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ALBERTA WHEAT POOL

1966 ANNUAL
REPORT
FOR THE YEAR
ENDED 31 JULY

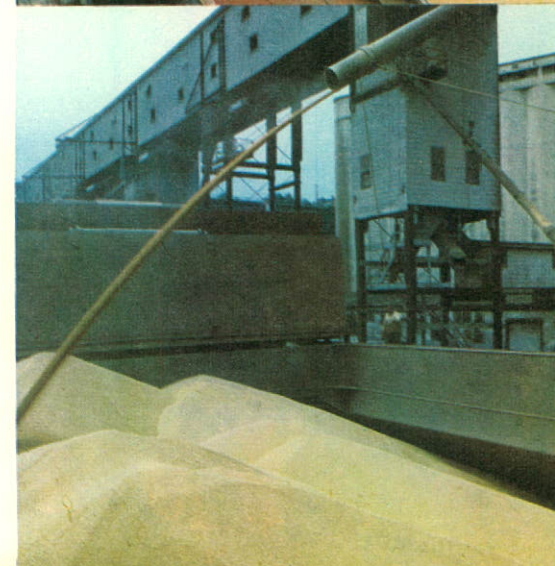
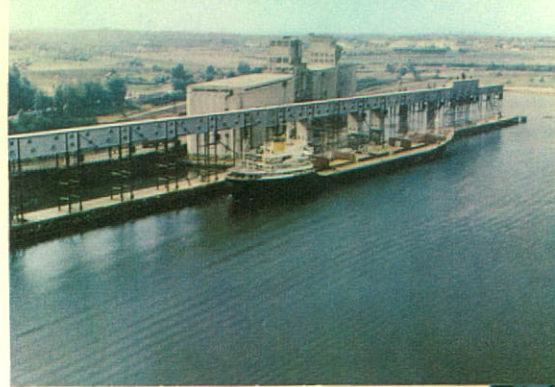
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**A RECORD YEAR
In Canadian Wheat Exports**

Exports in bulk of Canadian wheat in the 1965-66 grain year exceeded those of any previous year. The shipments of grain through Alberta Wheat Pool terminals were a factor in these record exports.

These scenes are of the "S.S. Mimosa" loading wheat at the Pool terminal at Vancouver. It took on board over 608,000 bushels and the destination of the shipment was China.

The pictures were taken by Mr. Frank Cooper of the terminal staff.



ALBERTA WHEAT POOL

Board of Directors

G. L. HARROLD, LAMONT — *President*
NELSON MALM, VAUXHALL — *1st Vice-President*
A. J. MACPHERSON, DELIA — *2nd Vice-President*
KEITH ROSENBERGER, BALZAC
G. W. BRAITHWAITE, RED DEER
FRANK WHITE, SPIRIT RIVER
ARNE JOHNSON, CAMROSE

O. J. BROUGHTON — *Secretary*

Solicitors

MACKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH

Auditors

CLARKSON, GORDON & CO.

Head Office

ALBERTA WHEAT POOL BUILDING, CALGARY

SEASON 1965 - 1966

Officers

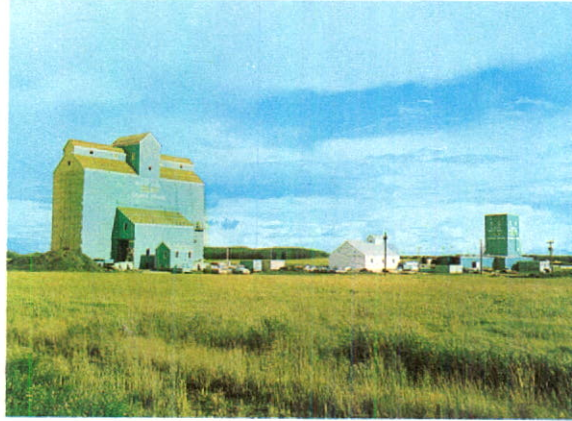
A. T. BAKER, *General Manager*
J. W. MADILL, *Director of Operations*
C. L. NOWLIN, *Country Operations Manager*
J. S. HARBURN, *Sales and Traffic Manager*
J. M. GARDINER, *Treasurer*
S. M. VICKERSON, *Chief Accountant*
G. M. CHANDLER, *Office Manager*
H. K. MOEN, *Vancouver Manager*
C. F. USHER, *Victoria Manager*
J. B. GANT, *Winnipeg Manager*
J. E. PARKS, *Edmonton Manager*
R. A. FINDLAY, *Seed Division Manager*

