ALBERTA WHEAT POOL BUILDING, CALGARY

Though the head office of the Alberta Wheat Pool is located in the city, its roots lie deep in the soil of rural Alberta. Owned and democratically controlled by over 50,000 operating farmers, the Pool is truly “a farm organization working for farm people.”
Board Of Directors

G. L. Harrison, Lacombe — President
Nelson Munn, Vauxhall — 1st Vice-President
A. J. Macpherson, Delia — 2nd Vice-President
Corlaid Oberg, Foremost
Keith Rosenberger, Bashaw
G. W. Bhathal, Red Deer
Frank White, Spirit River

Solicitors

Allen, MacKimmie, Matthews, Wood, Phillips & Smith

Auditors

Clarkson, Gordon & Co.

Head Office

Alberta Wheat Pool Building, Calgary

Officers

A. T. Baker, General Manager
C. L. Norwin, Country Operations Manager
J. S. Harrisen, Sales and Traffic Manager
O. J. Brickstone, Secretary
J. M. Gargan, Treasurer
S. M. Vickerson, Chief Accountant
G. M. Chisholm, Office Manager
F. D. Patterson, Vancouver Manager
C. C. Head, Victoria Manager
H. K. Mood, Winnipeg Manager
M. G. Wood, Edmonton Manager

Bankers

Bank of Montreal
The Bank of Nova Scotia
The Royal Bank of Canada
ALBERTA WHEAT POOL

LIST OF DELEGATES

LETHBRIDGE — District One
101 Gogolinicki, B. Orion 106 Hallworth, Fred W. Taber
102 Norris, Fred A. Warner 107 Erdman, Ralph L. Barons
103 Oliver, W. A. Warner 108 Goughnor, Marvin J. Raeburn
104 Lee, Lester W. Cardston 109 Thurston, Clarence F. Bow Island
105 Patching, Harry R. Lethbridge 110 Bayer, Robert Schuler

CALGARY — District Two
201 Dyck, Nick Pincher Creek 236 Morrison, W. Spence High River
202 O’Neill, James Jone Claresholm 237 Noel, Felix H. Glencoe
203 Cochrane, Donald R. Cardel 238 Barker, William Gordon Calgary
204 Verhaas, C. J. Champions 239 Clayton, Clifford S. Airfield
205 Magnusson, Melvin O. Lomond 240 Richards, Ralph E. Okotoks

DRUMHELLER — District Three
301 Meza, John E. Empress 336 Cammert, Emilie Rockyford
302 Paetz, John T. Bigstone 337 Luoma, Sito S. Trochu
303 Fiesner, William Wallace Brooks 338 Hough, Sydney R. A. Hanna
304 Arrison, Arthur W. Bassano 339 Atlie, John L. Drumheller
305 Burns, G. W. Gleichen 340 Nelson, Norman E. Claigmyle

RED DEER — District Four
401 Warren, Ernest Oven 406 Titman, Joseph J. Stettler
402 Smith, George F. Proven 407 Stone, John J. Allard
403 Hailett, John Fleet 408 Johnson, R. A. Red Deer
404 Turner, H. H. Alliance 409 Phillips, J. Duane Eckville
405 McGregor, J. E. Byrnedale 410 Jones, Ross Ponoka

CAMSORE — District Five
501 Redmond, D. B. Edmonston 506 Hayes, Charles P. Strome
502 Dobson, Parke Paradise Valley 507 Drummond, Alexander New Norway
503 Jackson, James Irma 508 Johnson, Archie Camrose
504 Flandre, Bernie Alfred Hardisty 509 Ness, Ingvald Kingdom
505 Lefevre, Harold Viking 516 Ramsdell, Clarence H. Granum

VEGREVILLE — District Six
601 Gough, Harry, Robert C. Streamavon 606 Ziegler, Alex Waterburn
602 Moe, George B. Vermilion 607 Montfield, Paul Legal
603 Ziegler, George Veggery 608 McInnis, Henry Waskasuple
604 Rupchan, Mike Wellington 609 Lamonde, Armand St. Paul
605 Galloway, Kenneth D. Fort Saskatchewan 614 Parson, Raymond R. Boyle

PEACE RIVER — District Seven
701 Parent, Fred Clyde 704 MacNab, James A. Beaverlodge
702 Anderson, Robert N. Freedom 707 Vandervantar, Lloyd F. Dawson Creek, B.C.
703 Halley, William A. Stagg 708 Dufour, Gerard M. Spirit River
704 Langan, Alphonse Falher 709 Halmar, Arnie Beaver
705 Gummer, Howard F. Buffalo Lake 710 Prester, C. M. Fairview
PERTINENT FACTS

Net Earnings ........................................ $ 2,787,769
Elevator Handlings — Grain and Oil Seeds in bushels .... 60,104,881
Forage Seed in pounds .................................. 16,368,821
Percentage of Alberta Grain Deliveries Handled ........ 42.5%
Gross Value of Board Deliveries and Other Sales ........ 881,045,729
Capital Expenditures .................................. $ 1,005,318
Total Investment in Capital Assets ....................... $322,131,549
Working Capital ........................................ $ 8,629,786
Patronage Dividends Distributed (out of previous year's earnings) $ 2,528,965
Percentage of Member Business in Previous Year .......... 95.87%
Cumulative Total of Patronage Dividends Distributed .... $30,960,829
Cumulative Total of Reserves Purchased from Members .... $14,284,115
New Members ........................................... 1,556
Total Membership ..................................... 50,237
Number of Elevators at End of Year — Country .......... 559
Terminals ............................................... 3
Elevator Capacities in Bushels — Country ................. 42,319,500
Terminals ............................................... 18,340,000
Number of Employees ................................ 1,022

COMPARATIVE SUMMARY

<table>
<thead>
<tr>
<th>1961-62</th>
<th>1960-61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain in bushels</td>
<td>58,027,660</td>
</tr>
<tr>
<td>Oil Seed in bushels</td>
<td>1,577,321</td>
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<tr>
<td>Forage Seed in pounds</td>
<td>36,365,821</td>
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<tr>
<td>Cereal Seed in bushels</td>
<td>158,659</td>
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<td>Gross Value of Deliveries to Canadian Wheat Board and Other Sales</td>
<td>$81,843,729</td>
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<td>Earnings Before Capital Cost Allowances</td>
<td>$ 3,885,065</td>
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<tr>
<td>Net Earnings</td>
<td>$ 2,747,769</td>
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<tr>
<td>Available for Patronage Dividends</td>
<td>$ 2,717,565</td>
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<td>Current Liabilities</td>
<td>$222,494,865</td>
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<tr>
<td>Working Capital</td>
<td>$ 8,629,766</td>
</tr>
<tr>
<td>Capital Expenditures on Properties and Equipment</td>
<td>$ 1,005,318</td>
</tr>
</tbody>
</table>
WHEAT FIELDS OF THE WEST

They spread their golden splendor,
across the western plains;
A waving sea of beauty —
these fields of ripened grain.
They whisper in the sunshine,
of blessings held in store;
Of bread to feed the hungry,
when harvest days are o'er.
Rose-scented western breezes,
dance o'er the golden sea.
While wild birds sing out God's praise,
and feed contentedly.
The world's teeming millions,
with nourishment are blessed —
A stream of nature flowing,
from the wheat fields of the West!
— Elma Helgerson

Gentlemen,

The crop year 1961-62 enabled your Association to slightly increase its shipments of grain and seed, both in total volume and as a percentage of marketing in the Province.

Services were provided in a manner similar to previous years and active representation was maintained in matters of concern and interest to our membership.

SUMMARY OF OPERATIONS

Grain handled including rapeseed, through country elevators of 60,304,951 bushels exceeded those of the previous year by approximately 306,000 bushels. Terminal shipments of grain at Vancouver of 61,688,741 bushels were appreciably above the previous year's total of 67,308,929 and set a new handling record for these facilities. The three clearing plants of the seed division operated to near capacity throughout the year with a volume of 16,955,821 pounds of foreign seed, approximately one and one-half million pounds above the year previous. Paddock operations for rapeseed and mustard were again conducted for members during the year. Available for disposition from the year's operations are net earnings of $2,775,769.80 before provision for income tax.

GRAIN MARKETING

The year 1961-62 will be regarded as favorable for Canadian Wheat exports. Preliminary figures issued by the Board of Grain Commissioners indicate exports of all grains of 410.3 million bushels. This is a gain of about 8.9 million bushels over the previous year, most of which was wheat. Canadian exports of wheat in all forms totalled 357.8 million bushels, the third highest in history and about 11.7 million bushels greater than the previous year. Canada's largest wheat customers in the year were the United Kingdom, Mainland China, Japan, West Germany, Poland, Belgium-Luxembourg, East Germany, Switzerland, Venezuela, Italy, Philippines and the Netherlands, in that order.

Producers marketing in Western Canada of 392 million bushels is considerably below the previous year's total of 542.7 million bushels.

In recent years our attention has been drawn to the high percentage of Canadian grain sales handled by export firms and to the fact that firms of this nature are becoming increasingly fewer in number and larger in size. In many cases they are international trading firms who are actively engaged in the selling of grains of other exporting countries. The need for aggressive and financially sound Canadian export firms appears to be increasing.

WHEAT POOL REPRESENTATIONS

Financial Assistance for Western Grain Producers.

Your Association, through the Western Agricultural Conference, made a request early in the year to the Federal Government for the continuance of arrange payments and also for special drought assistance to prairie producers suffering from low crop yields in 1961. Early in 1962 Parliament approved an arrange payment to prairie grain producers totaling Forty-Two Million Dollars on a basis similar to that paid in 1954 and 1959.

"At and East" Freight Rates on Export Grain

As reported in our last year's Annual Report, the two principal railways requested and received authorization from the Board of Transport Commissioners for a substantial increase in the rates on bulk grain moving from the Georgian Bay and related ports to the Atlantic winter ports. Your Association along with the other two prairie wheat pools made strenuous protests to this action and the effective date of these increases have been temporarily postponed to December 31, 1962.

Railway Branch Line Abandonments

During the year the Canadian Pacific and Canadian National Railways made application to the Board of Transport Commissioners for
abandonment of various branch lines in the three prairie provinces. Jointly with the Man-itoba and Saskatchewan Wheat Pool we have strongly urged the Federal Government to have hearing of these applications delayed until an indication of Government action is made known on the recommendations of the McPherson Royal Commission on Transportation report, in respect to British Line abandonment.

To date our requests have been fruitless.

LEGISLATION

The Temporary Wheat Reserves Act

The Temporary Wheat Reserves Act remained in effect during the year and provided the Federal Treasury to pay carrying charges on the volume of wheat held by the Canadian Wheat Board at the commencement of the crop year in excess of 178,000,000 bushels. Under the provisions of this Act the Canadian Wheat Board has received $47.9,742,855 during the 1961-62 crop year, which has been allocated as follows:

<table>
<thead>
<tr>
<th>Pool</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61 pool account - wheat</td>
<td>$26,649,994.00</td>
</tr>
<tr>
<td>1961-62 pool account - wheat</td>
<td>$21,324,321.00</td>
</tr>
<tr>
<td></td>
<td>$47,974,285.00</td>
</tr>
</tbody>
</table>

Prairie Grain Advance Payments Act

The Prairie Grain Advance Payments Act was also in force during the crop year. This Act provides for advances to grain producers on the basis of 50c per bushel on wheat, 70c per bushel on oats, and 90c per bushel on barley, with the permit holder to have on his farm and undertake to deliver on a quota of six bushels per specified area. The maximum advance to any one permit holder is $3,000.00. The funds for advances made under this Act were provided by the Canadian Wheat Board to the elevator companies with interest charges absorbed by the Federal Government. Advances in the amount of $16,665,712.00 were made to 22,312 producers in the prairie provinces. Of this amount, payments totaling $6,018,769.00 were made to 8,365 producers in Alberta. Advances were made by Alberta Wheat Pool during the year amounted to $2,268,074.00 to 8,365 producers.

