maintained.

INTERNATIONAL WHEAT AGREEMENT

Under the terms of the International Wheat Agreement which is presently in effect the purchasing countries agree to buy a percentage of their supplies under the Agreement rather than a stated quantity, which was a condition of the earlier wheat agreements. Under the present method it is more difficult to measure the effectiveness of the Agreement. Total commercial purchases recorded by the International Wheat Council amount to 493,851,000 bushels. Of this quantity Canada supplied 239,770,000 bushels, which represents 48.55 percent of the total sales registered. Thirty-six importing countries and nine exporting countries are now signatories to the Agreement.

WHEAT SURPLUS DISPOSAL

Anyone interested in western Canada must be conscious of the fact that its business life is greatly affected by the measure of prosperity enjoyed by the wheat producers of the three prairie provinces. They must also be aware that the wheat industry is dominated by wheat surpluses in the North American continent and of the efforts made not only to dispose of the wheat surplus but to control production. These efforts are largely those of the United States with its acreage control program and its wheat sales under Public Law 480.

Total wheat stocks in Canada have declined during the last three years while in the United States their total supply at July 1, 1960, reached an all-time high.

It is reported that of the volume of wheat exported by the U.S., 64% was made through the provisions of its surplus disposal program under Public Law 480. Recent changes in the Law provide for long term credit sales of farm surpluses. Commodities now may be delivered annually for periods up to ten years with payment of principal and interest made in dollars over a 20-year period. (IFAP News).

Canada's concern is that concessional sales may disturb normal markets. It is impossible to foretell the effect the agreement entered into between the United States of America and India will have on wheat exporting countries. Under this agreement approximately 587 million bushels of U.S. wheat will be shipped to India in the next four years. Payment will be made in rupees. The United States will pay back to India a portion of the rupees for economic development. Fifty percent will be as grants and 50 percent as loans. It is estimated that after having made the grants and loans an amount of \$200 million will accrue to the American Government and this will be used in various ways to finance American economic programs abroad. Broomhall says:

"The scope of the agreement is staggering both in regard to the amount of wheat involved and in regard to the amount of money which will be utilised. Unless we have read the agreement wrongly, it would seem that the entire proceeds are to be used in one way or another for foreign projects. In other words, we can, if we like, look upon the whole vast transaction as a subsidised exploit, the ultimate object of which must be either an eventual commercial gain through the building up of goodwill, or a move in the cold war against Communism."

We said in our report a year ago that the United States is serving a two-fold purpose in its programs for the disposal of surplus foods and as far as these programs take food to hungry millions they must be commended. Our great concern is that Canada's ability to export is not seriously affected and that friction between Canada and the United States can be avoided.

Wheat Utilization Committee

The Wheat Utilization Committee consists of representatives of Argentina, Australia, Canada, France, and the United States, these nations being the major wheat exporting countries. This Committee was established in May 1959, its main purpose being to increase the utilization of wheat while safeguarding the commercial interests of traditional exporting countries. At its third meeting held at Ottawa in July 1960, the Com-

mittee studied the report of a fact-finding commission which had visited Japan, India and Indonesia. The Committee also reviewed concessional wheat transactions, including gift shipments by Canada and Australia to Colombo Plan countries and the recent agreement entered into by the United States with India. The fourth meeting of the Committee will take place in October 1960, in Washington, U.S.A.

WORLD SUPPLIES AND EXPORTS

In keeping with the practice your board has followed for some years we include in our report statistics covering the salient features of the wheat industry. We give in summarized form information dealing with the production and distribution of wheat by the main exporting countries. Having gathered the statistics from various sources, we are particularly indebted to the Board of Grain Commissioners and the Dominion Bureau of Statistics.

Supplies

Supplies of wheat in the four major wheat exporting countries are approximately 9% above the volume on hand a year ago. The Dominion Bureau of Statistics estimate that 2,721.5 million bushels are available for export and carryover, an increase of some 221 million bushels above stocks held a year ago. The figures supplied picture the situation as it existed at the end of our grain year. They include the new crop harvested in the United States, but not the new crops in Canada, Argentina and Australia.

