



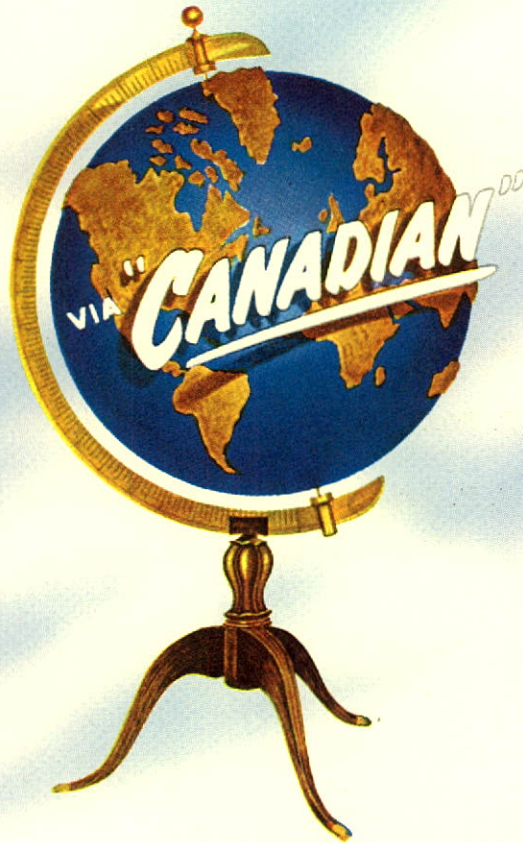
# 11th Annual Report

FOR THE YEAR ENDED MARCH 31, 1961

**CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION**



"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX  
PHOTO-TELEGRAMS • LEASED CIRCUITS



## BOARD OF DIRECTORS

*Chairman* D. F. BOWIE

*Town of Mount Royal, Que.*

N. E. HARDY

*Toronto, Ont.*

G. E. MARTIN

*Halifax, N.S.*

P. PELLETIER

*Montreal, Que.*

G. P. PURCELL

*Toronto, Ont.*

## MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
R. G. GRIFFITH, P. Eng.	<i>Vice-President and Chief Engineer</i>
G. M. WATERHOUSE, C.A.	<i>Comptroller</i>
J. R. LAMB	<i>Traffic Manager</i>
C. S. GREGORY	<i>Secretary</i>

**CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION**  
625 BELMONT STREET, MONTREAL 3

# THE PRESIDENT'S REPORT

June 22, 1961.

HONOURABLE LEON BALCER,  
MINISTER OF TRANSPORT,  
OTTAWA, CANADA.

Sir,

The Eleventh Annual Report, covering the fiscal year April 1st, 1960 to March 31st, 1961, 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	
	1961	1960
Income - - - - -	\$7,273,647	\$5,777,932
Interest on Government Advances - - - - -	1,163,354	528,790
Income Tax - - - - -	1,332,413	938,407
Net Profit for Year - - - - -	1,363,751	947,638

Financial Statements for the twelve months ended March 31, 1961, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

## REVENUE

Overall revenue increased by 25.9% compared with the previous year. The following schedule illustrates the percentage of increase realized by the various services provided by the Corporation:

Telegraph - - - - -	5%
Telephone - - - - -	10%
International Telex - - - - -	2%
Leased Circuits - - - - -	116%

Programme and Picture Transmission revenues showed no noteworthy changes.

## SERVICES

### TELEGRAPH

The increase in telegraph revenue is satisfactory and a reduction in revenue which was mentioned in last year's report as being a possibility owing to competition from other services which we ourselves supply as well as that from other sources did not in fact materialize.

### TELEPHONE

All services — Trans-Atlantic, Trans-Pacific, Newfoundland and West Indies — produced satisfactory increases.

#### TRANS-ATLANTIC

Demand continues to rise and the additional congestion during peak hours due to limited capacity which was forecast in last year's report did develop. The new Canada-United Kingdom multichannel multipurpose cable is being laid at the time of writing and will be brought into operation around the end of October. At that time, an additional 80 voice circuits will be made available and we should then be in a position to provide for currently foreseeable requirements.