The Canadian Wheat Board Act

Early in 1962 the Association independently and through the C.F.A. and with the other Wheat Pools, requested the Federal Government to renew the Canadian Wheat Board Act which was due to expire July 31st, 1962. Reflecting the favorable sentiment of our Association on this legislation and the request that it be made permanent we specifically requested that the Act be renewed without an expiry date. Unfortunately, this feature of our request was not recognized but the Act was renewed until July 31st, 1967.

The Canada Grain Act

Of significance to producers in Alberta was an amendment to the Canada Grain Act during the year defining statutory grades for mustard and rapeseed.

The Soil Conservation Act

The Soil Conservation Act, a Province of Alberta statute, came into force on the fifth day of April, 1962. The purpose of this Act had previously been discussed by the Minister of Agriculture with representatives of formal organizations in Alberta and received general approval. The Act is intended to provide a method of controlling soil erosion in the Province and stipulates that each municipal council is required to appoint soil conservation officers to carry out its intent.

THE CANADIAN WHEAT BOARD

The successful operation of prairie grain marketing by the Canadian Wheat Board in the year 1961-62 will, we believe, further enhance the standing of grain producers as a Board and its orderly system of marketing. Through energetic sales policies, promotional efforts in most marketing areas of the world, and assistance given during the crop year from the Federal Government in credit arrangements, Canada was able to maintain its traditional position in commercial wheat markets.

VICTORIA ELEVATOR LIMITED

Victoria Elevator Limited property in Victoria, British Columbia, operated during 1961-62 for its second year as a part of your Association. The volume of grain handled at approximately 5,000,000 bushels, although down from the previous year's handling of 7,000,000 bushels, still represented a substantial use of this facility. Net earning for the year amounted to $2,060.00 after provision for income tax, capital cost allowances, maintenance of the properties in good repair and other incidentals. Full details of this Company and Interior Feeds Limited will later be presented in the meeting.

MEMBERS' ACCIDENT INSURANCE PLAN

The fourth year's operation of the Members' Accident Insurance Plan witnessed another increase in claims filed over those of previous years.

Three hundred and fourteen claims were adjusted during the 1961-62 crop year leaving 14 claims in the process of adjustment and 140 other accidents for which we have not yet received claim papers. Accidents claimed the lives of 45 persons, 22 adults and 23 children and there were 21 cases of disablement and two cases of lost earnings. To meet the claims already paid and those which are expected to come from the following claims, total $99,536 has been charged to 1961-62 operations.

During the 1961-62 season members placed insurance on 786 sponsored workers and 12 accidents amongst this group were reported down those have been adjusted with benefits of $79,69. Final payments on these have yet been submitted in the other 2 accidents.

Since the inception of the Plan on August 1st, 1928, 1,094 claims have been adjusted. Accidents proved fatal for 116 persons, 56 adults and 50 children. Loss of sight was suffered in 15 accidents and there were 70 cases of disablement. Total charges of $820,389 have borne for the four years of operation.

INTERIOR FEEDS LIMITED

Interior Feeds Limited, a British Columbia incorporated company, entirely controlled by your Association, operated for its second year in the domestic feed grain business in the Province of British Columbia. Approximately 1,500,000 bushels of grain were handled by this Company through our four grain elevators in northern British Columbia during the year, resulting in a net earning after provision for income tax of $53,388. Current donation and storage charges were remitted by our Association on this volume of business in addition to remuneration for all necessary services rendered. The formation of this Company and its operation will continue to be justified by the use made of its facilities by both producers of grain and purchasers of feed.
CONSTRUCTION AND PROPERTIES

Replacement of facilities was continued during 1962 about the same extent as in recent years. All properties were kept in good repair and some modernization of elevators, mainly through the installation of dust collection systems, was continued. The program of repairs and remodeling of appliances was also maintained and in some cases the installations of new appliances were undertaken. Authorization for the extension of a new railway extension serving that territory was obtained.

During the year the permanent closing of our facilities at nine shipping points was authorized. There were largely based on persistent low handling and in areas in which no significant increase in grain marketing could be anticipated. In this regard we feel your Association has pursued a policy reflecting consideration of service to its members consistent with favorable operating economies.

Over the past four or five years shipping points which have been unduly burdened to your Association, have been eliminated.

The future action in this regard will likely be guided by additional considerations, including possible branch line abandonments, and in any case we anticipate it will be influenced to a greater extent than in the past by the competitive position of other elevator companies.

Replacement of the outer siding of the Alberta Wheat Pool Office building was completed during the year.

PUBLICITY AND PROMOTIONAL ACTIVITIES

Publicity and promotional activities were maintained during 1962 in keeping the membership informed of the endeavours and operations of your Association. This included the issuance of the bi-monthly publication, the "News Letter," and other publications, including "The Wheat Pool," and "The Wheat Pool Monthly," which were published.

Affiliation with the Provincial and National Associations of Agriculture, the Farmers' Union of Alberta and the F.A.C. and C.D.A. was maintained.

MEMBERSHIP

During the 1961-62 season 1956 new members were accepted. Although this was fewer from previous years it equally met the average enrollment of 1967 for the preceding five seasons. Membership cancellations with respect to the retirement of members numbered 1956 and 621 memberships were terminated by death. Cancellations were fewer in number than in the year before and the total membership of 50,471, 1962, represented an increase of 295 for the season.

Membership cancellations 108,589 have been established since 1925 and 54,519 of these have been terminated or cancelled. Of the 50,471 holding membership at July 31, 1962, 5153 were members of the early marketing agreements and 45,179 had been accepted as members since 1939 under Section 6 of the Alberta Wheat Pool Act.

ELECTION OF DELEGATES

During the summer of 1962 elections were held in the ten-member districts. Twenty-four delegates were elected by amalgamation and elections were held in the 10 sub-districts with a bi-election being necessary in one.

By-elections were held in sub-districts 708 and 10 in 1961. The by-election in sub-district 708 to fill the vacancy created by the election of Mr. Frank White as Director for District 7 for the term ended in 1964. Mr. Gerald M. Bathurst of Spirit River being elected to that office. The by-election in sub-district 108 was called by the Association of Mr. Leonard C. Anderson, and resulted in the election of Mr. Frank White, who was then elected to the position of Secretary-Treasurer.

During the summer election general no nominations were received for sub-district 708 and a by-election there was unnecessary. This by-election was held in September and resulted in the election of Mr. Fred Parment of Cote, Alberta.

IN MEMORIAM

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

Mr. W. C. Allen of Port Saskatchewan, sub-delegate for district 603, passed away May 36, 1962. He had served as a delegate since 1949.

Mr. George Bennett of Mannville passed away January 1, 1962. He had served in various capacities, including as Delegate for the period 1924 to 1927 and 1943 to 1958, as Director from 1957 to 1960 and as Chairman from 1941 to 1949, a total service of 35 years.

On December 11, 1951, the death occurred of Mr. Thomas Seipel of Athabasca. Mr. Seipel represented the members of sub-district 652 during 1953-56.


The death of Mr. Tom Kozlowski occurred on May 30, 1962. Mr. Kozlowski had served as delegate for sub-districts F-6 and G-6 from 1955 to 1958, and from 1959 to 1961, a total of 15 years.

We wish to record our sincere appreciation for the service and support they extended to our Association.

STAFF

Appreciation is extended to the staff for their continued high standard of service and devotion to the objectives and purposes of this Association, which has contributed to its success throughout the years.

BOARD OF DIRECTORS

At the first meeting of the Board of Directors of Alberta Wheat Pool held after the 1962 annual meeting, the following officials were elected:

President - G. L. Harrold First Vice-President - Nelson Xain Second Vice-President - Allan F. MacPherson

The same three Directors were elected to the Board of the late General Organizations - Canadian Co-operative Wheat Producers Limited, Canadian Pool Agency, Limited, and Pool Insurance Company, Limited. Mr. L. G. Harrold and Nelson Xain were also elected to represent our Association on the Board of Northern Canada Seed Sales, Limited.

Committees of the Board were also established to deal with internal matters concerning office, elevators, field service, publicity, legislation and liaison with the Farmers' Union of Alberta.

Regular meetings were held each month through the year and the Board met with Directors of Saskatchewan and Manitoba Wheat Pools on two occasions. Your Directors attended and participated in the annual meetings of Alberta Federation of Agriculture, the Canadian Federation of Agriculture and the Western Agricultural Conference.

In addition to routine duties, members of your Executive Committee were called upon to speak on various issues on behalf of the Association in various external organizations. Mr. L. G. Harrold represented the members of the Executive Committee during 1962.

The appointment of your President to the current Royal Commission on Housing and Finance mentioned in this report last year, has required a good deal of 8H time during 1962.

GENERAL

A new international wheat agreement effective August 1, 1962, to a period of three years was negotiated at the International Conference held in Geneva, Switzerland, during February and March of 1962. This agreement relates to the basic principles embodied in previous agreements, that of assuring supplies to importers and markets with export duties at a selling price to dealers and all other countries participated in the negotiations. The agreement was signed for Canada on May 11, 1962, and was early assured of sufficient signatures for its operation. Those included for the first time the U.S.S.R. as an exporting country, thereby bringing all the major exporting countries into the agreement.

European Common Market

Since our last report to you considerable discussion and negotiation has been carried out on the application of the United Kingdom for membership in the European Common Market. Efforts by the Government of Canada and other Commonwealth countries have been directed toward this goal in the European Community. The European Economic Community Research Council during the past year has made considerable progress in setting up the Economic Community. The European Economic Community Research Council during the past year has made considerable progress in setting up the European Common Market. The European Economic Community Research Council during the past year has made considerable progress in setting up the European Community.
ence in Winnipeg in April, 1961, attended by Government representatives, officials of farm organizations and University personnel. A provisional Board of Governors met in Ottawa in July, 1962 to elect executive officers and arrange financial arrangements. The Board of Governors will represent Federal and Provincial Governments, farm organizations, cooperative and business organizations. Plans are being made to bring the research program of this council under the direction of a Directorate, consisting of nine scientists, who will be named by the Board of Governors. A financial objective of $45,000 annually for each of the first five years of its program is being planned. Of this amount, farm organizations will be expected to contribute Twenty Thousand Dollars annually.

World Food Program

For a number of years Canadian farmers have favored the setting up of a world food program to provide food which is in abundance in some parts of the world, to needy and hungry peoples in other lands. During the year positive program was made in this direction when the General Assembly of the United Nations in December, 1961, initiated an experimental program of three years' duration of approximately one hundred million dollars in extent. Contributions to the program will be on a voluntary basis in the form of appropriate commodities, acceptable services and cash. At a pledging conference held in September, 1962, Canada assured support to this program in the amount of five million dollars, one-third of which will be in cash. Grants from other countries to date have almost reached the initial objective.