Exports

It is also reported that the same four major wheat producing countries exported 996 million bushels, compared to 939 million bushels in the 1958-59 crop year. The United States increased her exports substantially — by 64.2 million bushels. Shipments from Argentina were down by 29.5 million bushels. Australia's shipments increased by 39.1 million bushels, while shipments from Canada were decreased by 16.8 million bushels. During the year under review Canada exported 28% of the total, the percentage for the previous year being 31%.

EXPORTS OF WHEAT AND FLOUR IN TERMS OF WHEAT

From Four Principal Exporting Nations

(Dominion Bureau of Statistics)

Crop Year	Total	United States			Canada	Total	Canada's % of Total
		Argentina	Australia	— in million bushels —			
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	996.0	76.7	121.8	519.8	x277.7	28%	

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

CANADIAN GRAIN PRODUCTION

The Dominion Bureau of Statistics has revised its estimates of the grain crop produced in the 1959-60 crop year. Our purpose in quoting from this release is to provide a basis of comparison with the production of both the crop year under review and with statistics covering the long-time picture. It will be noted that there is a very slight variation between the preliminary and the revised estimate.

GRAIN PRODUCTION 1959

(Dominion Bureau of Statistics Latest Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
— in millions —				
Wheat	23.1	413.5	22.6	399.0
Oats	11.4	417.9	7.9	263.0
Barley	8.3	225.6	8.1	219.0
Rye	.51	8.1	.43	6.4
Flaxseed	2.2	17.7	2.1	17.5
Total	45.21	1,082.8	41.13	904.9

Similar data for the 1960-61 season (as forecast by DBS on August 31) are set out in the following table:

GRAIN PRODUCTION 1960

(Dominion Bureau of Statistics Preliminary Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
— in millions —				
Wheat	23.2	472.5	22.6	453.0
Oats	11.1	442.3	7.9	301.0
Barley	7.4	210.7	7.2	205.0
Rye	.54	10.1	.45	8.0
Flaxseed	2.8	26.1	2.8	25.9
Total	45.04	1,161.7	40.95	992.9

The wheat crop in 1960-61 is estimated for Canada at 472.5 million bushels. This prediction forecasts a crop which is 14% larger than last year's, but 5% below the ten-year average of 495.1 million (1950-59). For the prairie provinces the forecast of 453 million bushels is also 14% above last year's crop but it is 4% below the ten-year average of 471.3 million.

Farmers' Marketings

The ability of farmers to market their grain is determined by the available space in country and terminal elevators and this space in turn reflects the sales made both for export and for the domestic market. The total volume of the five principal grains marketed by producers in the prairie provinces was approximately 35 million bushels less than that delivered in the previous year and represents smaller marketings than in any year since 1949-50, ten years ago. The figures quoted below were supplied by the Board of Grain Commissioners.

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

	1959-60	1958-59	1957-58	1956-57
— in million bushels —				
Wheat	379.5	367.7	378.2	362.4
Oats	24.3	39.3	58.3	69.2
Barley	95.3	122.8	116.9	120.6
Rye	4.3	4.7	7.4	4.0
Flaxseed	14.0	17.5	15.3	29.0
Total	517.4	552.0	576.1	585.2

The figures showing the export sales of bagged seed wheat and farm to farm and farm to feeder sales are not included in the Board of Grain Commissioners' statistics. We are assured that farm sales to feeder and feed mills have increased substantially.

CANADIAN GRAIN EXPORTS

The preliminary review of the exports of Canadian grain and wheat flour issued by the Board of Grain Commissioners for Canada demonstrates that Canadian grain exports for the 1959-60 crop year totalled 352.4 million bushels, a drop in volume of approximately 25 million bushels. Rye was the only grain which shows exports in excess of those made in 1958-59. However, the total for the five principal grains exported, including wheat flour, exceeded the 30-year average by approximately 38 million bushels.

Total Grain and Milled Products Exported

	30-Year Average		
	1959-60	1958-59	1957-58
— in million bushels —			
Wheat (and flour)	272.1	288.9	248.3
Oats	5.6	7.0	25.0
Barley	57.7	64.4	31.7
Rye	4.5	3.2	5.6
Flaxseed	12.5	14.3	3.9
Total	352.4	377.8	314.5

In presenting this information the Board of Grain Commissioners has commented that the drop of 17.5 million bushels in wheat (not including flour) was accounted for mainly by reduced shipments to the United Kingdom, Germany and India. Shipments of Canadian wheat to Japan reached a record 45.7 million bushels, the highest volume ever imported by that country. The United Kingdom retained its position as leading buyer of Canadian wheat, followed by Japan, Germany and Belgium in declining order.

