



*Canada  
1967*

# 17<sup>th</sup> Annual Report

FOR THE YEAR ENDED MARCH 31, 1967

**CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION**



"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX  
24 HOURS • TELEGRAMS • LEASED CIRCUITS



## BOARD OF DIRECTORS

<i>Chairman</i> D. F. BOWIE	President and General Manager, Canadian Overseas Telecommunication Corporation, Montreal, Que.
R. M. BROPHY	President, Canadian Motorola Electronics Co. Ltd., Toronto, Ont. (term expired December 26, 1966)
G. S. COWAN, Q.C.	Partner, Stewart, MacKeen & Covert, Halifax, N.S. (resigned August 1, 1966)
H. HUSBAND	President, Victoria Machinery Depot Company, Victoria, B.C. (term expired March 14, 1967)
R. G. LEFRANÇOIS	President, Nordair Limited, Montreal, Que.
R. R. LEVINE	Director, Canadian Converters' Co. Ltd. Montreal, Que. (appointed November 8, 1966)
W. S. PIPES	Vancouver, B.C. (appointed March 23, 1967)
G. P. PURCELL	General Manager, The Canadian Press, Toronto, Ont.
R. THERRIEN	Consulting Engineer, Réal Therrien & Associés, Quebec, Que.

## MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>
E. ELIASSEN, M.Sc., P. ENG.	<i>Assistant General Manager, Engineering</i>

**CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION**

625 BELMONT STREET, MONTREAL 3

## THE PRESIDENT'S REPORT

June 22, 1967

HONOURABLE J. W. PICKERSGILL,  
MINISTER OF TRANSPORT,  
OTTAWA.

Sir,

This, our Seventeenth Annual Report, covering the fiscal year ended March 31st, 1967, is submitted on behalf of the Board of Directors.

### 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 1967	1966	increase/ decrease over 1966
Income - - - - -	\$21,212,533	\$17,967,279	18%
Depreciation - - - - -	5,282,439	4,828,252	9%
Interest on Government Advances -	2,554,838	2,686,495	(5%)
Income Tax - - - - -	3,529,413	2,540,259	39%
Net Profit for year - - - - -	3,549,713	2,560,559	39%

Financial Statements for the twelve months ended March 31st, 1967, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases/decreases in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	(5%)
Telephone - - - - -	14%
International Telex - - - - -	23%
Leased Circuits - - - - -	31%

## GENERAL

The year under review produced a continuation of growth in overseas telecommunications and a corresponding rise in revenues. Earlier provision of facilities, however, enabled us to accommodate rising demands and quality of service was maintained at a high level even though the rate of growth during the year was rapid. Our planning for the future takes into account not only the experience gained during the past few years but also anticipated developments and growth factors in other countries and our expanding relations with them.

One step which has already been taken to cope with the accelerating growth in telephone service was the purchase of Time Assignment Speech Interpolation equipment which, by means of high speed switching at the two ends of the system, virtually doubles the usable capacity of circuits. It is expected that this equipment will be installed and ready for service in the fall in Montreal and London and Vancouver and Sydney, Australia, for trans-Atlantic and trans-Pacific operations respectively.

In the trans-Atlantic area, we made substantial use of the Satellite System as all cable capacity became fully occupied. In terms of utilization of satellite circuits, Canada is, in fact, the largest per capita user of the system. The earth station constructed for the Department of Transport at Mill Village, N.S. and which the Corporation operates, was brought into service for commercial use and, pending the introduction of suitable multiple-access capability in the Satellites, now alternates on a schedule basis with the American station at Andover, Maine, in handling all North American-European traffic routed via Satellite — appropriate arrangements having been made with the Communications Satellite Corporation (COMSAT) to that end. Canadian circuits in the Satellite System are now operated with Britain, France, Italy, Germany, Switzerland, the Netherlands and Belgium. Our share of the total costs of maintaining and operating the Space Segment of the Satellite System together with our earth station costs and the rentals for rearward connections between Mill Village and Montreal remained, as expected, in excess of the revenues derived from our use of the System. Within the next year or so, this position should be reversed.