The Agricultural Rehabilitation and Development Act

This Act, passed in June, 1961, and designed to assist in agricultural and rural economic adjustment, received attention during the year. A Director was appointed in November, 1961, and in May, 1962, the Federal Government announced the authorization of Fifty Million Dollars for project developments under its terms. Many recent arrangements were completed with all ten provinces thereby assuring its benefits to all regions in Canada.

Current Economic Problems

In certain respects, the past year was a difficult one for the Canadian economy. Western Canadian farmers were aware that particular measures taken to deal with serious problems of payments problems have brought favorable results in the way of higher prices for products such as wheat and livestock. But there is also an awareness that a reduction in the internal value as well as the external value of the dollar. In fact, the government must be taken to ensure that internal costs do not rise enough to cancel all advantages that depreciation provides in both domestic and international markets.

There is also an appreciation of the need for measures other than devaluation to deal with adverse conditions. In this respect, Western Canada's agriculture recognizes the necessity of imposing of tariff surcharges. It must be emphasized, however, that such controls are of a temporary nature and should be removed at the earliest possible moment. With many countries of the world moving toward freer trade and new prosperity, the Canadian economy, and Western agriculture in particular, must face the dependence on export markets, cannot prosper in the long run under excessive trade restrictions.

C.C.W.P. Ltd.

During the year Canadian Co-operative Wheat Producers Limited, the central organization of the three prairie Wheat Producers, was maintained at its liaison, coordination, and other purposes. Its Annual Report will be submitted to you later in this meeting, in which are recorded several additional items of interest for your information and consideration.

THE ROAD AHEAD

The financial results of the grain handling operations of your Association for the year 1961-62, as for several previous years, can be considered satisfactory. At this time we see no apparent reason why our operations will not be similar in the current year. Given reasonably good crops, along with the recently granted increases in handling and storage charges, and the benefits offered by the Canadian Wheat Board's method of orderly marketing, we may face the future with considerable confidence.

We are, however, enjoying several benefits on which reliance could lead to a false sense of security.

An analysis of our current operations reflects several favorable circumstances, some the result of previous decisions and others being of a nature over which we have little or no control or guidance.

The Province of Alberta in the year 1961 enjoyed as a whole proportionately better crops than the other two Prairie Provinces, resulting in favorable holdings for your Association. Marketing operations of the Canadian Wheat Board, assisted by Federal Government credit arrangements and the continued high standards of grain grading and handling as maintained by the Board of Grain Commissioners, all contributed to a satisfactory Canadian sales position. Prairie grain producers and elevator handling companies were again assisted during the year through Federal Government storage assistance under the provisions of The Tempory Wheat Reserves Act. This assistance, while very beneficial and much appreciated, tends to cancel to some degree the full costs to the farmer of grain handling.

The facilities of your Association were utilized to a lesser degree for storage than in recent years but for increased shipments with an overall favorable earning as a result. In this respect we wish to point out that our earnings per elevator unit have in many cases been higher than that in the other Prairie Provinces, reflecting the fact that we have higher storage capacity per elevator point than is general. During the past decade with large crops in this Province, a considerable amount of additional storage space has been built. Your Association took advantage of the full amounts of normal and special capital cost allowances on such properties as they became available with a resulting benefit which we shall enjoy for many years ahead. Another significant advantage which each year has been reflected in our financial statement is the moderate capitalization structure enjoyed at this time. As a result, our annual cash requirements to maintain current operating expenses have been of a nominal nature.

In the past, ever mindful of the Association's liability to its members, a proper relationship between service and potential savings together with a reserve structure at a level compatible with requirements for resolving ownership, has placed the Association in a sound position.

In particular, we suggest a policy of maintaining our reserve structure at such levels that may reflect the ability to resolve ownership and reserves to the extent that control may remain in the hands of active member patrons. Such a policy would assure resources to meet emergencies as may arise and to provide additional facilities and services as the membership may in the future deem desirable.

All of which is respectfully submitted.

G. L. Harold
L. Nelson Malm
Allan J. Macpherson
Gerald Obrey
George W. Ernstbraten
D. Keith Rosenberger
F. A. White
WHEAT

Smiles with promise the young green wheat,
Under a sky of tender blue—
Whispering hopes of a harvest great;
Oh! has it promised, and failed us, too.

The golden grain, and the watch is done,
With the harvest song comes the knowledge sweet,
Of all's reward and the hard fight won,
And the world shall have its bread to eat!
—Nell Lewis Wood

Report of the General Manager
ON 1961-1962 CROP YEAR

To the President and Directors,
Alberta Wheat Pool.

Gentlemen:

In 1961 severe drought drastically reduced yields over most of the western prairies, and Canadian grain production was lower than in any year since the 1930's. Large areas of Alberta were, however, spared the effects of the dry weather, so production did not decline as much as in the other two grain provinces. The Alberta wheat crop of 80 million bushels was about two-thirds the ten-year average, while total wheat production in Western Canada dropped approximately 65% to 300 million bushels.

The very wide extremes in growing conditions were reflected in yields, which in the southwestern and east-central parts of the province were among the lowest on record, while a bumper crop was produced in the north. Harvest was completed at an early date. The quality was high and the condition of the grain excellent, with 97% of the wheat in the top 3 grades. Large amounts of good quality forage seeds were available since the weather was generally favorable in seed producing regions.

For the first time in over ten years delivery quotas were lifted at all points well before the end of the crop year. This was made possible by the coincidence of over 300 million bushels of exports during a year of less than average production.

Even though there were heavy crops in some districts, the almost continuous elevator congestion which had prevailed for several years disappeared as the season progressed, and ample space was available for all producers who wished to deliver.

The West Coast continues to grow in importance as an outlet for Prairie grain, and for the first time accounted for more than half of all Canadian overseas exports. A large part of the shipments of 184 million bushels originated in Alberta.

Country Elevator Operations

Deliveries of grain and oil seeds were maintained at surprisingly high levels, despite marked declines in production. With a good crop in sight, producers drew heavily on stocks of farm stored grain towards the end of the crop year, and total receipts, including rapeseed, amounted to 80,104,000 bushels, which is a small increase over the 80,002,637 bushels delivered last year. Part of this gain can be explained by the fact that the Pool once more enlarged its share of the market and obtained 62.5% of all grains and rapeseed delivered in the province, as compared to 61.36% per cent one year ago.

Although the down-trend in the amount of grain in store in country elevators was halted before the end of the crop year, there was, nevertheless, a substantial decline in stocks from 33,980,460 bushels at July 31, 1961, to 28,601,155 bushels on the same date of 1962.
This drop marks the lowest year-end inventory experienced since 1951-52, and resulted in a considerably reduced utilization of storage space of only 60 per cent compared to 83 per cent one year ago. Under the existing elevator tariff structure, storage revenue has been a heavy contributor to total earnings. The current situation, therefore, serves to emphasize the importance of reducing per bushel costs of handling grain.

There were 11 elevators licensed at the beginning of the year. Of these, 11 were not opened for business and had no receipts. 11 others were permanently closed during the year and one was temporarily closed. Average receipts per elevator operated, at 29,869 bushels, were therefore, somewhat higher than last year.

With less grain in store, it was possible to work up a larger number of elevators than usual, and a total of 565 cut-offs were made. Again, the results reveal a high standard of accuracy by agents as indicated by a weight average of only 0.79 per cent.

In previous years heavy losses were sustained in barley because grain taken in at 3 CW or 6 Row would not hold up to grade through the various handling stages from producer to shipboard. The establishment of new grading regulations reduced these losses this year. Handling conditions were ideal for remaining grain and the overall results for these were satisfactory.

Following record rapeseed production, deliveries to Pool facilities increased more than threefold to 1,541,000 bushels. Although declining world prices were evident throughout much of the year, $12.9 per bushel was paid on the rapeseed sold on a pooling basis compared to $14.60 last year, and a substantial further sum must be added to producers' decision. Drought seriously affected mustard seed acreages and yields, so receipts were small.

Terminal Operations

Large grain sales to far eastern countries accelerated movements through West Coast ports this year, and a new record of 51,328,141 bushels was handled at your Vancouver Terminal. This represents an increase over last year's total of 47,261,030 bushels and is nearly two million bushels greater than the previous peak established in 1958-59. This was accomplished without undue effort, by close co-operation from the Wheat Board, the railways and our Traffic Department.

Seed Division

The 1961 seed crop was exceptionally heavy in Northern Alberta with the production of Great Red Fauve more than twice the long time average. After two years of abnormally large crops of forage seeds in the U.S. and Canada, heavy stocks of several varieties accumulated in all positions between producer and consumer, in spite of good demand. With this surplus overwhelming the markets there was a gradual decline in prices during the year. These circumstances clearly illustrated the difficulty of successfully marketing on a pooling basis in competition with open market buying. Most producers will not pool their seed unless the initial payment is about as high as the open market price, and to set the price at such levels can only lead to loss in a falling market. On the other hand, in a rising market pooling is profitable for producers as the seed is sold after delivery, and usually at prices higher than those prevailing on the open market at the time of delivery. Other difficulties inherent in the seed business are the lack of reliable statistics of production and stocks of seed, and the absence of any means of hedging inventories.

These factors indicate the desirability of critical re-examination of our present marketing methods. During the next crop year, therefore, producers will be offered the alternative of outright sale at prices which reflect market conditions from time to time, or participation in pooling with initial payments set low enough to avoid loss. In this way we will be able to offer the advantages of pooling and at the same time accommodate those interested in current market values.

A total of 26,906,000 pounds of killed seed was handled by your organization in 1961-62. This represents a gain of 6 per cent over last year and is the largest volume ever handled. Nearly all of this seed was delivered in the fall of October, thus imposing a heavy burden on the bulking and storage facilities. Nevertheless, it is gratifying to note that the unusually large volume was handled successfully by your points.

A net loss of 526,053 is largely attributable to the separate pool, in shown on this year's operation. A heavy inventory of unsold seed was on hand at the end of the year and entered into the next year at prevailing market prices, less anticipated carrying charges.

Four years ago the Pool entered the fertilizer business. The purpose of this move was to provide producers the opportunity of making savings by placing orders for their requirements well in advance and taking delivery offshore. It was anticipated that purchasing in this manner would reduce the cost of selling fertilizer and enable the payment of a patronage dividend which would compensate the growers for the inconvenience of early ordering and taking delivery from the car. It was proposed to sell at established competitive prices, but general price cutting ensued, which gave all purchasers of fertilizer a substantial saving. The intangible benefits of this Pool's small effort provide an illustration of the useful regulatory effects of cooperative activity. Last year 7,018 tons were sold compared to 5,744 the previous year and 2,077 tons in 1958-59.

Operating Results

This is a consolidated report on the operations of the Alberta Wheat Pool, Victoria Elevator Limited and Interior Pool Limited. Net earnings before income taxes were $2,785,905 after taking into account revenue and special
capital cost allowances of $1,007,580. During the recent years of high earnings, your organization has taken the maximum capital cost allowances permitted. The reduction in this item as compared to previous years, is due to the exhaustion of the amount available on assets constructed in these years, and to recent changes in the legislation governing special capital cost allowances.