The exports of Canadian oats were at a low level resulting largely from the lack of an American market. The United States imports were 1.1 million bushels, down slightly from their purchases in the previous year. The export of Canadian barley at 57.7 million bushels substantially exceeded the 30-year average but was 6.7 million bushels below the sales made in 1958-59. Increased sales were made to the United States, to Poland, to Germany and the Netherlands, yet this increase did not compensate for the smaller sales made to the United Kingdom.

**Leading Buyers of Canadian Grain
Sales of Wheat, Oats, Barley, Rye and Flaxseed**

	1959-60	1958-59	1957-58	1956-57
— in million bushels —				
United Kingdom	130.3	152.6	149.1	130.5
Japan	49.6	50.3	51.5	50.1
Germany	32.1	37.9	32.0	47.8
Benelux Countries—				
Belgium and Netherlands	24.1	22.3	40.0	34.8
United States	22.3	17.1	53.4	51.2

CARRYOVER OF CANADIAN GRAIN

Stocks of the five major grains of Canadian origin in North American positions on July 31, 1960, is estimated by the Dominion Bureau of Statistics to be 760.3 million bushels; a decline of 6% from the carryover a year ago of 810.6 million bushels. This figure is, however, 9% above the average in the ten-year period 1950-59 of 695.1 million.

Details are set out in the following table:

Canadian Carryover as at July 31

	1960	1959	1958	Average 1950-59
Wheat	536.2	549.0	639.5	455.9
Oats	92.5	119.0	154.9	122.2
Barley	120.1	128.2	118.2	100.2
Rye	6.8	7.9	10.1	12.6
Flaxseed	4.7	6.5	5.7	4.2
Total — 5 grains	760.3	810.6	928.4	695.1
On farms	221.3	271.9	403.4	278.3
Commercial	539.0	538.7	525.0	416.8

Of particular interest is the statistic showing stocks of grain held on farms. Approximately 50 million fewer bushels of the five principal grains were on farms at the end of the 1959-60 crop year compared to the previous season.

Farm Carryover in Canada

	1960	1959	10-Year Average
— in million bushels —			
Wheat	81.7	130.0	140.7
Oats	72.0	80.0	82.4
Barley	63.0	57.0	47.4
Rye	3.8	3.4	6.6
Flaxseed	.8	1.5	1.2
Total	221.3	271.9	278.3

It is estimated by the Dominion Bureau of Statistics that of the 221.3 million bushels of farm stocks approximately 87% of the grain was in farm granaries in the prairie provinces.

Man. Sask. Alberta Total

	Man.	Sask.	Alberta	Total
— in million bushels —				
Wheat	8.0	51.0	21.0	80.0
Oats	10.0	18.0	20.0	48.0
Barley	11.0	28.0	22.0	61.0
Rye	.6	2.0	1.0	3.6
Flaxseed	.1	.4	.4	.9
Total	29.7	99.4	64.4	193.5

FARM INCOME

A study of the statistics indicating both cash and net farm income does nothing to relieve our anxiety over the difficult financial position in which many farmers associated in our member organizations find themselves. There are several causes for this steadily deteriorating position, the dominant ones being beyond the ability and control of the individual farmer. We believe that our concern is shared by many people engaged in the distributive trades. These people, too, recognize that the decline in purchasing power of agriculture seriously affects Canada's industry. It is trite to say that quoting statistics, illustrating the farm income situation, does nothing to solve the problem; it merely presents a situation for all to see.

The Dominion Bureau of Statistics estimates that the total farm cash income in the calendar year 1959 amounted to \$2,808 million, slightly below the revised figure for 1958 of \$2,873.4 million. This total figure covers the income from the sale of farm products, together with participation payments, from supplementary and deficiency payments and net cash advances on farm stored grains. The Bureau states that the returns from the sale of field crops were about the same in 1959 as in the previous year while income from the sale of livestock and animal products was a little lower. Returns from the sale of wheat (including participation payments) during the year ended December 31, 1959, amounted to \$494,930,000. The comparable figure for the previous year was \$499,760,000.