Bankers

BANK OF MONTREAL
THE BANK OF NOVA SCOTIA
THE ROYAL BANK OF CANADA



Such a kindly autumn,



. . . . so mercifully dealing
With the growths of summer,



ALBERTA WHEAT POOL

LIST OF DELEGATES

LETHBRIDGE — District One

101	Gogolinski, B.	Orion	106	Hallworth, Fred W.	Taber
102	Norris, Fred A.	Warner	107	Konynenbelt, Evert J.	Nobleford
103	Kuehn, Herbert C.	Skiff	108	Goughnour, Marvin J.	Enchant
104	Newton, Kenneth E.	Del Bonita	109	Thurston, Clarence F.	Bow Island
105	Patching, Harry R.	Lethbridge	110	Bayer, Robert	Schuler

CALGARY — District Two

201	Dyck, Nick	Pincher Creek	206	Christofferson, Karl B.	Brant
202	O'Neil, James Jesse	Claresholm	207	Bricker, Arthur G.	Calgary
203	Coote, Donald H.	Cayley	208	Schmaltz, C. M.	Beiseker
204	Versluys, C. J.	Champion	209	Clayton, Clifford S.	Airdrie
205	Jacobsen, Norman	Arrowwood	210	Richards, Ralph E.	Olds

DRUMHELLER — District Three

301	Muza, John E.	Empress	306	Cammaert, Emile	Rockyford
302	Curry, Lyall A.	Sunnynook	307	Luoma, Sulo S.	Trochu
303	Schindeler, Albert P.	Brooks	308	Hoppins, Frank J.	Huxley
304	Arrison, Arthur W.	Bassano	309	Adie, John L.	Drumheller
305	Burne, G. W.	Gleichen	310	Nelson, Norman E.	Craigmyle

RED DEER — District Four

401	Warwick, Ernest	Oyen	406	Laisnez, C. J.	Big Valley
402	Smith, George F.	Provost	407	Stone, John J.	Alix
403	Smith, Marcus	Veteran	408	Johnson, K. K.	Red Deer
404	Turner, H. H.	Alliance	409	Phillips, J. Duane	Eckville
405	McCormick, J. E.	Byemoor	410	Wheeler, S. M. R.	Ponoka

CAMROSE — District Five

501	Redmond, D. R.	Edgerton	506	Hayes, Charles P.	Strome
502	Dobson, Parke	Paradise Valley	507	Drummond, Alexander	New Norway
503	Jackson, E. R.	Irma	508	Pepper, Clifford G.	Ohaton
504	Flaade, Bennie Alfred	Hardisty	509	Ness, Ingvald	Kingman
505	Lefsrud, Harold	Viking	510	Rasmuson, Clarence H.	Gwynne

VEGREVILLE — District Six

601	Golightly, Robert C.	Streamstown	606	Ziegler, Alex	Winterburn
602	Mead, George B.	Vermilion	607	Montpetit, Paul	Legal
603	Goshko, M. D. R.	Vegreville	608	Boyko, John A.	Vilna
604	Ropchan, Mike	Willingdon	609	Lamothe, Armand	St. Paul
605	Galloway, Kenneth D., Fort Saskatchewan		610	Hewko, Nicholas	Sarrail

PEACE RIVER — District Seven

701	Parrent, Fred J.	Clyde	706	McNab, James A.	Beaverlodge
702	Anderson, Hubert N.	Freedom	707	Vandergrift, Lloyd F.	Dawson Creek
703	Hallowes, Arthur W.	Sangudo	708	Dufour, Gerard M.	Spirit River
704	Labrecque, Romeo	Falher	709	Bulmer, Amos	Berwyn
705	Gummer, Howard F.	Buffalo Lake	710	Proctor, C. M.	Fairview

1965-1966 THE YEAR IN REVIEW

Net Earnings	\$ 4,571,620
Grain and Oil Seed Handlings — in bushels	90,441,480
Forage Seed Handlings — in pounds	16,478,020
Percentage of Alberta Grain Deliveries Handled	45.9%
Gross Value of Board Deliveries and Other Sales	\$127,329,423
Capital Expenditures	\$ 2,526,880
Total Invested in and Provided for Capital Assets	\$ 39,849,159
Working Capital	\$ 8,587,020
Patronage Refunds Distributed (out of previous year's earnings)	\$ 3,582,521
Percentage of Member Business in Previous Year	97.39%
Cumulative Total of Patronage Refunds Distributed	\$ 44,564,512
Cumulative Total of Reserves Purchased from Members	\$ 18,352,184
New Members	2,115
Total Membership	51,789
Number of Elevators — Country	533
Terminal	3
Elevator Capacities in Bushels — Country	44,860,800
Terminals	10,340,000
Number of Employees	1,166