Both revenues and expenses were lower this year than the maximum level of shipments brought in last season. Revenue was lower due to less demand for barley, and the prices were lower. Expenses were higher due to increased operating costs.

The cost of handling members' grain through our elevators last year was 18 cents per bushel. There is no reason to doubt that this cost would be higher if the Pool were to handle the same volume of grain at the same price. The cost of maintaining and operating the present grain handling system, and the expenses will inevitably rise unless the industry develops a more economical way to collect the grain in the country and forward it to the terminals. Our grain is grown in the Heartland of the grain belt and cannot compete in the markets of the world against grain grown close to seaboard in other countries, unless costs are kept to a minimum. The advantage given by high quality can be nullified by excessive costs of getting the grain to the consumer.

Capital expenditures were $1,053,819, of which $638,849 was for new buildings and operating machinery. This amount was well within the allowance for depreciation. It is worth noting that in the past 5 years the Pool has invested $3,519,089 in new grain elevators and buildings.

Subsidiary Companies

Receipts at Victoria Elevator dropped from 7,419,000 bushels in the previous year to 6,560,000, and the net income from this operation was $3,504,000. The Pool was able to save $3,504,000 in 1978 by making prudent management decisions and by reducing costs through efficiency improvements.

The Winnipeg Office

Winnipeg is the hub of grain production and marketing in Western Canada. Our Winnipeg office is responsible for coordinating the activities of our elevator system in this region. The office manages the operations of our elevators in Winnipeg, Brandon, and surrounding areas, ensuring smooth and efficient grain handling and storage.

Staff

The staff at the Winnipeg office is dedicated to providing excellent service to our customers. They are knowledgeable about the grain market and are able to provide timely and accurate information to help our members make informed decisions.

Public Relations

The Pool is committed to maintaining a strong public image and reputation. Our staff works hard to ensure that our members and the public understand the benefits of being a member of the Pool and the value we provide.

Respectfully submitted,

General Manager
WHEAT
The worth of wheat!
A boon to man
Incomparable
Since time began.
—Gates Hebbard

KING WHEAT
Oh, hills may shake and vales resound
Beneath the flying car,
And driven by steam and winds a-beam,
Our ships ride fast and far.
Cities may crumble 'neath the guns
Which guard our flag unfurled,
Yet all shall greet — at last — King Wheat,
For hunger rules the world.
—Nenette M. Lowater

Clarkson, Gordon & Co.
Chartered Accountants
Calgary

To the Members of
Alberta Wheat Pool

We have examined the consolidated balance sheet of Alberta Wheat Pool and subsidiary companies as at July 31, 1962 and the statements of consolidated earnings and consolidated earnings retained from prior years for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the organizations, the accompanying consolidated balance sheet and statements of consolidated earnings and consolidated earnings retained from prior years are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Alberta Wheat Pool and subsidiary companies at July 31, 1962 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta,
October 15, 1962.

Clarkson, Gordon & Co.
Chartered Accountants.
# Albertahoot Pool and Subsidiary Companies

## Consolidated Balance Sheet

### as at July 31, 1962 and Comparison with July 31, 1961

### Assets

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in banks on hand and in transit</td>
<td>$260,827</td>
<td>$622,578</td>
</tr>
<tr>
<td>Stocks of grain (Note 2)</td>
<td>$28,190,684</td>
<td>$10,131,190</td>
</tr>
<tr>
<td>Stocks of seed and supplies (Note 3)</td>
<td>$1,357,837</td>
<td>$826,637</td>
</tr>
<tr>
<td>Advance on grain</td>
<td>$29,673</td>
<td>$19,754</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$856,390</td>
<td>$1,200,694</td>
</tr>
<tr>
<td>Accrued items receivable</td>
<td>$80,400</td>
<td>$80,578</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$394,777</td>
<td>$341,120</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$331,124,661</td>
<td>$435,424,884</td>
</tr>
<tr>
<td><strong>Fixed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, sites and operating machinery</td>
<td>$311,257,185</td>
<td>$300,554,467</td>
</tr>
<tr>
<td>Less accumulated capital cost allowance</td>
<td>$21,506,122</td>
<td>$21,055,073</td>
</tr>
<tr>
<td>Uncompleted construction (see contra)</td>
<td>$9,301,603</td>
<td>$9,809,304</td>
</tr>
<tr>
<td><strong>Elevator and office equipment, autos, trucks and miscellaneous equipment</strong></td>
<td>$677,882</td>
<td>$622,885</td>
</tr>
<tr>
<td>Less accumulated capital cost allowance</td>
<td>$374,818</td>
<td>$368,549</td>
</tr>
<tr>
<td><strong>Net fixed assets</strong></td>
<td>$272,064</td>
<td>$104,145</td>
</tr>
<tr>
<td><strong>Investments</strong> — at cost</td>
<td>$9,820,609</td>
<td>$11,047,450</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>$108,670</td>
<td>$108,670</td>
</tr>
<tr>
<td>Grain Exchange memberships</td>
<td>$10,152</td>
<td>$9,822</td>
</tr>
<tr>
<td>Seed cleaning plants and connections</td>
<td>$921</td>
<td>$708</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$119,745</td>
<td>$119,392</td>
</tr>
<tr>
<td>Deferred accounts receivable</td>
<td>$149,252</td>
<td>$157,794</td>
</tr>
<tr>
<td>Claims</td>
<td>$313,783</td>
<td></td>
</tr>
<tr>
<td>Excess of cost of investment in subsidiary company over book value at date of purchase</td>
<td>$158,420</td>
<td>$165,420</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$341,974,458</td>
<td>$533,961,640</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding cheques, cash tickets and orders</td>
<td>$7,237,479</td>
<td>$5,538,311</td>
</tr>
<tr>
<td>Bank loans (accrued)</td>
<td>$2,389,060</td>
<td>$5,820,000</td>
</tr>
<tr>
<td>Call and short term loans</td>
<td>$2,425,561</td>
<td>$5,678,478</td>
</tr>
<tr>
<td>Loans from members</td>
<td>$2,351,822</td>
<td>$2,601,381</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,421,082</td>
<td>$1,129,095</td>
</tr>
<tr>
<td>Construction commitments (see contra)</td>
<td>$216,852</td>
<td>$243,611</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>$21,109</td>
<td>$25,683</td>
</tr>
<tr>
<td>Mortgage debenture instalment due February 1</td>
<td>$416,666</td>
<td>$410,067</td>
</tr>
<tr>
<td>Accrued items payable</td>
<td>$335,784</td>
<td>$402,826</td>
</tr>
<tr>
<td>Growers' outstanding payments</td>
<td>$172,556</td>
<td>$182,976</td>
</tr>
<tr>
<td>Net earnings - current year (Note 4)</td>
<td>$2,357,782</td>
<td>$2,866,468</td>
</tr>
<tr>
<td>Less estimated minimum income tax (Note 5)</td>
<td>$(75,406)</td>
<td>$(88,465)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$22,491,865</td>
<td>$35,247,611</td>
</tr>
<tr>
<td><strong>Deferred</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4½% mortgage debentures (Note 6)</td>
<td>$851,858</td>
<td>$1,230,000</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>$15,522,188</td>
<td>$18,810,771</td>
</tr>
<tr>
<td>Members investment (Note 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus</td>
<td>$3,246,500</td>
<td>$3,071,205</td>
</tr>
<tr>
<td><strong>Total surplus</strong></td>
<td>$879,472</td>
<td>$825,063</td>
</tr>
<tr>
<td>Arising from disposals of properties</td>
<td>$3,821,062</td>
<td>$3,586,288</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$36,321,832</td>
<td>$55,662,610</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
# Statement of Consolidated Earnings

<table>
<thead>
<tr>
<th>Year ended July 31</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues (Notes 8)</td>
<td>$812,913,335</td>
<td>$811,929,055</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elevator and seed plant operating expenses</td>
<td>$4,300,132</td>
<td>$4,623,848</td>
</tr>
<tr>
<td>Office, administration and supervisory expenses</td>
<td>2,387,536</td>
<td>2,153,627</td>
</tr>
<tr>
<td>Terminal elevator operating expenses</td>
<td>1,579,780</td>
<td>1,553,116</td>
</tr>
<tr>
<td>Interest charges</td>
<td>945,838</td>
<td>1,538,216</td>
</tr>
<tr>
<td></td>
<td>$9,018,286</td>
<td>$9,853,841</td>
</tr>
<tr>
<td>Earnings before capital cost allowance</td>
<td>$3,895,049</td>
<td>$4,699,214</td>
</tr>
<tr>
<td>Capital cost allowance</td>
<td>1,102,296</td>
<td>1,238,306</td>
</tr>
<tr>
<td>Net earnings for the year before income tax</td>
<td>$2,787,753</td>
<td>$3,460,908</td>
</tr>
</tbody>
</table>

# Statement of Consolidated Surplus Retained from Earnings of Previous Years

<table>
<thead>
<tr>
<th>Year ended July 31</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$3,971,203</td>
<td>$2,947,844</td>
</tr>
<tr>
<td>Less sundry adjustments</td>
<td>111</td>
<td>716</td>
</tr>
<tr>
<td></td>
<td>$3,971,092</td>
<td>$2,947,129</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from the previous year</td>
<td>$2,866,908</td>
<td>$2,425,508</td>
</tr>
<tr>
<td>Add sundry adjustments</td>
<td>4,422</td>
<td>(181)</td>
</tr>
<tr>
<td></td>
<td>$2,866,486</td>
<td>$2,425,327</td>
</tr>
<tr>
<td>Less patronage dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In cash</td>
<td>$642,765</td>
<td>947,292</td>
</tr>
<tr>
<td>In members' investments redeemed</td>
<td>1,172,977</td>
<td>1,033,027</td>
</tr>
<tr>
<td>In members' investments increased</td>
<td>741,283</td>
<td>622,180</td>
</tr>
<tr>
<td></td>
<td>$2,556,925</td>
<td>$2,538,528</td>
</tr>
<tr>
<td>Less income taxes paid</td>
<td>169,407</td>
<td>109,754</td>
</tr>
<tr>
<td></td>
<td>$177,518</td>
<td>$124,074</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$3,288,958</td>
<td>$3,071,203</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

# Notes to Financial Statement

**Note 1**
The consolidated financial statements include the accounts of the Alberta Wheat Pool and its wholly-owned subsidiary companies, Alberta Pool Elevators Limited, Victoria Elevator Limited and Interior Feeds Limited.

**Note 2**
Stocks of wheat, oats and barley have been valued at Canadian Wheat Board delivery prices and stocks of other grains at market or open sales contract prices where applicable. Allowance has been made for handling and other charges.

**Note 3**
Stocks of forage and cereal seeds and other supplies have been valued at lower of cost or market, or where applicable, at open sales contract prices less costs of handling.

**Note 4**
Current year's net earnings, less estimated minimum income tax payable, are shown as a current liability pending action by the delegates at the annual meeting regarding patronage dividends.

**Note 5**
Income tax has been provided on the current year's earnings at the estimated minimum amount under the provisions of the Income Tax Act.