#### TRANS-PACIFIC

There is a steadily rising demand for service between Canada and Australia, New Zealand and Japan which is reflected in the satisfactory increase over last year's figures. Our radio systems with Australia and New Zealand are now being used extensively for service between those two countries and the United Kingdom — an operation which calls for simultaneous use of these systems with the Trans-Canada microwave network and the Trans-Atlantic cables. The route thus formed has proved to be of material assistance to our Commonwealth partners.

#### NEWFOUNDLAND

Still more circuits have been provided for this operation in order to keep abreast of growth and to meet continuing expansion of demand.

#### WEST INDIES

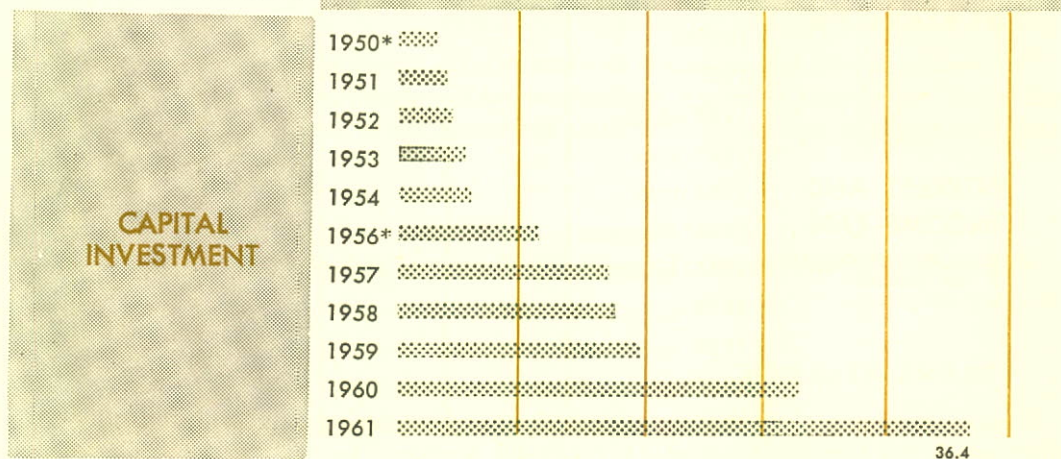
Revenues continued their upward trend and, although this still is not a major source of income, the service provided meets an important public need.

#### ST. PIERRE AND MIQUELON

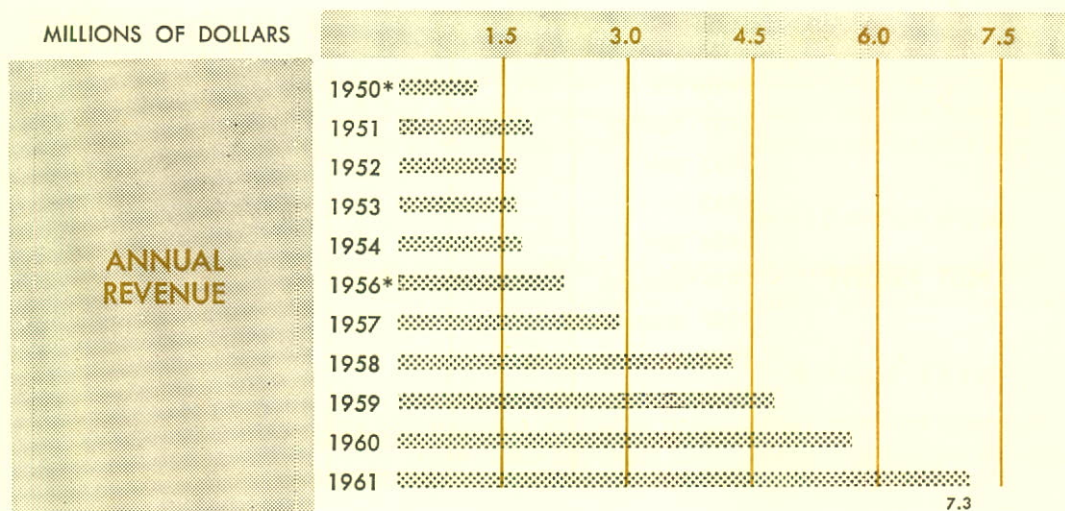
This too is a small revenue producer but it serves a useful purpose during a limited daily period.



