



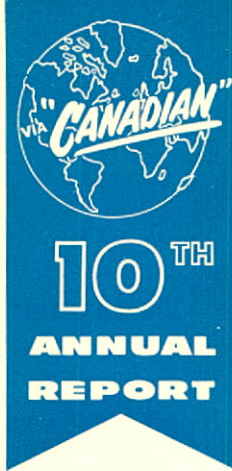
10TH
ANNUAL
REPORT

FOR THE YEAR ENDED
MARCH 31, 1960

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CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION





BOARD OF DIRECTORS

CHAIRMAN	D. F. BOWIE	<i>Town of Mount Royal, Que.</i>
	N. E. HARDY	<i>Toronto, Ont.</i>
	G. E. MARTIN	<i>Halifax, N.S.</i>
	P. PELLETIER	<i>Montreal, Que.</i>
	G. P. PURCELL	<i>Toronto, Ont.</i>
	J. HAMILTON (Until March 14th, 1960)	<i>Vancouver, B.C.</i>

MANAGEMENT

D. F. BOWIE *President and General Manager*

R. G. GRIFFITH, P.Eng. *Vice-President and Chief Engineer*

G. M. WATERHOUSE, C.A. *Comptroller*

J. R. LAMB *Traffic Manager*

C. S. GREGORY *Secretary*

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL

THE PRESIDENT'S REPORT

June 22, 1960.

Honourable George H. Hees,
Minister of Transport,
Ottawa, Canada.

Sir,

The Tenth Annual Report, covering the fiscal year April 1st, 1959 to March 31st, 1960, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31	
	1960	1959
Income	\$5,777,932	\$4,773,194
Interest on Government Advances	528,790	446,206
Income Tax	938,407	565,426
Net Profit for Year	947,638	625,703

Financial Statements for the twelve months ended March 31, 1960, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

REVENUE

Overall revenue increased by 21% compared with the previous year. The following schedule illustrates the percentage of increase realized by the Corporation's services:

Telegraph	5%
Telephone	20%
International Telex	106%
Leased Circuits	22%
Programme Transmissions	56%
Picture Transmissions	165%

SERVICES

TELEGRAPH

The increase in telegraph revenue is considered to be satisfactory and indicates a continuing healthy condition because, as will be seen from subsequent comments under other sub-headings, much more use is being made of our telephone, telex and leased circuit services. All of these compete directly with the public message telegraph service and may ultimately bring about a condition of diminishing revenue from this service.

TELEPHONE

All telephone services — Trans-Atlantic, Trans-Pacific, Newfoundland and West Indies — produced substantial revenue increases.

TRANS-ATLANTIC

Demand continues to rise and it is apparent that, with the limited capacity available to us in the first Trans-Atlantic Telephone Cable, additional congestion will develop during peak hours and will continue until the situation is relieved in the Fall of 1961 when the new Canada-United Kingdom telephone cable system will be completed and brought into operation. All possible use is being made of radio facilities when propagation conditions are satisfactory in order to relieve the condition during the intervening period.

TRANS-PACIFIC

Public telephone requirements between Canada and Australia and New Zealand continued to increase. Service with Japan was commenced on a new radio link in November 1959 and results so far are most encouraging.

NEWFOUNDLAND

Still more circuits have been and are being brought into operation in order to handle the business being offered.