**Note 6**
4½% mortgage debentures of Alberta Pool Elevators Limited are held by Bank of Montreal and are payable in three equal annual installments.

**Note 7**
Ownership in Alberta Wheat Pool is by investment in the reserves of the organization, Funds to make this investment have been provided from patronage dividends.

**Note 8**
Revenues accrue from grain and seed handling, terminal operations and diversion premiums, carrying charges, storage and interest, rentals from office building and agents' dwellings, etc.

**Note 9**
Earnings of the previous year, after provision for income tax, were made available for distribution in the current year giving effect to action taken at the last annual meeting. See also Note 4.
### 1961 - 1962

**FACTORS AFFECTING WORKING CAPITAL**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital July 31, 1961</td>
<td>$8,372,273</td>
</tr>
<tr>
<td>1960-61 Earnings Available for Distribution (Note 9)</td>
<td>2,772,543</td>
</tr>
<tr>
<td>Operating Earnings, 1961-62, before capital cost allowances</td>
<td>3,803,065</td>
</tr>
<tr>
<td>Proceeds of Disposals —</td>
<td></td>
</tr>
<tr>
<td>Building and Operating Machinery</td>
<td>25,929</td>
</tr>
<tr>
<td>Equipment</td>
<td>81,270</td>
</tr>
<tr>
<td>Capital Gains</td>
<td>50,417</td>
</tr>
<tr>
<td>Return re Winnipeg Office Investment</td>
<td>698</td>
</tr>
<tr>
<td>Sundry Adjustments</td>
<td>534</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,657,509</strong></td>
</tr>
</tbody>
</table>

**APPLICATION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961-62 Net Earnings Held Pending Disposition</td>
<td>$8,717,362</td>
</tr>
<tr>
<td>New Buildings and Operating Machinery</td>
<td>868,840</td>
</tr>
<tr>
<td>New Equipment</td>
<td>136,478</td>
</tr>
<tr>
<td>Funds Provided for Completion of Construction Program</td>
<td>3,241</td>
</tr>
<tr>
<td>Patronage Dividends Paid in Cash</td>
<td>642,765</td>
</tr>
<tr>
<td>Members' Investment Reserve Purchased</td>
<td>1,372,837</td>
</tr>
<tr>
<td>Payment on Debentures</td>
<td>416,617</td>
</tr>
<tr>
<td>Income Tax Paid or Provided for —</td>
<td></td>
</tr>
<tr>
<td>1961 — Dominion of Canada</td>
<td>72,343</td>
</tr>
<tr>
<td>1962 — Dominion of Canada</td>
<td>70,406</td>
</tr>
<tr>
<td>1961 — Province of Ontario</td>
<td>171</td>
</tr>
<tr>
<td>Increase in Deferred Accounts</td>
<td>290,241</td>
</tr>
<tr>
<td>Increase in Investments</td>
<td>351 $6,297,723</td>
</tr>
<tr>
<td><strong>Working Capital, July 31, 1962</strong></td>
<td><strong>$8,629,786</strong></td>
</tr>
</tbody>
</table>

### 1923 TO 1962

**SOURCE AND APPLICATION OF FUNDS**

**SOURCE**

- Depreciation and Capital Cost Allowances: $2,330,940
- Members' Investment Reserve: $14,522,198
- Earned Surpluses Retained: $3,248,500
- Capital Surpluses from Properties: $575,472
- Debenture Loan: $833,333
- **Total**: $41,490,533

**APPLICATION**

- Elevators, Terminals, Cleaning Plants and Other Properties: $31,484,037
- Elevator and Office Equipment, Automobiles and Trucks, Miscellaneous Equipment: $447,512
- Excess of Cost of Investment in Subsidiary Company Over Book Value at Date of Purchase: $155,420
- Investments in Affiliated Companies and Miscellaneous Memberships: $119,743
- Deferred Accounts: $454,095
- Working Capital: $8,629,786
- **Total**: $41,490,533
Income Statistics

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Bushels Handle</th>
<th>Operating Earnings</th>
<th>Operating Expenses</th>
<th>Capital Cost Allowances</th>
<th>Patronage Dividends</th>
<th>Earnings Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>60,104,181</td>
<td>$1,293,335</td>
<td>89,286</td>
<td>81,197,296</td>
<td>(See Note 4)</td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td>59,805,637</td>
<td>12,929,088</td>
<td>8,920,541</td>
<td>1,218,306</td>
<td>5,256,905</td>
<td>117,518</td>
</tr>
<tr>
<td>1960</td>
<td>59,483,369</td>
<td>12,724,931</td>
<td>9,666,942</td>
<td>1,220,466</td>
<td>2,192,499</td>
<td>124,674</td>
</tr>
</tbody>
</table>

Balance Sheet Statistics

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>No. of Elec.</th>
<th>Capital Investment</th>
<th>Current Assets</th>
<th>Current Liabilities</th>
<th>Working Capital</th>
<th>Retained Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>559</td>
<td>$322,151,545</td>
<td>811,124,651</td>
<td>82,491,865</td>
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CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
DIRECTORS' REPORT
1961-1962

To the Shareholders

October 4, 1962

Gentlemen,

The directors of Canadian Co-operative Wheat Producers Limited submit their thirty-eighth annual report covering the crop year 1961-62. In keeping with an established precedent, our report refers to events of national importance which have occurred since we issued our last report, in addition to statistics covering the production and marketing of grain for the crop year ended July 31, 1962.

The pattern of production and marketing which prevailed during the year under review brought producers and their organizations face with new problems. The sharp rise in farm prices, the new federal government programs, and the sharp rise in farm prices have affected many grain marketing problems. The new federal government programs have affected many grain marketing problems. The new federal government programs have affected many grain marketing problems.

The pattern of production and marketing which prevailed during the year under review brought producers and their organizations face with new problems. The sharp rise in farm prices, the new federal government programs, and the sharp rise in farm prices have affected many grain marketing problems. The new federal government programs have affected many grain marketing problems.

Matters of major concern throughout the year were those related to drought assistance and acreage support by the federal government. The new federal government programs implementing the findings of the Royal Commission on Transportation, particularly as the program relates to the abandonment of low density lines, will affect the grain market in the future years.

We sought a renewal of the International Wheat Agreement on terms which we believed would be acceptable to the producers we represent. In keeping with a deeply held conviction we again urged the federal government to make the Canadian Wheat Board Act permanent legislation.

A year ago we established an African Students Foundation bureau. Under this bureau a native of Nigeria is taking his studies at the University of Manitoba. It is our belief that a man with such training can offer leadership in his own country as its commerce and industrial development.

We sought and were granted membership in the Great Lakes Watershed Development Association. Canadian Co-operative Wheat Pro-
Concern was expressed over the fact that several grain shipments from Canada to the United States and other countries were delayed. This situation was largely due to the lack of adequate and efficient railroad connections, which led to a significant reduction in the number of grain shipments. The representatives emphasized the importance of improving railroad connections to ensure the timely delivery of grain to international markets.

The conference was held in conjunction with the annual meeting of the Canadian National Committee of the International Wheat Pool. The committee was responsible for coordinating the distribution of wheat among member countries and ensuring fair pricing for all participants. The meeting provided an opportunity for representatives from various countries to discuss the challenges faced in the wheat trade and to plan strategies for future cooperation.

The conference also addressed the issue of wheat prices. It was noted that the prices were significantly lower than expected, which could have negative implications for the producers. The representatives agreed to work together to develop strategies to stabilize prices and ensure fair returns for all members.

The conference concluded with a recognition of the importance of cooperation and coordination in the wheat trade. It was agreed that regular meetings and consultations were necessary to address the challenges faced by the members and to ensure the continued success of the International Wheat Pool.

The representatives from the various countries expressed their appreciation for the organization and expressed a commitment to continue working together towards the common goal of a stable and equitable wheat trade. The conference was seen as a significant step towards achieving this goal and was anticipated to have a positive impact on the future of the wheat trade.
and to illustrate the position taken by Canadian agriculture on the patterns of world trade which are developing. The masters deal with a problem that we believe is vital; the importance to grain producers in Canada, were a world food program; international commodity agreements; and the Common Market.

In speaking about the world food program, the President emphasized the fact that an idea born in the United States in 1946 is now far more well assured. It is a program which the Canadian Federation of Agriculture has persistently supported and promoted at home, in UN conferences and in FAO conferences since 1946 when Lord Boyd Orr made the original proposal for a World Food Program.

He stated that the Director-General of the Food and Agriculture Organization has been authorized to put the program into action right away. The United States of America had contributed $50 million to the program. Canada had promised $5 million and Denmark $2 million.

In his address the President dwelt at some length on the determining patterns of world trade and its probable effect on Canadian agricultural policy. He submitted details of the progress made by the European Economic Community to illustrate the fact that the United Kingdom had established a textile industry in the Community, and the probable effect of the acceptance of Britain's application and her participation in the Common Market on Canadian agricultural exports.

The executive committee of the Canadian Federation of Agriculture at the time of the Federal-Provincial meeting was elected by Dr. Hammond.

"We would like first of all to say that the emergence of the Common Market and in particular the path of Britain's entry into it, most assuredly creates grave dangers, especially in the short run, to the interests of British and our exports for market products. A policy of increased European agricultural production and self-sufficiency, in a common market which includes Britain, would make every severe inroads into our markets. Also increased tariff barriers could have definite adverse effects on the product which we deal with. We make this point at the outset to emphasize the importance of effective account being taken in the Common Market negotiations of the legitimate interests of Canadian farmers."

The Canadian Federation of Agriculture has always looked upon the development of the European Common Market as being prima facie, a policy of protectionism and wisdom. It has recognized the danger of the agricultural policies of the EEC taking a protectionist turn that could jeopardize our markets in some commodities. But it has believed that the only right answer to these problems lies in fully implementing the principle of the Common Market concept, and unfolding our economic resources through consultation, agreement, and enlightened trade policy on our part, toward turning to our benefit the trade potential which should be opened up by an economically united, prospering and expanding Europe.

Dr. Hammond spoke about the need for and the achievements of farm organizations and stressed the importance of farmers being vocal and making themselves heard in the right places. We quote the pertinent section of Dr. Hammond's address dealing with this matter:

"Organized farmers can and should coordinate their activities, and from time to time cooperate with other groups and sectors of our society. But this will require greater independence, greater self-sufficiency, and a sense of their own destiny if they keep free of entangling alliances that would link them in a vital harmony with others whose economic interest differs from that of the primary producers."

"Of paramount importance is the fact that farmers should be articulate in farmers' organizations and that they should have organized, united strength back of that voice."

"Organized agriculture is accepted and recognized in Canada. It speaks with authority on behalf of the farmers of Canada. More and more we are being asked for our views by governments and government agencies, commissions of inquiry and leaders in industry and labor. During the past few years we have been invited to participate in work of national committees and advisory bodies to such an extent that it adds substantially to our responsibilities. Yet this responsibility is in turn demanding that we must assume it is greatly in their interests to do so."

The meeting recognized the impact the short grain crop harvested in 1961 would have on many producers of both grain and livestock. It urged the federal government to provide special drought assistance by making guaranteed payments to producers who had a yield of less than twenty bushels per acre of wheat and its equivalent in other crops and asked that this payment be recognized as a payment over and above the payments made by the CPR when dealing with farmers.