MILLIONS OF DOLLARS



MILLIONS OF DOLLARS

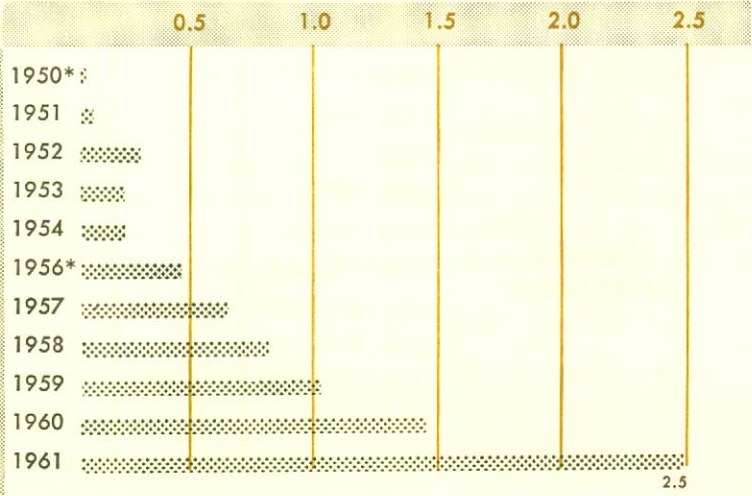


\*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.



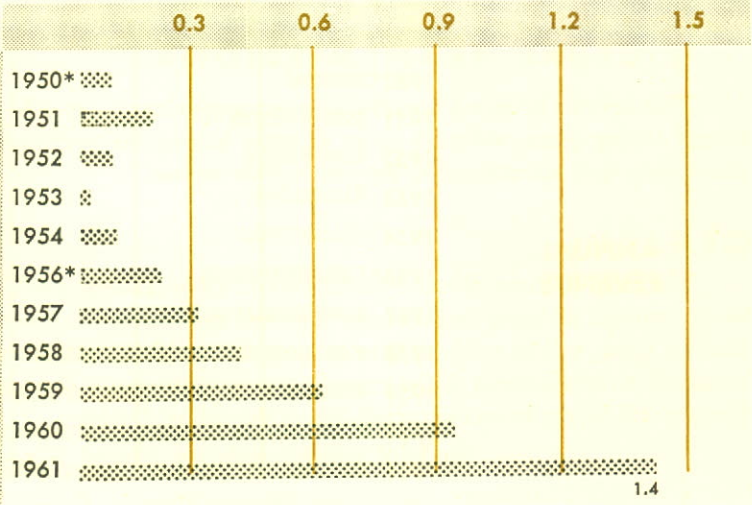
MILLIONS OF DOLLARS

**INTEREST AND  
INCOME TAX**  
(PAID TO RECEIVER GENERAL  
OF CANADA)



MILLIONS OF DOLLARS

**NET PROFIT**



\*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS

## THE PRESIDENT'S REPORT (CONTINUED)

### INTERNATIONAL TELEX

The telex service continued to show substantial improvement in the number of calls being made, the increase approximating 40% although the average length of calls was reduced. Consequently, it has been necessary to make arrangements to provide for additional capacity which will be introduced when the new cable system becomes operational. New terminal equipment will be installed subsequently to cater for anticipated long term expansion.

### LEASED CIRCUITS

Demand for private circuits continues to expand. An abnormal jump in revenue this year was due to new special services being rendered by the Corporation.

### PROGRAMME TRANSMISSIONS

Comments on many international events taking place overseas and of importance to the people of Canada are made over our Trans-Atlantic cable system or other facilities, connected to the radio networks and simultaneously broadcast across the country.