Bids were received from a number of manufacturers for a second earth station to be located at Mill Village, N.S., and a contract has been placed with a Canadian supplier. When this new station is completed, the original one will be used by the Department of Transport for its intended purpose of research and experimentation but it will remain available to the Corporation as standby for commercial requirements.



## THE PRESIDENT'S REPORT (CONTINUED)

A Satellite was placed in orbit over the Pacific during the month of January but, with some capacity still available to us in the COMPAC (trans-Pacific) Cable, it was not necessary for us to use it. We do, however, anticipate having to do so in the not too distant future and, initially, we would expect to connect with it through the American earth station at Brewster Flat, Washington. In due course, consideration will have to be given to the erection of an earth station in Canada near the West Coast for expanding trans-Pacific operations.

The South East Asia Commonwealth Cable (SEACOM) was completed and it was opened for service on March 30th by Her Majesty the Queen. The Honourable Robert H. Winters, Minister of Trade and Commerce, acting for the Prime Minister, participated in the opening ceremonies on behalf of Canada and engaged in conversations with the Prime Ministers of Malaysia and New Zealand, the acting Prime Ministers of Australia and Singapore and the Secretary of State for Commonwealth Affairs for Britain. Consequently high quality telephone service is now available between Canada and a number of countries in South East Asia. The opening of SEACOM marked the completion of the third segment of the Commonwealth Telephone Cable System which stretches over approximately 23,000 miles — between Britain, Canada, Hawaii, Fiji, New Zealand, Australia, New Guinea, Guam, Hong Kong, Malaysia and Singapore. Pending further appraisal of the capability of a complete global satellite system to satisfy foreseeable world-wide requirements, consideration of extensions to this cable chain is being held in abeyance.

The 80-channel cable system between the United States and Bermuda, in which the Corporation has the right of user of 16 circuits, is operating to capacity and a decision was taken to lay a new multi-channel cable between Canada and Bermuda to provide much needed relief. The cable will land in Canada in the vicinity of and will terminate in the Mill Village, N.S., satellite earth station. This will permit simple interconnection of the satellite and cable systems — the first case of such an arrangement anywhere in the world. It will ensure important economies in buildings, staffing and maintenance. The project is scheduled for completion early in 1969.

A multi-channel cable between Bermuda and Tortola, B.W.I., constructed by our associate, Cable and Wireless (West Indies) Limited, was opened on September 14th and this, with extensions therefrom to the principal islands in the East Caribbean area by the means of a tropospheric scatter network, now makes available high quality service between Canada and the islands in that area.



Additional equipment has been installed and put into service to cater for the substantial growth in telex calling as well as in preparation for the extension of automatic working with more and more countries and of subscriber-to-subscriber dialling in the near future.

Installation of the fully automatic telegraph message switching centre at Montreal was completed and it is now undergoing final acceptance testing. As indicated in last year's Report, this will provide automatic routing of telegraph traffic in both directions through Montreal to its ultimate destination, thus greatly increasing efficiency and reducing operating costs.

The C.C.G.S. John Cabot, the icebreaker-cablesip under charter to the Corporation from the Department of Transport, had a busy year — her activities including a number of repairs, surveys of cable landings in Nova Scotia and Bermuda and some charter work for the American Telephone and Telegraph Company with respect to trial burying of cables on the Continental Shelf to provide protection against trawlers. The results of the latter, although in different waters, encourage the hope that it may in fact prove possible to bury cables in the ocean bed on the Continental Shelf off Newfoundland and thus eliminate the trawling hazard which has plagued cables in that area for a century.

A major step in the direction of providing cheaper overseas telephone service was taken early in 1967 with the introduction of station-to-station calling between Canada and Britain and a number of Continental European countries. This action, after agreement had been reached between the responsible carriers in the countries concerned, brought about reductions in rates of up to 25%. It is expected that, with the pattern thus set, other countries will follow suit as more facilities are made available to accommodate the growth expected from the application of lower rates.