The CPR offered support to the Agricultural Economic Research Council and is present on the board of the CPR, per annum for five years, the funds to be subscribed by members and made available to the Research Council for research which it deems of general benefit to the transport industry. The CPR also made a clear-cut decision that the common wheat policy now in effect is not the most economical policy for the CPR. Evidence indicates that the CPR is in close touch with the actual position as shown by the following statement which was issued eight months ago:

There is no doubt whatever that the present time is one for careful and hard re-assessment of the direction of Canada's foreign trade policy. There are several reasons why this is so. One is that the rapid advance of modern technology in the field of the techniques of mass production and automation, has strengthened the case for national industrial specialization and hence for conditions of free trade with other nations. Another is the possibility that the United States will move toward a policy of protective levying of trade barriers on a reciprocal basis. Such a policy, if the CCTA principles of multilateral trading are to be followed, would inevitably face Canada with urgent decisions as to what course it will follow. A third reason is that the growth of prosperity in Western Europe, the rise of new trading patterns, and the formation of the Common Market all mean intensified competition for Canadian exporters and Canadian farmers."

The next annual meeting of the Canadian Federation of Agriculture will be held in Windsor, Ontario, on January 22-23, 1963. INTERNATIONAL FEDERATION OF AGRICULTURAL LITERATURE

We reported a year ago on the last general conference of the International Federation of Agricultural Literature held in Brussels, May 18, 1961, and said that the next general conference would be held in November, 1962, in Acra, Ghana. Now a year later we are in a position to report on the place of the next conference that has been made: it will be in May 1963, in Dublin, Ireland.

During the year under review the IFAP European Commission held a meeting in Stockholm, in May 1962, and the North American members of the IFAP met in Washington, D.C., on May 9, 1962. In June 1962, a number of North American farmers were represented at this meeting by three delegations of the Canadian Federation of Agriculture in which the executive officers of our own organization so were included. It is reported that
meeting dealt with a World Food Program, and gave its major attention to a paper prepared for the joint session of the Common Market and North American Agriculture.

These regional meetings are held during the past two years between general conferences.

The European Committee of the IFAP is meeting in Paris, France, later this month on October 29-30.

This Committee invited the Canadian Federation of Agriculture to send a representative to the meeting. We are happy that Louis A. Bibeau, one of our directors, has been selected. In attending as an observer, Mr. Bibeau will have an opportunity of assessing the plans now being formulated under which agricultural products will enter those countries which are members of the European Economic Community.

The next meeting of the North American Committee will be held in the spring of 1964.

GOVERNMENT POLICY FOR AGRICULTURE

Your board is conscious of the fact that governments are participating in all phases of our nation's economy to a greater extent as each year passes. We recognize, too, that this increasing involvement is due to pressures brought to bear by the electorate rather than to a deliberate policy by the Canadian parliamentarians. We believe that government action in essential situations is still within the realm of a relationship between the different business segments in Canada. We refer in this report in a concise form to legislative and administrative action of the federal government on matters pertaining to agriculture.

Canadian Wheat Board Act

The Canadian Wheat Board Act was amended on March 27, 1962. Under these amendments the Board's control over deliveries and its regulation over interprovincial and export trade in wheat was extended until August 1, 1966. The amendments to the Act also defined the grain.

The Canada Grain Act

The Canada Grain Act was amended on April 22, 1962, when statutory grades for mustard seed and rapeseed were defined.

International Wheat Agreement

The text of the 1962 International Wheat Agreement, as adopted at the final plenary session held at Geneva on March 30, 1962, was filed in the House of Commons on April 16, 1962. Some of the terms of the Agreement are:

1. That it shall remain in force until and including June 30, 1965;
2. The minimum price shall be $1.62 and the basic maximum price shall be $2.02 per bushel, calculated at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at November 1, 1949, for No. 1 Manitoba Northern wheat in bulk and in store Port William/Port Arthur.

The House of Commons adopted the following motion which was moved by the Minister of Agriculture on April 17:

That, in expediency, that the resolution be adopted by the International Wheat Agreement to be signed for signature at Washington, D.C., on April 19, 1962, and that this House do approve the resolution.

The Agreement was signed by Canada on May 11, 1962.

The Agricultural Rehabilitation and Development Act

The Minister of Agriculture announced on November 9, 1962, that Alexander Thomas Davidson had been appointed by the Civil Service Commission as Director of the Agricultural Rehabilitation and Development Act. The Director, Mr. Davidson, was with the Department of Northern Affairs and National Resources. Since the Act was passed in May, 1961, a fact on which we report a year ago, much has been said about the application of the provisions of the Act in the southern provinces. We believe that in that situation the Act calls for the adoption of a joint understanding of (1) alternative uses of land classified as marginal or low productivity; (2) development of income and employment opportunities for rural agricultural areas; and (3) development and conservation of the water and soil resources of Canada.

It was announced on May 2, 1962, that the federal government had given approval to a three year plan to provide for the development and use of land, rural development and soil and water conservation, to be spent under ARDA. We anticipate that this action will result in definite programs under way.

Prairie Farm Assistance Act

The federal government made two important amendments to the regulations covering the Prairie Farm Assistance Act when on November 6, 1961, they deleted from the regulations a provision which excluded a complete farm unit from benefits of the act if it was valued at more than $50 acres of irrigated land which produced a crop averaging more than 12 bushels per acre.

The other amendment concerned fishermen farm operations. Under the new amendment the son who resided on a farm from January 16, 1961, would be eligible if his parents did not operate a farm.

St. Lawrence Seaway

By order-in-council passed on July 18, 1962, tolls on the Welland Ship Canal were increased. This action is acceptable and in keeping with the submission we placed before the Minister of Transport at Ottawa on March 1, 1961, when we voiced our opposition to tolls on the Welland Canal.

Acreage Payments

The House of Commons on January 30, 1962, authorized the making of acreage payments on the same basis as was done in 1959 and 1960. Sitting as a committee of supply, the following resolution which had been submitted by the Acting Minister of Agriculture received assent of the House:

Payments to western grain producers to be distributed on the following basis, namely, $1 per cultivated acre up to a maximum of 200 acres per farm in accordance with regulations of the government-in-council, $42,000,000.

The sum of $42 million for this purpose was voted by the House of Commons on February 2, 1962.

On March 30, 1962, the Minister of Agriculture said that an amount exceeding $55 million had been paid and that there were approximately 500,000 permits in hand at that time. It is reported that 23,238 payments of $39,975,241 had been made by April 26, 1962.

Grain Storage and Handling

The Minister of Trade and Commerce, the Hon. George Fees, has appointed a committee to study the problems of the storage and handling of grains in Canada. The committee will report to Parliament on the adequacy of Canada's present grain storage and handling facilities in relation to current and future requirements for the storage and movement of Canada's grain.

The committee will also study the impact of the St. Lawrence Seaway on the pattern of grain movement and also the handling of American grains through Canadian ports.

The committee is also to consider the adequacy of the Dominion Bureau of Statistics, the Board of Grain Commissioners of the National Harbours Board and the Association of Grain Commissioners.

Farm Improvement Loans Act

An act to amend the Farm Improvement Loans Act was passed by the House of Commons on March 5, 1962. The amendment provided for the legislation until June 30, 1955, and established $800,000 as the limit of guaranteed loans.

The Act was first passed in 1944, at which time the figure of $500,000 was set as the amount of guaranteed farm improvement loans.

Crop Insurance

There is a growing interest in and larger participation in crop insurance underwritten by the federal and provincial governments. The Crop Insurance Act was passed in July 1959 and authorized the federal government to enter into an agreement with any province that establishes a crop insurance scheme. The provinces have now entered into an agreement with the federal government under this legislation, namely, Manitoba, Saskatchewan and Prince Edward Island.

In 1961, 8,575 farmers in Manitoba paid $460,000 in premiums covering $85,000,000 of insurance. Claims were paid to 2,089 farmers in a total amount of $3,386,000. In the same year, 2,045 farmers in Saskatchewan participated in a limited test plan, paying $29,000 in premiums for a coverage of $125,000. Claims in the amount of $45,000 were paid.

Royal Commission on Banking and Finance

The Prime Minister announced on October 16, 1961, that a Royal Commission had been appointed to study and report on Canada's financial and monetary policy. Chief Justice Dunn, President of the Alberta Wheat Pool, is a member of the Commission. The report is not indicated that the interests of agriculture will be served during the hearings by one of our own directors.

After due consideration we decided against making a presentation to this Royal Commission but, instead, we will outline what we could do to either the current Canadian Federation of Agriculture and the Co-operative Union of Canada since these organizations were prepared to make a submission.

Royal Commission on Transportation

The second volume of the report of the Royal Commission on Transportation was issued in December 1961 and tabled in the House of Commons on January 22, 1962. This volume contains some detailed comments on transportation problems which had been dealt with in the first volume released in March 1961.

The Commission stated:

"Our area of responsibility is to be confined, first, to recommending guides to action in developing a national transportation policy for agriculture, and secondly, to advising the government on such matters as are referred to it by the Department of Transport."
which is concerned with the effectiveness of transport to and from British Columbia, and, second, to pertinent observations respecting the effects upon it of national policies making use of transportation in the fulfillment of their particular objectives. This dual focus of our responsibilities distinguishes clearly between national transportation policy and national policy and furnishes the structure for this particular part of our report.

"The essence of the position we have taken with respect to national transportation policy is that it is not in the monopolistic era of transportation, to treat a particular mode of transport in relative isolation from all others. It is, to us, manifest that in the present situation of competitive coexistence the attainment of an efficient and balanced transport system will require that careful attention be paid to the effects of policies relating to one particular type of transport, or even to one particular category of carriers which have become an integral part of the system. The transportation structure, in other words, must be looked at in its entirety. Only a national transportation policy which adopts such an approach would, we believe, be properly equipped in the new competitive environment to meet the present needs and difficulties of Canadian transportation with a complete and effective system and thereby enable the system to fulfill national policy objectives and at the same time develop along commercial and market-oriented lines."

The Commission pointed out that:

"In conformity with the objectives of national transportation policy to work towards the optimum allocation of resources in transportation, it is essential that population of railways should not inhibit the competitive ability of that mode of transportation."

The report cited examples of transportation as an instrument of national policy. Reference was made to three case studies. These covered the Maritime Freight Rates Act, the "Bridge" subsidy, and feed freight assistance.

The recommendations of the Commission were that the freight freight assistance are set out as follows:

1. The subsidy should not be restricted to rail and water carriage.

2. The subsidy rate should not be higher than the freight rate available in the case of waterborne carriers, no matter which mode of transport nor which routing is actually used.

3. The assistance rates on shipments to British Columbia should be based on the same formula as that used for Eastern Canada.

4. The Federal Government should make a substantial reduction in the feed freight assistance in order to determine whether or not, in its present form it is still benefiting Canadian agriculture to the greatest possible extent, or whether assistance could be more effectively applied, for example, additional storage capacity in the feeding areas or some other form of aid.

The Commission reported that the "Bridge" subsidy had adversely affected competing carriers, that evidence submitted indicated that competition would be more effective in reducing rates than the subsidy has been, and that a difficult policy to administer in view of the discrimination and unfairness inherent in its application. In the light of these considerations, the Commission recommended that the "Bridge" subsidy be abolished.