WEST INDIES

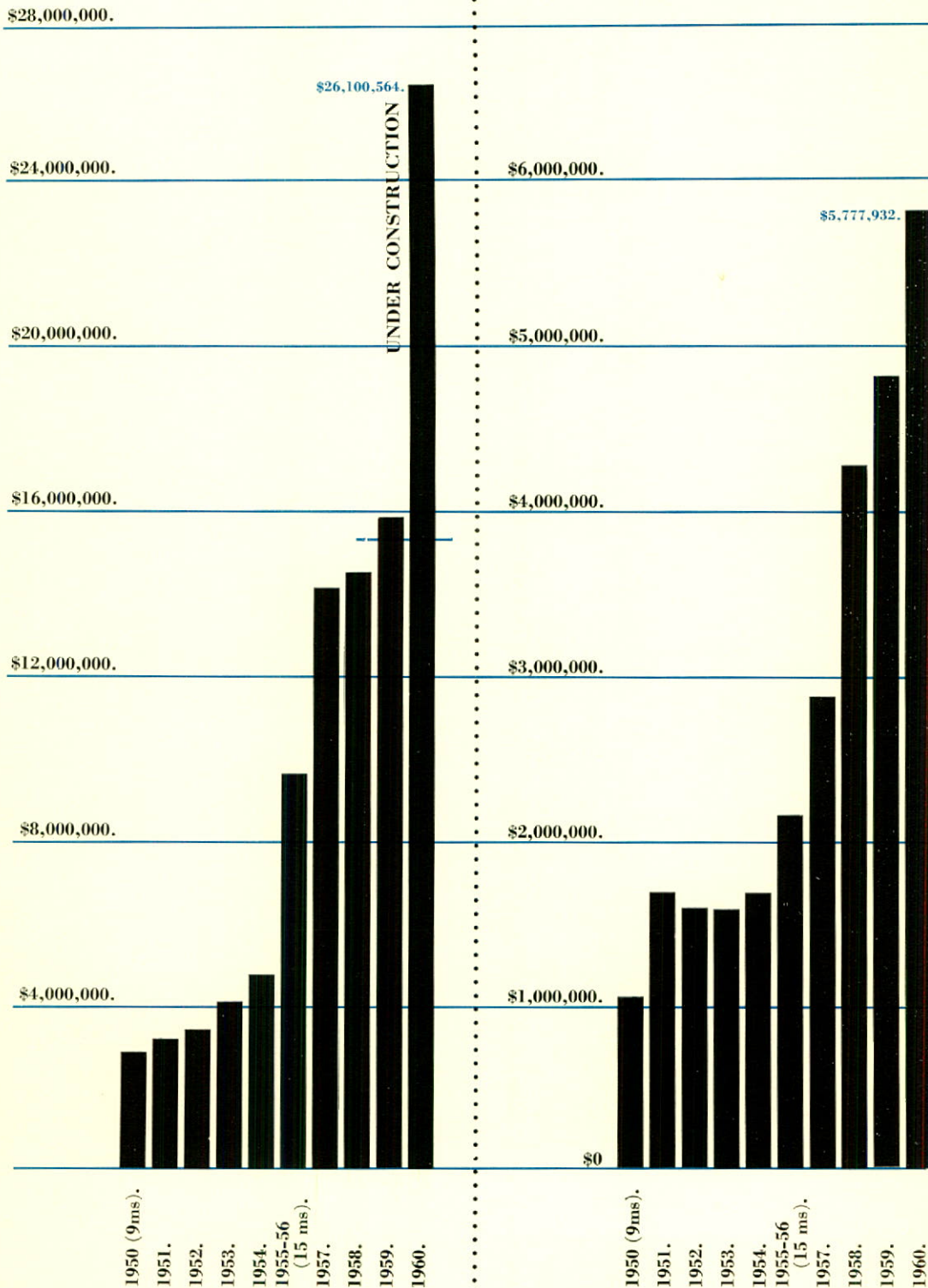
Although not a major source of income, revenues continued the upward trend experienced in telephone services generally.

ST. PIERRE AND MIQUELON

Radiotelephone service was inaugurated in November last.