## SERVICES

### TELEGRAPH

There was a decrease of 5% in total telegraph revenues although traffic originating in Canada increased by 7% — the decrease being the result of a further reduction in the amount of transit traffic being handled. In addition, a modification in the financial arrangements agreed at the Commonwealth Telecommunications Conference 1966 caused a redistribution of some revenue from this source.

## THE PRESIDENT'S REPORT (CONTINUED)

### TELEPHONE

Telephone service revenues increased by 14%, important increases arising in all relations: Trans-Atlantic — Trans-Pacific — Bermuda — Jamaica and South America. It is expected that this trend will continue.

### TELEX

Revenues derived from international telex calls increased by 23%. This would appear at first sight to be a slowing down in the rate of growth during recent years but this is accounted for by the reduction in the minimum charge from that for three minutes to that for one minute in our relations with Britain and West Germany — the two biggest streams of traffic. The percentage increase in the total number of calls was much higher at 61%.

### LEASED CIRCUITS

In this area a substantial increase of 31% was achieved and this field of our activities appears to be developing consistently. It is expected that this level can be maintained and improved.

### PROGRAMME TRANSMISSIONS

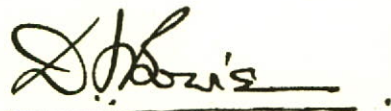
Whilst not an important revenue producer, this service showed an increase of 57%.

## STAFF

The agreement with our technical and operating employees expired on September 30th, 1966, and a new agreement was written covering the period ending September 30th, 1967. The agreement with our clerical staff expired on March 31st, 1967, and a new agreement is in the process of negotiation.

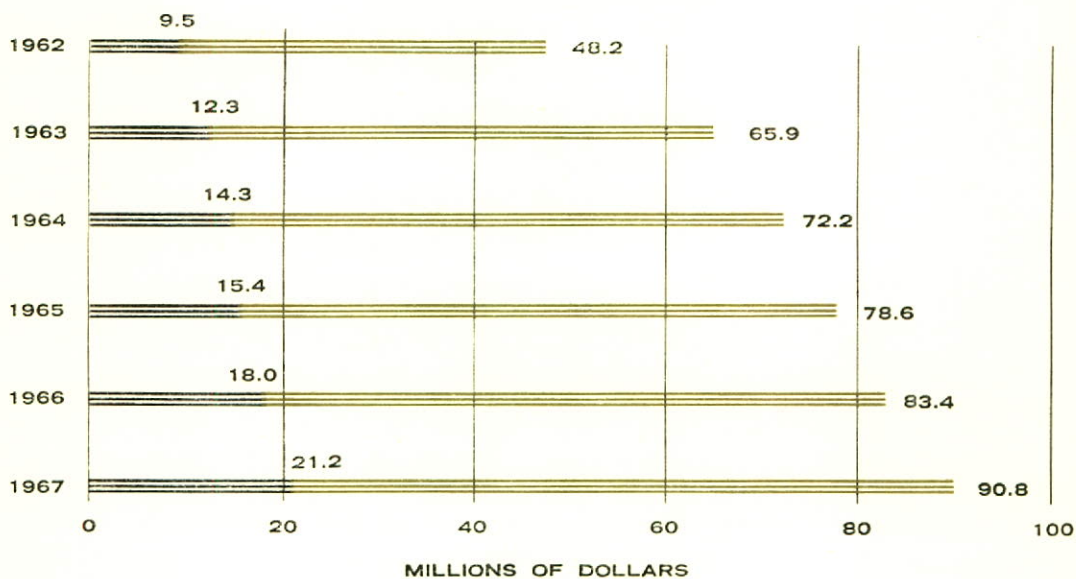
## ACKNOWLEDGMENT

Loyal effort and co-operation by the entire staff of the Corporation were always forthcoming during the year and it is again our pleasure to record our thanks and appreciation to all.