In reference to the Maritime Freight Rates Act, the Commission reiterated what it had said in its first volume:

"When transportation assistance is introduced to aid one industry or region or an industry it should be implemented so that there is no distortion into the transportation industry itself. Picking upon one mode of transport to benefit because of regional or industrial transport policy is to give it an advantage over its competitors and dictate efficiency, with respect to competition, to the favoured mode, and constraint upon the other."

The second volume of the Commission's report contained no direct reference to statutory rates on grain, but a broad method of rate was placed on the report. The report was then published in the Gazette making the Commission's decision clear.

The final authority over the report is placed on the merits of competition between all modes of transportation, with the shipper making the decision. The Commission said:

"The concept of our conclusion is that the criteria by which the best transportation in Canada, particularly railway and passenger transportation and the alleviation of inequities which result—caused by the failure of public and private attitudes to adjust to the realities of competition."

"It is our unanimous conclusion that no amount of flexibility and adaptability on the part of labour and management, no matter how great, can make the railways meet their lowest costs and thereby allow the National Tariff Board to determine rates with some accuracy.

"The Board will authorize payment from the Fund and publish a policy to that effect within the 60 days after the report is made public."

So far the federal government has taken no definite steps to implement the recommendations of the Commission. The Department of Transport will continue to review the report, and any action will be taken in the light of the report, and any action will be taken in the light of the report. A recent report has recommended the implementation of the report's recommendations. The Commission has not yet taken action.

Economics Research Council

We can report that progress has been made in bringing the Agricultural Economics Research Council into operation. The provincial boards of governors met in Ottawa on July 14, 1962 when executive officers were elected and financial arrangements were agreed upon. The board of governors is appointed by the federal and provincial governments, business organizations, cooperatives, and business organizations. B. M. Paton, Deputy Minister of Agriculture for Alberta, represents Alberta and British Columbia, while J. A. H. Davis, Editor of the Canadian Farming Guide, Winnipeg, represents Saskatchewan and Manitoba on the board of governors. Lorne E. Davis was elected president.

Plains have been made to bring the research program under the direction of the director of economic research. The director will be the director of research. The report, published in the first year is $100,000 annually to be contributed.
a sufficient flow of revenue. The Commission will be assisted by government departments and agencies and will hold hearings in various parts of Canada.

It is to be found on the back of the Canada D. N. G. F. T. being an instrument that provides an essential service for the encouragement of economic growth, the board is impressed with the importance of this inquiry and will keep us apprised of the recommendations of the Commission. We anticipate that the cor-

Organization for Economic Cooperation and Development

We referred a year ago in our report to the establishment of the Organization for Economic Cooperation and Development and stated that we were in sympathy with the objectives of this body, namely, to provide a continuing forum for the consideration of patterns of trade which are emerging.

Today 20 nations are full members—Can-
da, the United States and 12 European nations are members of this organization. On November 18-19, 1961, the first meeting of the Minis-
terial Council took place under the Chair-
man of the Hon. Donald M. Fleming, then Can-
da’s Minister of Finance. The meeting con-
sidered the substantial economic growth in member countries and the rapid changing pattern of the world’s economy during the last decade. The Ministers agreed on the desirabil-
ity of establishing a firm target for future progress. It was agreed to set a collective target and at the attainment of the period 1960-70 of a growth in real gross national product of 12% in member countries taken together. Other than setting a growth target there have been few major developments since the new organization began its official exist-

European Economic Community

A good deal of publicity has been given to the economic growth of the six nations which comprise the European Economic Community and also to the application of the United King-
dom to join the Community. This is a highly controversial issue one which raises the ques-

tion as to the future of trade between Com-

monwealth countries.

Canada is vitally concerned with this de-
velopment. Three years ago in referring to the nations which comprise the Economic Com-

munity we pointed out that “it is among these nations that Canada finds the larg-
est potential market for its agricultural products.” Canada has obtained assurances with respect to its rights of access to the EEC covering nearly $250 million of Canadian trade. This agree-
ment is the result of the negotiations at the Geneva Tariff Conference which concluded on July 16, 1961. The negotiations on wheat, the largest single export from Canada to the EEC, resulted in two interim agreements covering so-called "quality" wheat and ordinary wheat. The assurances given cover Canada’s access to EEC pending the working out of a common agricultural policy of the European Economic Community.

INTERNATIONAL WHEAT AGREEMENT

The International Wheat Agreement was revised and extended following a conference in Geneva held early in 1961. The executive di-

rectors of our organization attended the meeting as members of the Advisory Committee to the Canadian Wheat Board. Your board is happy to report that the terms and price range for the new Agreement developed by the majority of wheat producers in western Canada as being very satisfactory.

Ten exporting countries ratified the Agree-

ment. The signatories included the nine export-
ing nations who had participated in previous Wheat Agreements and the Union of Soviet Socialist Republics (USSR). In commenting on the USSR’s participation Broomehall said in March:

"The provision that the Soviet Union joins the IWA export coverage will be almost com-
plete. We understand that, in anticipa-
tion of possible enlargement of the program of exports in the Agreement’s importers have undertaken to increase their percent-
age purchases.

The commercial purchases recorded with the International Wheat Council for the crop year 1961-62 reached a total of 977,432,000 bushels and were made by 38 nations and terri-
tories. Canada’s sales amounted to 28,003,000 bushels, representing 26.24% of the total.

United States sales accounted for 36.71%: Aus-
tralia 19.22%, Argentina 10.93%, France, Italy and Sweden exported small amounts, while Mexico and Spain reported no sales.

CREDIT SALES OF GRAIN

The sale of grain made by Canada on a credit basis is a matter of great interest and concern not only to grain producers but to people in government and business circles. The sale of grain made by Canada and China was reported upon in our report a year ago. It gives us great satis-

faction to know that sales and payments have been made to the advantage of the farmers. During the crop years 1961-62 Canada shipped 72 million bushels of wheat and 19.3 million bushels of barley to China.

In comment on credit sales our President said:

"It is increasingly evident that credit sales are an important aspect of international trade in wheat. Credit is a competitive necessity in today’s trading world. Wi-

thout it Canada’s exports would be reduced to 200 million or 275 million bushels per year, an undesirable situation for not only the farmer but the country as a whole."

In the current crop year a contract was entered into with Poland under which that coun-

try will purchase 11 million bushels of wheat, or more. The contract provides for an op-

tion under which Poland may purchase an addi-
tional 7.5 million bushels during the crop year.

Your board is of the opinion that grain pro-
ducers will welcome programs under which, even if their export contracts are not provided for by the new Agreement, they may still be assured of a market for at least one-third of the total exportations, and countries should give due regard to the importance of achieving this overall objective, when determin-

ing the cash element in their contribu-

tions.

WORLD FOOD PROGRAM

For a number of years your board has aban-
do SWAP which has been generally ex-

pressed with regard to the supplies of wheat on the North American continent being in excess of demand and that carrying this surplus has created major problems of storage and financ-

ing. Your board echoes the response voiced by many Canadians who have given support to programs which have been sought through numerous plans for surplus disposal. Embolden in their belief that adequate services for making surplus wheat available to undernourished people. We believe that a generous support given these programs in recognition that these plans combine business and humanity.

During the period under review concrete steps have been taken to bring a world food program into operation. We are happy to report on this development. Without question Can-

da’s farmers, through their various organizations, have urged that a plan be devised under which food in Canada’s surplus would be made avail-
able to the millions of undernourished people throughout the world. These producers will respond warmly to the statement made by the Canadian Minister of Agriculture, Hon. Alvin Hamilton, at the FAO conference in Rome ten months ago when he spoke of the good fortune of some countries being able to produce in abundance and other countries to forego need of food. He said:

"The Canadian Government and the Cana-
dian people are quite in sympathy with the proposition that international action be taken to ensure that food be provided to the people of the world, to the needy and hungry people in other lands."

The Food and Agriculture Conference on November 24, 1961, adopted a resolution which had been proposed by Canada and the United States. The basic concept of a world food pro-
gram as set out in the resolutions is recorded in the following salient paragraphs:

(1) An initial experimental program for three years of approximately $100 mil-

lion with contributions on a voluntary

basis to be undertaken jointly by the FAO

and the UN in cooperation with other UN agencies, and appropriate inter-

governmental bodies;

(2) Contributions to the program, to be known as the World Food Program, may be pledged by countries in the form of appropriate credit arrangements; surpluses of goods, and in kind, at least one-third of the total exportations and countries should give due regard to the importance of achieving this overall objective, when determin-

ing the cash element in their contribu-

tions.

(3) An Intergovernmental Committee of 9 nations which is the committee of FAO or the CN be established to provide guid-

ance on policy.

Following the adoption of this resolution by the Food and Agriculture Organization of the United Nations, the General Assembly of the United Nations on December 14, 1961, voted $72 to nil in accepting the World Food Program.

At a pledging conference held on September 5, 1962, at the United Nations in New York, Canada pledged $5 million, one third to be in cash, the balance in commodities, and the United States pledged $40 million, one third to be in farm products and $10 million in cash — in support of the plans from other countries brought the total pledge to nearly $100 million.

WORLD SUPPLIERS AND EXPORTS

Your board of directors for a number of years have included with the report the pertinent statistical information relating to world trade and to the production and disposal
of Canadian grown cereals. The information which we incorporate in this report has been extracted from releases issued by the Board of Grain Commissioners, the Dominion Bureau of Statistics and other recognized authorities.

**Supplies**

At the end of the crop year under review the wheat surplus remaining in the four major exporting countries showed a decline of 197 below the volume available a year ago. The changed emphasis from over-supply to greater production was emphasized in Canada when the federal minister of agriculture urged farmers to increase their wheat production. However, in the United States the wheat allotment plan was renewed for one year following a favorable vote recorded by producers.

It is estimated that supplies of wheat in the four major wheat exporting countries at August 1, 1962 stood at 2,144.1 million bushels. The estimate a year earlier was given at 2,700.8 million bushels.

The Dominion Bureau of Statistics estimates the carryover of wheat in Canada at July 31, 1962 to be 235.7 million bushels, compared with 280.8 million bushels a year earlier.

The carryover at August 1, 1962, in the United States stood at 1,726.4 million bushels, which is 236 million bushels below the level of the previous year. The 1962 United States crop, estimated at 1,063 million bushels, is included in the figures showing available supplies.

It is estimated that the Australian wheat supply at July 31, 1962 stood at 48.7 million bushels, compared with 63.2 million bushels a year earlier. The carryover of wheat in Argentina at July 31, 1962, was estimated to be 123.7 million bushels, compared to 235 million bushels at the same date in the previous year.

**Exports**

Exports of wheat in the 1961-62 crop year reached record proportions for the second consecutive year. The CBS reported that “this situation is largely due to reduced crop in Western Europe and North Africa as well as the continued high level of import requirements in Asia.”

Shipments from the four major exporters exceeded the volume of 1,650.1 million bushels in 1960-61 by 17.5 million bushels. The amount of wheat and flour exported reached 1,866.3 million bushels, 7% greater than the volume exported in 1960-61 and 45% higher than the ten-year average, which stands at 826 million bushels.