CAPITAL INVESTMENTS

ANNUAL REVENUE

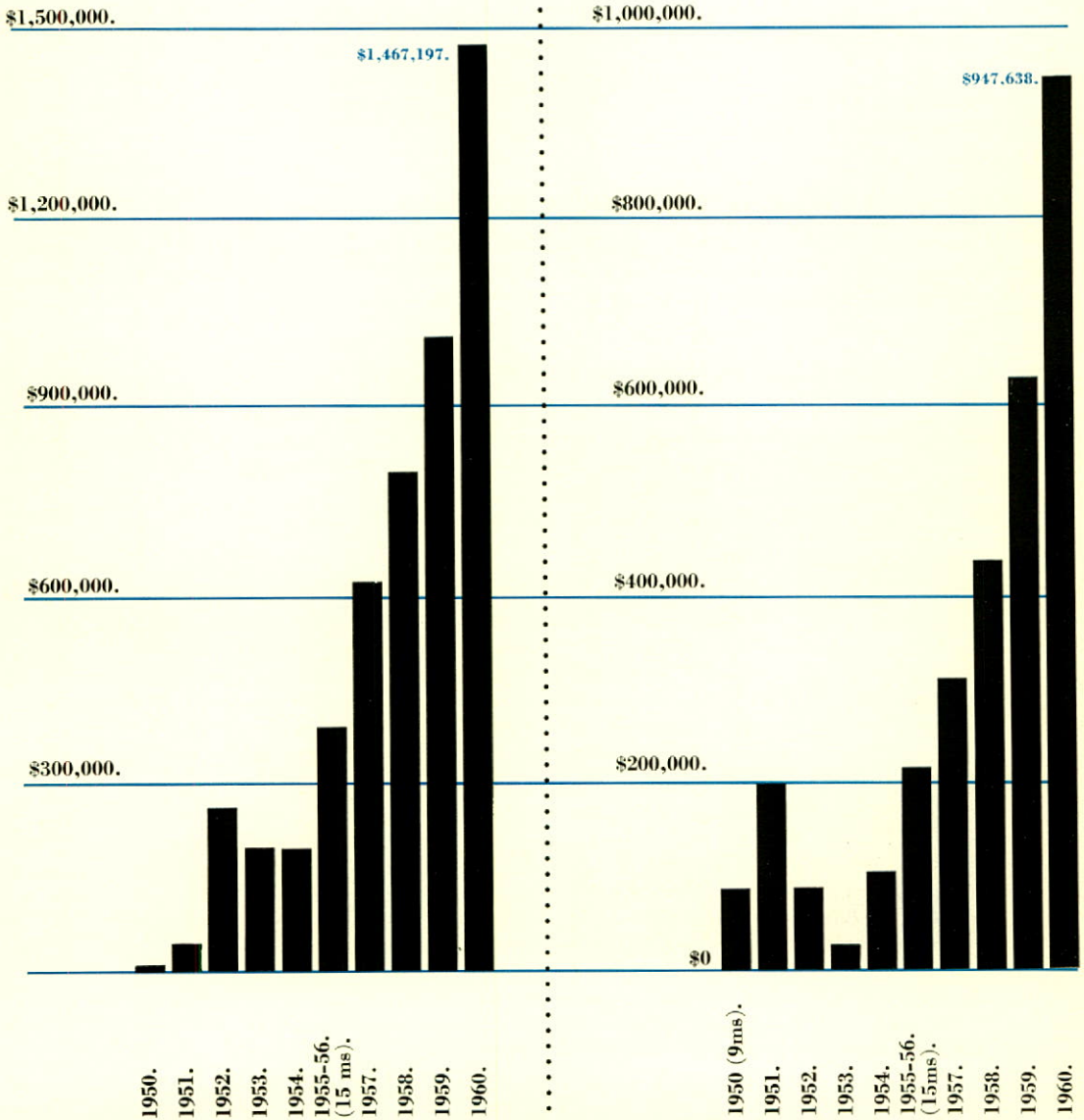


FISCAL YEARS

INTEREST AND INCOME TAX

(Paid to Receiver General of Canada)

NET PROFIT



FISCAL YEARS

THE PRESIDENT'S REPORT (CONTINUED)

INTERNATIONAL TELEX

Results over the year far exceeded expectations and a satisfactory growth has been maintained during the months succeeding the end of the fiscal year under review.

LEASED CIRCUITS

The use of this type of service is steadily developing and when our new cable comes into operation in 1961 we shall have ample capacity to meet anticipated Trans-Atlantic requirements.

PROGRAMME TRANSMISSIONS

The high quality voice transmissions provided under this heading, which are mainly used for broadcast purposes, were in greater demand. The trend is expected to continue.

PICTURE TRANSMISSIONS

Arising from the visit to Canada of Her Majesty The Queen, H.R.H. Prince Philip and the President of the United States for the opening of the St. Lawrence Seaway, there was heavy use of this facility by the Press. This would have been even greater had not labour problems in the United Kingdom at that time compelled British papers to cut down on the volume of material which they could publish.

GENERAL

Manufacture of cable and repeaters for the Canada-United Kingdom cable is proceeding and completion of the system is scheduled for the Fall of 1961. Contracts have been placed for the Canada-Greenland-Iceland cable system and the opening of operations is planned for the Fall of 1962. Buildings in Cornerbrook, Newfoundland and at Grosses Roches, Quebec, designed to accommodate the terminals of these systems, have been completed by the builders and taken over by the Corporation. Terminal equipment installation is now taking place.

On the invitation of the Government of Australia, a conference was held in Sydney, N.S.W., commencing on September 28th, 1959, and which was attended by representatives of Great Britain, New Zealand, Australia and Canada. It was called for the purpose of studying the practicability of a trans-Pacific telephone cable system between Vancouver Island and New Zealand and Australia which is to become a segment of the Commonwealth round-the-world telephone cable network, as recommended by the Commonwealth Telecommunications Conference 1958. Arising from discussions, recommendations were subsequently made to the Governments of the four countries concerned who have approved them. Detailed planning and engineering are now proceeding and completion of this segment is expected early in 1964.