Owing to the current limitations of capacity it has not always proved possible adequately to meet the requirements of both the broadcasting service and peak public telephone demand which frequently occur simultaneously, a condition which has affected the growth of both. This problem will shortly be overcome with the availability of increased capacity.

### PICTURE TRANSMISSIONS

This service is only a spasmodic revenue producer dependent entirely on picture-worthy events taking place overseas or in Canada having an overseas interest. Revenue level was reasonably well maintained in the year under review.

### GENERAL

The new 80 voice channel multipurpose cable between the United Kingdom and Canada is in the process of being laid and our terminal installations at Corner Brook, Nfld., and Grosses Roches, Que., will be ready in time to meet the completion of the lay. Although some delays have occurred in certain areas of the manufacturing programme, it is nevertheless expected that the System will be ready on the target date at the end of October.

(a joint project with the United Kingdom)

A 24 voice channel cable system between Canada, Greenland and Iceland with onward connections to the United Kingdom and Europe being provided primarily to meet the telecommunications requirements of civil aviation is in the process of construction and will be completed in the fall of 1962.

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

The Commonwealth Pacific Cable System between Vancouver and Wellington, N.Z. and Sydney, Australia via Hawaii and Fiji is proceeding according to plans. Orders have been placed for the cable and repeaters and approximately fifty percent of the materials required in the manufacture of the cable, viz : copper, aluminum, cotton tape, polythene, etc., will be supplied from Canadian sources. This important link in the Commonwealth System is scheduled for completion early in 1964.

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

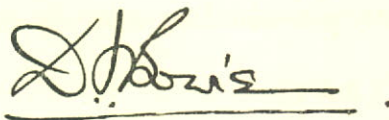
Arrangements have been made to acquire for Canadian purposes an appropriate number of circuits in a telephone cable system connecting Bermuda and the United States which is scheduled to be completed around the end of 1961. The acquisition of these facilities will provide service with Bermuda of the same quality as is now available across the Atlantic Ocean.

## STAFF

The Agreement with our technical and operating employees expired on September 30th, 1960, and a new agreement was written covering the period ending September 30th, 1961. The Agreement with our clerical staff expired on March 31st, 1961, and a new one was written covering the period ending March 31st, 1962.

## ACKNOWLEDGMENT

It is once again a pleasure to record a wholehearted expression of appreciation to all our officers and staff for their co-operation and loyal efforts during the year under review.

A handwritten signature in dark ink, appearing to read "J. Louis", is written over a horizontal line. The signature is fluid and cursive.

President.



# CANADIAN OVERSEAS TELECO

(ESTABLISHED BY THE CANADIAN OVERSEAS

## BALANCE SHEET AS

*(with comparative figures)*

ASSETS	1961	1960
Cash - - - - -	\$ 3,621,979	\$ 1,593,919
Treasury Bills of Canada - - - - -	—	3,984,870
Accounts Receivable - - - - -	2,178,876	867,189
Prepaid Expenses — Inventories of operating supplies, stationery, etc., at cost - - - - -	122,038	118,552
Cash and Investments (market value, \$899,990) held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra) - - - - -	867,517	779,821
Capital Assets, at cost:		
Land, with improvements - - - - -	\$ 1,096,311	1,031,224
Buildings - - - - -	3,963,024	3,989,768
Trans-Atlantic telephone cable systems (including cable systems under construction, \$9,379,752) -	25,150,952	15,116,580
Transmitters, receivers and other technical equipment - - - - -	5,971,496	5,856,437
Office furniture and equipment, etc. - - -	218,195	205,938
	<u>36,399,978</u>	<u>26,199,947</u>
Less: Accumulated provisions for depreciation -	<u>3,990,738</u>	<u>2,952,465</u>
	<u>32,409,240</u>	<u>23,247,482</u>
	<u>39,199,650</u>	<u>30,591,833</u>

NOTE: As at March 31, 1961, the estimated cost of completing approved capital projects amounted to approximately \$40,600,000, of which \$11,800,000 relates to the year ending March 31, 1962.

Certified: D. F. BOWIE,  
President and General Manager.

Approved: G. E. MARTIN,  
Director.