During their crop year ended June 30, 1962, exports of wheat and flour from the United States reached a new record of 1,012.8 million bushels, a figure which includes all shipments made under relief programs.

Canadian exports of wheat and flour were 19% short of the previous year and the third largest total on record.

**Exports of Wheat and Flours and Terms of Wheat From Four Principal Exporting Nations**

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Total Export</th>
<th>Argentina</th>
<th>Australia</th>
<th>United States</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961-62</td>
<td>1,012.8</td>
<td>426.1</td>
<td>242.1</td>
<td>212.0</td>
<td>230.6</td>
</tr>
<tr>
<td>1960-61</td>
<td>1,012.8</td>
<td>426.1</td>
<td>242.1</td>
<td>212.0</td>
<td>230.6</td>
</tr>
<tr>
<td>1959-60</td>
<td>900.0</td>
<td>330.0</td>
<td>185.0</td>
<td>175.0</td>
<td>110.0</td>
</tr>
<tr>
<td>1958-59</td>
<td>800.0</td>
<td>300.0</td>
<td>150.0</td>
<td>150.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1957-58</td>
<td>700.0</td>
<td>275.0</td>
<td>125.0</td>
<td>125.0</td>
<td>75.0</td>
</tr>
<tr>
<td>1956-57</td>
<td>600.0</td>
<td>250.0</td>
<td>100.0</td>
<td>100.0</td>
<td>50.0</td>
</tr>
<tr>
<td>1955-56</td>
<td>500.0</td>
<td>225.0</td>
<td>75.0</td>
<td>75.0</td>
<td>25.0</td>
</tr>
<tr>
<td>1954-55</td>
<td>400.0</td>
<td>200.0</td>
<td>50.0</td>
<td>50.0</td>
<td>10.0</td>
</tr>
<tr>
<td>1953-54</td>
<td>300.0</td>
<td>175.0</td>
<td>25.0</td>
<td>25.0</td>
<td>5.0</td>
</tr>
<tr>
<td>1952-53</td>
<td>200.0</td>
<td>150.0</td>
<td>10.0</td>
<td>10.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**CANADIAN GRAIN PRODUCTION**

The latest estimates of the Dominion Bureau of Statistics covering the production of grain in the crop year 1961-62 recognizes the data secured by the 1961 census. The figures now produced vary slightly from the preliminary estimate issued a year ago.

**Grain Production 1961**

<table>
<thead>
<tr>
<th>Crop</th>
<th>AcresBushels</th>
<th>AcresBushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>253</td>
<td>283</td>
</tr>
<tr>
<td>Oats</td>
<td>8.5</td>
<td>284.0</td>
</tr>
<tr>
<td>Barley</td>
<td>5.5</td>
<td>112.6</td>
</tr>
<tr>
<td>Rye</td>
<td>5.5</td>
<td>48.0</td>
</tr>
<tr>
<td>Flax</td>
<td>5.5</td>
<td>205.0</td>
</tr>
<tr>
<td>Total</td>
<td>413.6</td>
<td>576.1</td>
</tr>
</tbody>
</table>

In submitting the preliminary estimate of production in the 1961-62 crop year, the wheat crop is estimated at 533.1 million bushels, some 97% of last year’s crop of 283 million. This forecast is based on conditions as they existed on September 15.
at July 31, 1961, at 80.6 million bushels, while the figure used a year ago was 78.7 million. A revision upward of 11 million bushels was made in the estimate of wheat held on farms in the three Prairies provinces. Stocks of wheat held on farms in the three Prairie provinces were shown a year ago at 87 million bushels, while the revised figure shows 168 million bushels in this position. The total carryover stocks of the five principal grains at July 31, 1962, were estimated to be 92% below last year's revised total. Wheat was estimated at 205.7 million bushels, compared with last year's revised estimate of 160.7 million bushels. The DSB points out that the previous record stocks were held on July 31, 1957, when 783.8 million bushels of Canadian grain were held in Northern America.

Canadian Carryover as at July 31

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1963</th>
<th>Average 1962-63</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1187</td>
<td>1078</td>
<td>1132</td>
</tr>
<tr>
<td>Oats</td>
<td>79.6</td>
<td>98.6</td>
<td>89.9</td>
</tr>
<tr>
<td>Barley</td>
<td>28.6</td>
<td>15.2</td>
<td>21.8</td>
</tr>
<tr>
<td>Rye</td>
<td>10.2</td>
<td>11.9</td>
<td>11.2</td>
</tr>
<tr>
<td>Flaxseed</td>
<td>5.4</td>
<td>7.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>206.4</td>
<td>192.8</td>
<td>199.6</td>
</tr>
</tbody>
</table>

Of greatest interest to our members will be the estimate showing stocks of grain held on farms and the comparison with the statistic used in previous years.

Farm Carryover in Canada

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>783.7</td>
<td>609.8</td>
<td>577.6</td>
</tr>
<tr>
<td>Oats</td>
<td>95.1</td>
<td>115.3</td>
<td>92.8</td>
</tr>
<tr>
<td>Barley</td>
<td>642.3</td>
<td>895.5</td>
<td>763.5</td>
</tr>
<tr>
<td>Rye</td>
<td>37.8</td>
<td>42.0</td>
<td>48.0</td>
</tr>
<tr>
<td>Flaxseed</td>
<td>37.5</td>
<td>52.3</td>
<td>44.2</td>
</tr>
<tr>
<td>Total</td>
<td>816.3</td>
<td>955.8</td>
<td>884.2</td>
</tr>
</tbody>
</table>

SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1963</th>
<th>Average 1962-63</th>
</tr>
</thead>
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<tr>
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<td>192.8</td>
<td>199.6</td>
</tr>
</tbody>
</table>

The income position of farmers is frequently illustrated by citing figures covering cash income. Unfortunately this figure gives a wrong impression of the financial situation in the agricultural industry and fails to illustrate the farmer's true position. We believe the farmer's position is more accurately depicted by the use of figures indicating the total farm income. Net income takes into account changes in farm inventories of grains and livestock, and for 1961 is estimated at $1.238.8 million, nearly 3% below the estimate of $1,239.8 million for 1960. While increased farm operating expenses and depreciation charges contributed to this decline, the reduction can be attributed to the drastic reduction in the production of the “principal grain crops” in 1961, and the consequent drop in year-end inventories of grains on farms. Decreases in total farm net income were reported for each of the Maritimes Provinces and for Manchukuo and Saskatchewan; little change was noted in the figures for net income for Alberta, Ontario and Quebec.

The DSB states that the total farm cash income for the year 1961 is $2,893.9 million, compared with the revised figure of $2,894.6 million for 1960. This estimate is 1.4 per cent higher than that given for the previous year and 3.5 per cent above the previous record high of $2,859.1 million established in 1952. In addition to the cash income cited above farmers in western Canada received supplementary payments totaling $338.8 million, as against $725.2 million a year ago. The DSB reports that these payments consisted almost entirely of droughts under the Farm Assistance Act.

Farm Carryover in the Prairie Provinces

A year ago the DSB estimated that 198.8 million bushels of the five principal grains were held on farms in western Canada. This figure has been revised upwards to 204.8 million bushels and compared with the greatly reduced volume of 181.4 million, the estimate for the year ending July 31, 1962. The volume of farm stocks of grain has decreased by 41% from the year-end 1961.

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

(Dominion Bureau of Statistics)

<table>
<thead>
<tr>
<th>Year</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1187</td>
<td>1078</td>
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<td>11.2</td>
</tr>
<tr>
<td>Flaxseed</td>
<td>5.4</td>
<td>7.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>206.4</td>
<td>192.8</td>
<td>199.6</td>
</tr>
</tbody>
</table>

Net farm income in 1961 for Canada's farmers is calculated by the Dominion Bureau of Statistics to be $3,088.6 million, a decline of $306 million.

FARM INCOME

The DSB states that the total farm cash income for the year 1961 is $2,893.9 million, compared with the revised figure of $2,894.6 million for 1960. This estimate is 1.4 per cent higher than that given for the previous year and 3.5 per cent above the previous record high of $2,859.1 million established in 1952. In addition to the cash income cited above farmers in western Canada received supplementary payments totaling $338.8 million, as against $725.2 million a year ago. The DSB reports that these payments consisted almost entirely of droughts under the Farm Assistance Act.

61-62 Crop Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Income</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>$1,012.6</td>
<td>$810.6</td>
</tr>
<tr>
<td>1962</td>
<td>$1,118.9</td>
<td>$869.5</td>
</tr>
<tr>
<td>1963</td>
<td>$918.4</td>
<td>$729.5</td>
</tr>
<tr>
<td>1964</td>
<td>$1,444.3</td>
<td>$1,269.2</td>
</tr>
<tr>
<td>Total</td>
<td>$4,611.2</td>
<td>$3,579.0</td>
</tr>
</tbody>
</table>

CONCLUSION

During the past year the problems of agriculture have moved progressively into the forefront of world affairs. Canadian agriculture has been forced into the forefront of economic affairs by the short crop on the prairies and the increased export sales of wheat, a condition which switched the emphasis from food surpluses to increased production.

The short crop and the resultant lower net income for our members was met with fortitude, the prairie farmer depending largely on his own resources. The smaller volume of grain delivered by producers brought the former members of the three Wheat Pools to a realization that the maintenance of the efficiency of co-operative business enterprises would be possible only if adequate revenue was available to them that they may be required to contribute additional revenue at the time of delivery.
The discontinuance of freight service by
the two railway companies on certain of their
lines will necessitate the relocation of numer-
ous country elevators, causing grave inconve-
nience to many producers. In spite of this, your
board believes that in the interest of economy
and efficiency there is justification for the
abandonment of certain branch railway lines
provided those people of the areas are alerted
and are given ample opportunity to make ad-
justment to their road systems, to their insti-
tutional services and to the re-establishment of
businesses serving the area.

Of particular and widespread concern is
the absence by the officers of the European
Economic Community for an agreement on ac-
cetable terms governing agricultural products
imported into that area. Reaching such an
agreement is basic to the fulfillment of the
purpose of the European Common Market and
will influence in large measure the determina-
tion of the United Kingdom to join in this
"New Europe." Indirectly, the economic rela-
tionship of Canada with the UK and other
Commonwealth countries will be affected by the
ability of the European Common Market coun-
tries to reach such an agreement.

This dramatic development is of prime con-
cern to the Canadian Wheat Pool, serving as
they do more than 50 per cent of the grain
producers of western Canada who traditionally
find a market for a large amount of the wheat
they export in the member countries of the
ECM.

Your board has endeavored to assess the
effect that these changes in world economic
affairs may have upon the grain producers of
Canada's prairies. Using the information in
available, we are of the opinion that Canada's
wheat producers will not be adversely affected
by the agreement finally reached.

We continue the task which this organiza-
tion has pursued for thirty-eight years, that
of keeping the position of agriculture before
other sections of Canadian life and pointing out
persistently the contribution which agriculture
makes to the nation by its performance as one
of the important wealth-producing sections of
our nation's business.

Respectfully submitted,

Chas. W. Gibbins
W. J. Parker
G. L. Harrold
Thos. G. Bollert
M. Mabon
H. B. Steam
G. G. Junisben
A. J. Macpherson
L. A. Boileau