Supplementary payments amounted to \$22 million, largely attributed to payments under the provisions of the Prairie Farm Assistance Act. Supplementary payments in 1958 approximated \$60 million, the difference being accounted for by a payment made to western grain producers in the form of acreage payments.

**PRELIMINARY ESTIMATE OF FARM CASH
INCOME FROM THE SALE OF CEREAL GRAINS
AND FLAXSEED IN THE
THREE PRAIRIE PROVINCES**

	Dominion Bureau of Statistics—		
	1959	1958	1957
— in thousand dollars —			
Wheat	\$414,904	\$418,687	\$365,920
Wheat, CWB Payments	72,662	64,258	79,314
Oats	14,452	21,487	31,239
Oats, CWB Payments	2,072	—	—
Barley	81,856	78,958	75,017
Barley, CWB Payments	6,121	7,570	24,990
Rye	4,697	5,229	3,724
Flaxseed	48,669	35,804	57,680
Total	\$645,433	\$631,993	\$618,884

Net farm income is stated by the Dominion Bureau of Statistics to be \$1,191,870,000, a decline of \$161 million from the previous year, a decrease of 11.9% in the 1959 net income compared with that of 1958. The net income from farming oper-

ations has exceeded that of 1959 in each of the last twelve years with two exceptions, these being 1957 and 1954.

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	640.5	712.5	1,353.0
1959	582.9	608.9	1,191.8

It is estimated by the Bureau that the total farm operating expenses and depreciation charges in 1959 were 5.3% above the figure for 1958, and 10.8% above the figure for 1957. The estimates are given as follows:

\$1,890.5 million in 1959
\$1,795.8 million in 1958
\$1,706.4 million in 1957

PRAIRIE FARM ASSISTANCE ACT

Each year we are pleased to include in our report information covering the levies and the awards made under the prairie Farm Assistance Act. An analysis of these figures reflects to a degree the income position of the grain growers of the three prairie provinces. The levies paid in the 1959-60 crop year amounted to \$6,326,923.98, which is approximately \$347,000 less than the amount paid in 1958-59. The lower levy can be attributed to any one of three factors or a combination of them — fewer bushels marketed, lower grades, lower prices. Regardless of the reason the cash returns to farmers in the 1959-60 crop year were nearly \$35 million less than the amount received in the previous year. Payments made during the crop year under review amounted to \$20,429,462.50 and the number of awards made was 68,427.

1959-60 CROP YEAR

	1% Levy	Awards	Payments
Manitoba	\$ 961,496.49	9,233	\$ 1,875,916.50
Saskatchewan	3,671,561.96	42,404	13,652,058.50
Alberta & Peace River Block	1,693,865.53	16,790	4,901,487.50
Total	\$ 6,326,923.98	68,427	\$ 20,429,462.50

1939-40 TO 1959-60

	1% Levy	Awards	Payments
Manitoba	\$ 18,002,093.93	107,997	\$ 17,004,469.77
Saskatchewan	68,307,857.15	684,428	167,439,847.08
Alberta & Peace River Block	33,982,016.75	314,139	63,764,027.80
Unallocated	20,145.26	—	—
Total	\$120,312,113.09	1,106,564	\$248,208,344.65

CONCLUSION

The times in which we live are fast-moving, challenging and critical. It is of prime concern to your board, as it must be to the members of our organizations, to gauge the effect the changing scene will have on western Canadian agriculture.

The year under review recorded numerous worldwide events which will leave their mark in history. We watch with deep interest, even with fear, the struggle men and nations are making to secure the basic freedoms; yet we see vast numbers of the world's population losing their right of self-government when dictatorship usurps power.

These events cannot be ignored, for if the trend persists it will adversely affect all people who believe in democracy and co-operation. In these dangerous years it is of particular and immediate importance for us to determine in what ways we, as co-operators and Canadians, can influence these trends. Your board is convinced that the abundance we enjoy can be shared with less fortunate people; that the world situation requires Canadians to devise programs under which our skills and our wealth can assist them.