TEN YEAR REVIEW

It seems appropriate, at the conclusion of our first ten years of operations, to make a general review of progress during this period. The pillar graphs included in the report clearly indicate the financial changes which have taken place over the years but they do not show the service improvements which have been made since the inception of the Corporation.

In 1950 we took over the overseas telecommunications services and the facilities within Canada previously owned and operated by Cable and Wireless Limited and Canadian Marconi Company. Whilst these had been reasonably adequate to meet normal requirements up to that time, it subsequently became clear that considerable expansion of facilities was imperative if we were to cope with the demands for service which would obviously ride along with or even ahead of the expansion of Canadian international trade and relations. A suitable programme was therefore prepared and carried out.

The following resume of changes and additions serves to indicate the extent of the improved services now available to the public:

- i) Additional installations at Drummondville and Yamachiche, Que., for the purposes of direct radiotelegraph communication between Canada and France, Italy and Germany.
- ii) A new cable station at St. John's, Nfld., and renewal of the direct Canada-United Kingdom telegraph cable.
- iii) New radio sending and receiving stations at Cloverdale and Ladner, B.C., providing direct radiotelegraph, radiotelephone, telex and picture transmission services with Australia, New Zealand and Japan.
- iv) Bamfield cable operating station abandoned and the two Pacific telegraph cables extended to a new automatic relay station at Port Alberni, B.C., this change resulting in substantial economies as well as more efficient operations.
- v) New terminal operating building at Vancouver.
- vi) New Head Office building in Montreal in which is housed the main operating centre.
- vii) In collaboration with the British Post Office and American Telephone and Telegraph Company, the first Trans-Atlantic Telephone cable was constructed and installed and brought into service in 1956, presently providing for Canada 13 high quality voice circuits and 22 telegraph circuits and permitting the following important developments:
 - a) greatly improved overseas telephone service;
 - b) international telex with 46 countries;
 - c) high fidelity programme services to and from the United Kingdom and Europe;
 - d) first class picture transmissions which enabled Canada to share with the United Kingdom the honour of producing the first trans-Atlantic Slow Scan television pictures on the occasion of the visit to Canada of Her Majesty The Queen in 1959;
 - e) capacity for privately leased circuits;
 - f) provision of adequate telephone capacity between the Mainland and Newfoundland — now comprising 24 circuits;
 - g) provision of facilities to meet defence and government communication requirements.

PROJECTS IN THE COURSE OF PLANNING AND CONSTRUCTION

Canada-United Kingdom 80 circuit telephone cable due for completion in 1961.

(A joint project with the United Kingdom)

Canada-Greenland-Iceland 24 circuit telephone cable due for completion in 1962 — primarily to meet the North Atlantic communications needs of International civil aviation.

(A joint project with the Great Northern Telegraph Company of Denmark)

Canada-New Zealand-Australia 80 circuit telephone cable due early in 1964.

(A joint project with the United Kingdom, Australia and New Zealand)

With these new facilities all coming into service within the next four years we can look to the future with confidence in the knowledge that provision has been made for foreseeable requirements and that we may anticipate continuing satisfactory returns.

STAFF

The Agreement with our technical and operating employees expired on September 30th, 1959, and a new agreement was written covering the period ending September 30th, 1960. The Agreement with our clerical staff expired on March 31st, 1960, and a new contract was written covering the period ending March 31st, 1961.

ACKNOWLEDGMENT

It is once again a great pleasure to include a special expression of appreciation to all our officers and staff for their excellent efforts and co-operation during the past year.

A handwritten signature in black ink, appearing to read "J. B. Lewis". The signature is written in a cursive style and is positioned above a horizontal line.

President.

OFFICERS

F. A. SMITH
Deputy Chief Engineering

C. A. O'BRIEN
Manager, Public Relations

K. L. SPARK
Technical Superintendent

L. A. HARROLD
Property Manager

E. J. RYALL
Assistant Traffic Manager (Tariffs)

H. L. BISAILLON
Assistant Traffic Manager (Traffic)

T. E. LADEROUTE
Special Studies

A. R. CARDNO
Superintendent of Operations

J. E. WINCHCOMBE
Manager of Personnel

A. W. QUIRK
Purchasing Agent

BRANCH OFFICES

C. H. RYDE, *Manager, St. John's, Nfld.*

W. D. FOWLIE, *Manager, Halifax, N.S.*

J. B. HICKS, *Manager, Toronto, Ont.*

C. H. R. BIRD, *Station Manager, Yamachiche, Que.*

E. A. McWILLIAM, *Station Manager, Drummondville, Que.*

J. W. PERRY, *Manager, Vancouver, B.C.*

G. M. ATKINS, *Manager, Ladner, B.C.*

G. H. CUNNINGTON, *Manager, Winnipeg, Man.*

CANADIAN OVERSEAS TELECO

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BALANCE SHEET AS

(with comparative figures

ASSETS	1960	1959
Cash	\$ 1,593,919	\$ 910,742
Treasury Bills of Canada	3,984,870	—
Accounts Receivable	847,334	826,259
Estimated amount recoverable from Commonwealth Network	119,238	541,412
Prepaid Expenses—Inventories of operating supplies, stationery, etc., at cost	118,552	120,731
Cash and Investments held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra)	779,821	699,850
Capital Assets, at cost:		
Land, with improvements	\$ 1,031,224	1,012,034
Buildings	3,989,768	3,976,533
Trans-Atlantic telephone cable systems (including cable systems under construction, \$10,792,791)	15,116,580	4,994,254
Transmitters, receivers and other technical equipment	5,757,054	5,580,166
Office furniture and equipment, etc.	205,938	236,360
	26,100,564	15,799,347
Less: Accumulated provisions for depreciation	2,952,465	2,441,496
	23,148,099	13,357,851
	30,591,833	16,456,845

Certified: (Sgd.) D. F. BOWIE,
President and General Manager.

Approved: (Sgd.) G. E. MARTIN,
Director.

(Sgd.) PAUL PELLETIER,
Director.

COMMUNICATION CORPORATION

TELECOMMUNICATION CORPORATION ACT)

AT MARCH 31, 1960

as at March 31, 1959)

	LIABILITIES	1960	1959
Accounts Payable		\$ 3,808,187	\$ 614,343
Provision for Income Tax		621,668	336,609
Cumulative Reduction in Income Tax, deferred to future years		203,505	167,333
Provision for actuarial deficiencies in pension funds for em- ployees participating in pension plans of predecessor company		779,821	699,850
		<hr/> 5,413,181	<hr/> 1,818,135
Capital:			
Advances from the Government of Canada under section 14 of the Act	\$22,589,544		12,978,883
Surplus, per Statement of Surplus	2,589,108		1,659,827
		<hr/> 25,178,652	
		<hr/> <hr/> 30,591,833	<hr/> <hr/> 16,456,845

Certified in accordance with my report dated June 14, 1960 to the Minister of Transport, under section 87 of the Financial Administration Act.

A. M. HENDERSON,
Auditor General of Canada.

CANADIAN OVERSEAS TELECO

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1960 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED MARCH 31, 1959)

	1960	1959
Income—		
Telegraph, telephone, telex, circuit rentals, etc.	\$ 5,777,932	\$ 4,773,194
Expense—		
Operating salaries and wages	\$ 1,542,049	1,425,430
Administrative salaries	352,662	335,700
Employees' welfare benefits	181,476	166,965
Rental of circuits, etc.	854,694	803,892
Operation and maintenance of Head Office building	241,761	228,313
Provisions for depreciation	628,014	614,048
Miscellaneous	848,573	881,789
	4,649,229	4,456,137
Add: Corporation's share of Commonwealth Network expenses (estimated)	1,890,904	1,675,023
	6,540,133	6,131,160
Deduct: Portion of expenses applicable to Commonwealth Network	2,648,246	2,549,095
	3,891,887	3,582,065
Profit before Provision for Income Tax	1,886,045	1,191,129
Deduct: Provision for Income Tax	938,407	565,426
Net Profit for Year	947,638	625,703

Note: Included in the above expenses for 1960, are: remuneration of executive officers, \$73,706; directors' fees, \$1,300; and legal expenses, \$302.

COMMUNICATION CORPORATION

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1960

Balance as at April 1, 1959	\$ 1,659,827
Deduct: Prior years' adjustments	18,357
	<hr/>
	1,641,470
Add: Net profit for the year ended March 31, 1960 per Statement of Income and Expense	947,638
	<hr/>
Balance as at March 31, 1960	<u>2,589,108</u>

AUDITOR'S REPORT

Ottawa, June 14, 1960.

The Honourable George Hees,
Minister of Transport,
Ottawa.

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1960. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- a) proper books of account have been kept by the Corporation;
- b) the financial statements of the Corporation
 - i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General.