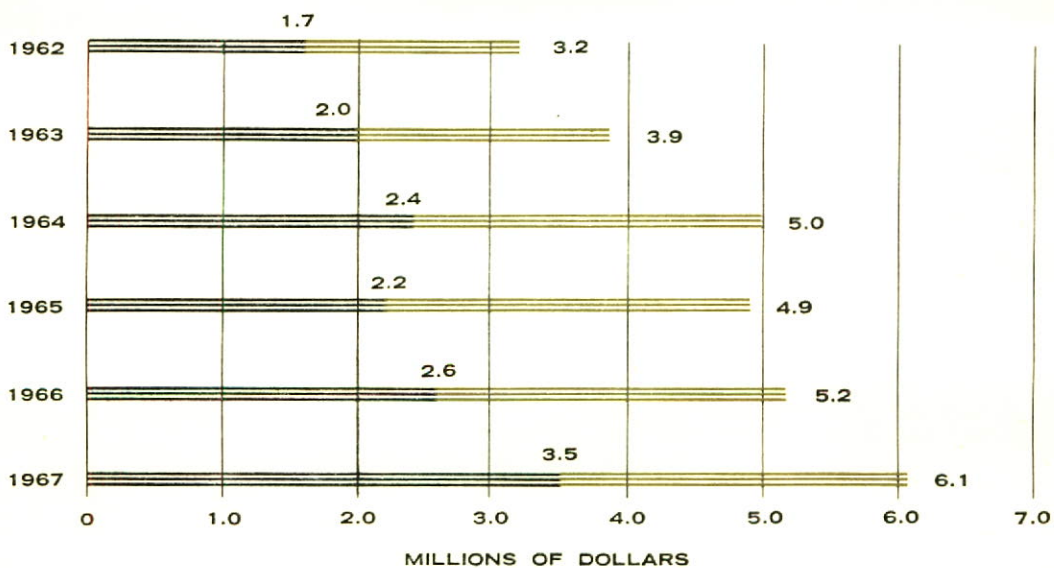


President.

**CAPITAL INVESTMENT** ≡≡≡  
**ANNUAL REVENUE** ≡≡≡



**INTEREST CHARGES & INCOME TAX** ≡≡≡  
**NET PROFIT** ≡≡≡





# CANADIAN OVERSEAS TELECO

(ESTABLISHED BY THE CANADIAN OVERSEAS)

## BALANCE SHEET AS

(with comparative figures)

### ASSETS

	1967	1966
Cash - - - - -	\$ 1,156,537	\$ 225,822
Term Deposit Receipts — at cost - - - - -	1,000,000	3,400,000
Accounts Receivable - - - - -	5,499,721	4,973,114
Prepaid Expenses - - - - -	277,545	299,689
Estimated amount recoverable from Commonwealth Network - - - - -	728,846	(602,804)
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - -	\$ 1,140,312	1,175,757
Buildings - - - - -	7,723,122	7,394,670
Telephone cable systems - - - - -	57,898,963	54,476,529
Transmitters, receivers and other technical equipment - - - - -	23,493,441	19,857,851
Office furniture and equipment, etc. - - - - -	538,395	534,405
	90,794,233	83,439,212
Less: Accumulated Depreciation - - - - -	24,317,594	19,221,241
	66,476,639	64,217,971
	75,139,288	72,513,792

The accompanying notes are an integral

Certified: D. F. BOWIE  
President and General Manager

Approved: R. LEVINE  
Director

GILLIS PURCELL  
Director

# COMMUNICATION CORPORATION

(TELECOMMUNICATION CORPORATION ACT)

AT MARCH 31, 1967

(as at March 31, 1966)

## LIABILITIES

	1967	1966
Accounts Payable - - - - -	\$ 2,014,386	\$ 2,058,385
Income Tax and Sales Tax Payable - - - - -	2,257,276	1,076,967
Accumulated Tax Reductions applicable to future years (Note 2)	<u>1,847,288</u>	<u>1,756,506</u>
	<u>6,118,950</u>	4,891,858
Capital:		
Advances from the Government of Canada under section 14 of the Act (Note 3) - - - - -	49,773,845	52,522,429
Surplus:		
Balance as at April 1, 1966 - - - - -	\$15,099,505	
Add:		
Net profit for the year ended March 31, 1967, per statement of Income and Expense - - - - -	3,549,713	
Prior Years' Adjustments (Note 5) - - - - -	<u>597,275</u>	
Balance as at March 31, 1967 - - - - -	<u>19,246,493</u>	15,099,505
	<u>69,020,338</u>	
	<u>75,139,288</u>	<u>72,513,792</u>

part of the financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 20, 1967 to the Minister of Transport.