A year ago we stated that while the present financial situation of grain growers in western Canada was deteriorating the long-time prospect justified confidence. This situation persists. It is illustrated by the fact that while net farm income has declined, a strong demand for grain producing farm lands has resulted in higher land prices. There can be no doubt that this confidence is inspired by the belief that there will be a growing demand for the products of these farms and that the maintenance of agriculture on a stable financial basis will be possible. Your board regrets that the immediate prospect for Canada's grain producers is clouded by a number of disturbing factors.

The members of the three Wheat Pools have reason for satisfaction. They have built co-operative enterprises of which they can be proud. Constant vigilance is the first requisite of the members in maintaining the efficiency of these businesses and to provide extended services for their benefit. The second is to unify these resources and harmonize their efforts so that these co-operatives become an instrument through which programs can be designed for the protection of the farmer as owner of his land.

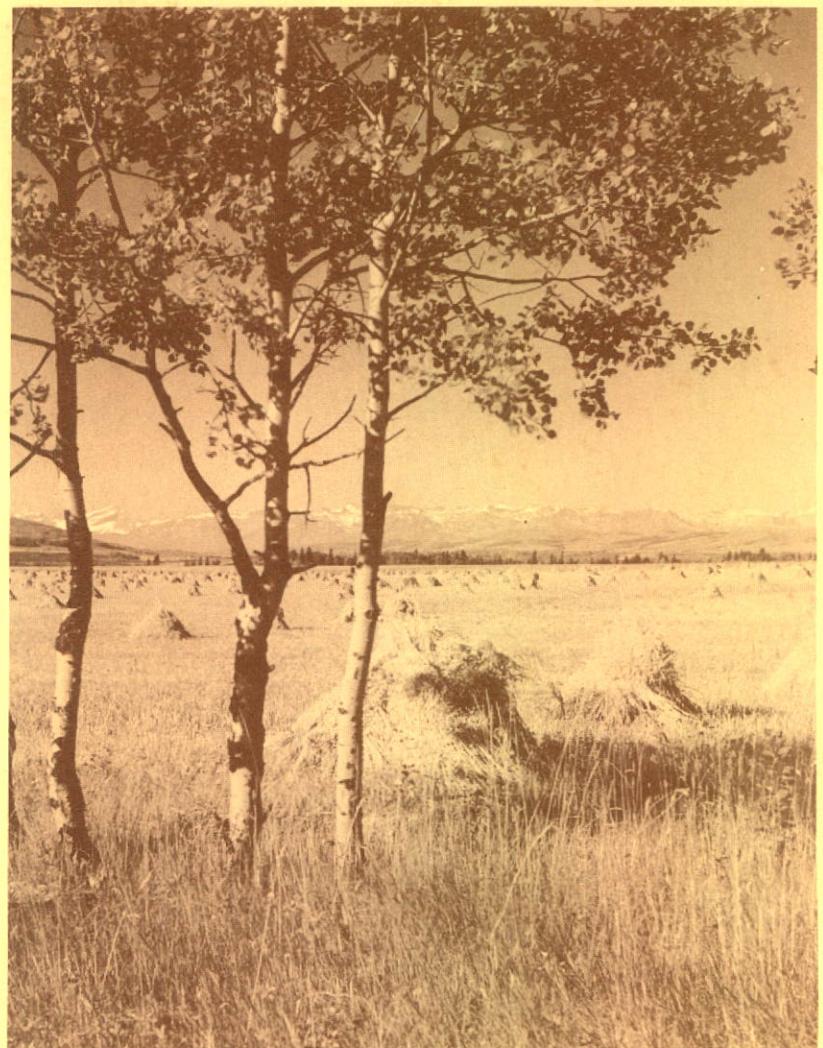
Respectfully submitted,

Executive { JOHN H. WESSON
W. J. PARKER
G. L. HARROLD

THOS. G. BOBIER
W. J. BLAIR
HAROLD B. SNEATH
CHAS. W. GIBBINGS
N. MALM
GREGOR G. JAMIESON



*A huge lake vessel taking on winter cargo
at the Alberta Wheat Pool's Port Arthur terminal*