GILLIS PURCELL,  
Director.



# COMMUNICATION CORPORATION

(TELECOMMUNICATION CORPORATION ACT)

AT MARCH 31, 1961

(as at March 31, 1960)

## LIABILITIES

	1961	1960
Accounts Payable - - - - -	\$ 1,594,899	\$ 3,808,187
Provision for Income Tax - - - - -	691,534	621,668
Cumulative Reduction in Income Tax, deferred to future years -	406,649	203,505
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company - -	<u>867,517</u>	<u>779,821</u>
	3,560,599	5,413,181
Capital:		
Advances from the Government of Canada under Section 14 of the Act - - - - -	\$31,686,192	22,589,544
Surplus:		
Balance as at April 1, 1960 -	\$ 2,589,108	
Add: Net profit for the year ended March 31, 1961 per Statement of Income and Expense - - - - -	<u>1,363,751</u>	
	<u>3,952,859</u>	2,589,108
	<u>35,639,051</u>	
	<u>39,199,650</u>	<u>30,591,833</u>

The above Balance Sheet and the related Statement of Income and Expense have been examined and reported upon under date of June 22, 1961 to the Minister of Transport, as required by section 87 of the Financial Administration Act.

A. M. HENDERSON,  
Auditor General of Canada.

# CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

## STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1961

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED MARCH 31, 1960)

	1961	1960
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$ 7,273,647	\$ <u>5,777,932</u>
Expense —		
Operating salaries and wages - - - -	\$ 1,628,808	1,573,513
Administrative salaries - - - -	380,803	352,662
Employees' welfare benefits - - - -	153,268	156,580
Rental of circuits, etc. - - - -	948,914	863,602
Operation and maintenance of Head Office building - - - -	254,664	241,761
Maintenance and repairs — plant and equipment	285,505	165,105
Interest (after capitalizing \$646,713) - - -	516,641	372,493
Provisions for depreciation - - - -	1,055,661	628,014
Other operating and administrative expenses -	311,009	295,499
	<u>5,535,273</u>	<u>4,649,229</u>
Deduct: Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - -	957,790	757,342
	<u>4,577,483</u>	<u>3,891,887</u>
Profit before Provision for Income Tax - - - -	2,696,164	1,886,045
Deduct: Provision for Income Tax - - - -	1,332,413	938,407
Net Profit for Year - - - -	<u>1,363,751</u>	<u>947,638</u>

Note: Included in the above expenses for 1961, are: remuneration of executive officers, \$78,973; directors' fees, \$1,300; and legal expenses, \$2,156.

## AUDITOR'S REPORT

THE HONOURABLE LEON BALCER,  
MINISTER OF TRANSPORT,  
OTTAWA.

Ottawa, June 22, 1961

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1961. 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 of Canada.

## OFFICERS

F. A. SMITH  
*Deputy Chief Engineering*

K. L. SPARK  
*Technical Superintendent*

E. J. RYALL  
*Assistant Traffic Manager (Tariffs)*

T. E. LADEROUTE  
*Special Studies*

J. E. WINCHCOMBE  
*Manager of Personnel*

C. A. O'BRIEN  
*Manager, Public Relations*

L. A. HARROLD  
*Property Manager*

H. L. BISAILLON  
*Assistant Traffic Manager (Traffic)*

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

A. W. QUIRK  
*Purchasing Agent*



## BRANCH OFFICES

C. H. RYDE,	<i>Manager, St. John's, Nfld.</i>
W. D. FOWLIE,	<i>Manager, Halifax, N.S.</i>
J. B. HICKS,	<i>Manager, Toronto, Ont.</i>
C. H. R. BIRD,	<i>Station Manager, Yamachiche, Que.</i>
E. A. McWILLIAM,	<i>Station Manager, Drummondville, Que.</i>
J. W. PERRY,	<i>Manager, Vancouver, B.C.</i>
G. M. ATKINS,	<i>Manager, Ladner, B.C.</i>
G. H. CUNNINGTON,	<i>Manager, Winnipeg, Man.</i>