A. M. HENDERSON  
Auditor General of Canada.

# CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

## STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1967

(with comparative figures for the year ended March 31, 1966)

	1967	1966
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$21,212,533	<u>\$17,967,279</u>
Expense —		
Operating salaries and wages - - - - - \$	3,727,717	3,109,113
Administrative salaries - - - - -	1,064,719	924,308
Employees' welfare benefits - - - - -	277,826	224,430
Rental of circuits, etc. - - - - -	2,278,836	2,177,543
Maintenance and repairs — plant and equipment	1,142,429	981,053
Interest (after capitalizing \$197,950) - - -	2,356,888	2,523,960
Depreciation - - - - -	5,282,439	4,828,252
Other operating and administrative expenses -	<u>699,250</u>	<u>931,385</u>
	16,830,104	15,700,044
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	<u>2,696,697</u>	<u>2,833,583</u>
	<u>14,133,407</u>	<u>12,866,461</u>
Profit before Income Tax - - - - -	7,079,126	5,100,818
Deduct: Income Tax (Note 2) - - - - -	<u>3,529,413</u>	<u>2,540,259</u>
Net Profit for Year - - - - -	<u><u>3,549,713</u></u>	<u><u>2,560,559</u></u>

The accompanying notes are an integral part of the financial statements.



# CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

## NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1967, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1967 - 1026 dated May 23, 1967, amounted to approximately \$34,301,120 of which \$17,073,420 relates to the year ending March 31, 1968.
2. The income taxes payable in respect of the year amount to \$3,438,631. The difference of \$90,782 between this and the taxes charged against income results from claiming for tax purposes an amount greater than the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions applicable to future years".
3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1967 totalled \$2,748,584 and instalments falling due for repayment during the year ending March 31, 1968 aggregate \$2,890,588.
4. Included in the expenses for 1966 - 67 are: remuneration of executive officers, \$111,574; and directors' fees, \$1,500.
5. The addition to surplus of \$597,275 represents a net adjustment of prior years' estimates of the amount recoverable from the Commonwealth Network for the years ended March 31, 1957 to 1966 inclusive amounting to \$1,194,913 less income tax thereon, \$597,638.

# AUDITOR'S REPORT

Ottawa, June 20, 1967

THE HONOURABLE J. W. PICKERSGILL,  
MINISTER OF TRANSPORT,  
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1967. In compliance with the requirements of section 87 of the Financial Administration Act, I 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 of Canada.



A large satellite dish antenna is the central focus, mounted on a complex metal lattice structure. The dish is positioned within a massive, orange-colored dome that has a ribbed interior. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of scale and industrial complexity. The overall color palette is dominated by the warm tones of the dome's interior.

**SATELLITE EARTH STATION, MILL VILLAGE, N.S.**

Constructed by Dept. of Transport and operated by the Corporation

*(Photo courtesy of RCA Victor Co. Ltd., Montreal)*



## OFFICERS

R. E. CLOUTIER, B. COM., C.A.  
*Comptroller*

C. A. O'BRIEN  
*Manager, Public Relations*  
(retired July 31, 1966)

A. D. HAWKINS  
*Manager, Personnel*

A. M. WOLFE  
*Manager, Commercial Division*

H. L. BISAILLON  
*Traffic Manager*  
(retired January 31, 1967)

R. E. GREVILLE  
*Property Manager*

A. W. QUIRK  
*Purchasing Agent*

R. R. Y. HILL  
*Superintendent of Operations*

T. E. LADEROUTE  
*Special Studies*

## BRANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii