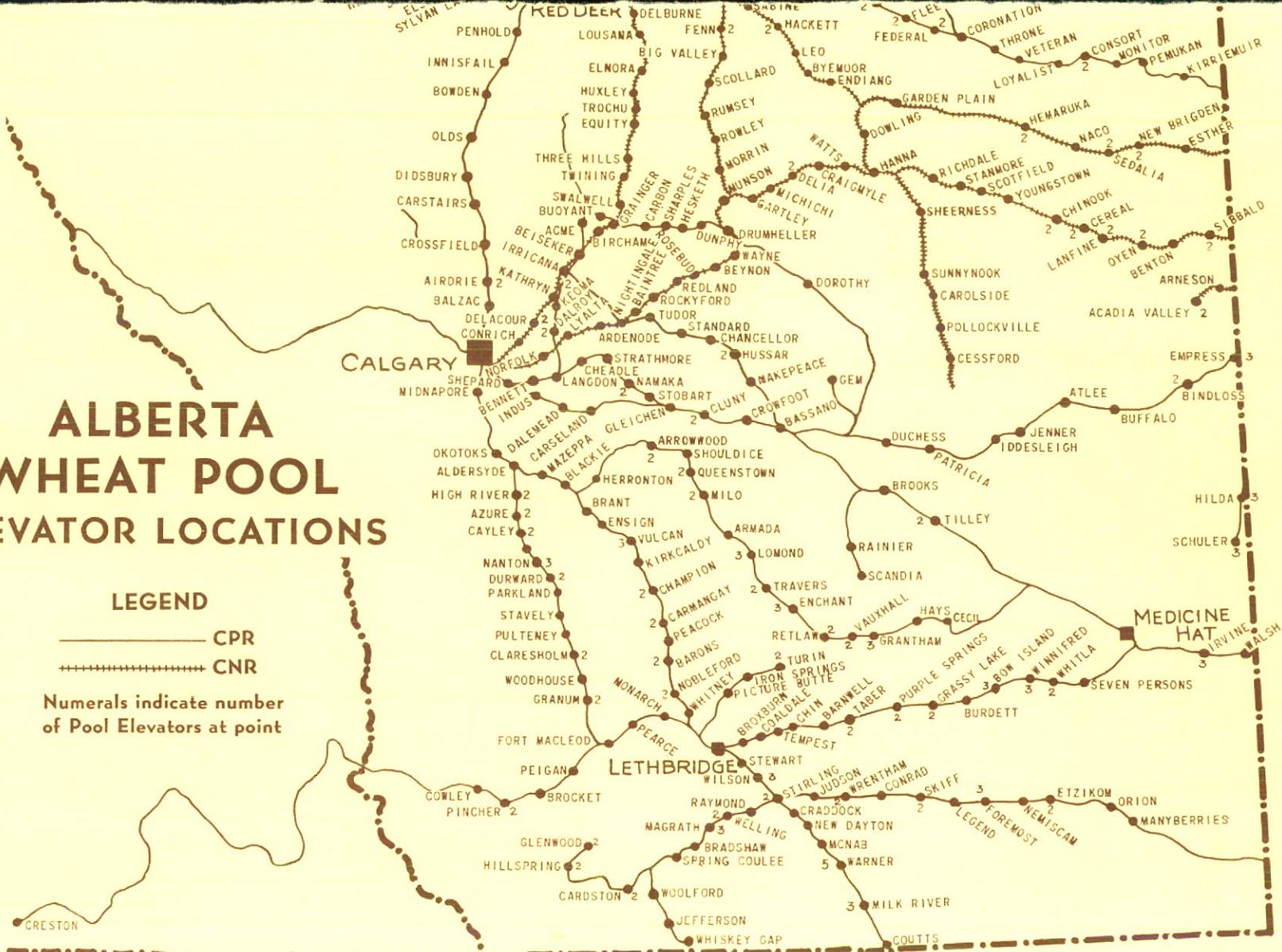
**Open out for
Alberta Map**

ALBERTA WHEAT POOL ELEVATOR LOCATIONS

LEGEND

- CPR
- CNR

Numerals indicate number of Pool Elevators at point



PEACE RIVER AREA