COMPARATIVE SUMMARY

	1966	1965
Handlings — Grain in bushels	87,299,047	82,231,256
Oil seed in bushels	3,142,433	2,023,457
Forage seed in pounds	16,478,020	10,750,521
Cereal seed in bushels	323,093	378,757
Gross Value of Deliveries to Canadian Wheat Board and Other Sales	\$127,329,423	\$110,744,629
Earnings Before Capital Cost Allowances	\$ 6,200,026	\$ 5,033,268
Net Earnings	\$ 4,571,620	\$ 3,833,013
Current Assets	\$ 46,054,731	\$ 49,044,967
Current Liabilities	\$ 37,467,711	\$ 37,564,658
Working Capital	\$ 8,587,020	\$ 11,480,309
Capital Expenditures on Properties and Equipment	\$ 2,526,880	\$ 2,482,328



To glean the broken ears after the man
That the main harvest reaps.

As You Like It



Report of Board of Directors

ALBERTA WHEAT POOL

TO FORTY-FOURTH ANNUAL MEETING OF DELEGATES

Gentlemen:

The 1965-66 crop year enabled your Association to set a new record in its volume of business. Grain handlings increased by 7.34 per cent over the previous year, and about 3.9 per cent higher than the previous record established in 1963-64. This volume also represented an increase in the percentage of deliveries by Alberta farmers. The Association's properties and facilities were well maintained during the year, and a further increase in the elevator replacement programme and in Seed Division facilities was authorized in line with the increasing requirements of our membership and a favourable outlook for grain marketing. Services to the membership were continued, and your Association maintained an active representation on behalf of the membership and its purposes as occasion arose.

SUMMARY OF OPERATIONS

Grain handlings through country elevators totalled 90,441,480 bushels, an increase of 6,186,767 bushels from the previous year. This volume represented about 45.9 per cent of Alberta marketings in contrast to 43.6 per cent the year previous. Terminal unloads of grain at Vancouver of 63,902,029 bushels were 13,489,409 bushels more than the previous year. Handlings at Victoria were 11,508,737 bushels, an increase over the previous year of 2,986,053 bushels.

The percentage of deliveries to Alberta Wheat Pool was maintained at a reasonable level late in the crop year when an open quota prevailed, aided by a good rail movement.

Forage seed handlings totalled 16,478,020 pounds, a substantial increase of 5,727,500 pounds from the previous year. Rapeseed was handled during the year on an outright purchase basis, while our involvement in commercial mustard seed was as a handling agent only, in accordance with the authorization of last year's annual meeting.

Available for distribution from the year's operations are net earnings of \$4,571,621 before provision for income tax, the second highest net earning to date.

GRAIN MARKETING

Canadian wheat exports in the form of wheat and flour during 1965-66 ran 580.3 million bushels, second only in volume to the record year of 1963-64. While they were approximately 13.8 million bushels short of that year's figure, exports in the form of wheat alone of 546 million bushels were the heaviest movement on record. Preliminary figures issued by the Board of Grain Commissioners indicate exports of Canada's six principal grains totalled 635.6 million bushels, 20.8 million above the previous high established in 1963-64. Flour exports are estimated at the equivalent of 34.3 million bushels, which when included, bring Canadian grain and flour exports to a total of 669.9 million bushels. Export of grains other than wheat all showed increases during the year.

Shipment of oats in the amount of 15.3 million bushels reflected an increase over the previous year and a reversal of the downward trend of two previous seasons.

Barley exports of 33.7 million bushels were an increase of about one million, while rye exports of 8.1 million bushels represented the heaviest outward movement of this grain in ten years. Flaxseed exports totalled 18.9 million bushels, and were second only to the record of 21.6 million shipped in 1956-57. Shipments of Canadian rapeseed to overseas destinations of 13.6 million bushels were up by 4.3 million bushels over the previous year, and represents the heaviest export movement on record.

The sale of 199.3 million bushels of wheat and wheat flour to Russia placed that country in the number one position on the year's list of Canadian grain customers. Britain, the principal market in the previous year, received 89 million bushels of all grains which, though a substantial amount, was the smallest volume of grain taken by that market since the 1937-38 crop year. Purchases by mainland China of 77.9 million bushels of Canadian wheat placed that country again in the position as Canada's third most important grain market. Japan dropped from second to fourth position, notwithstanding record purchases of 69.2 million bushels of the six principal grains and wheat flour during 1965-66.

Imports by east European communist countries of 231.6 million bushels represented 42 per cent of our exports, while a further 29.3 per cent went to Asian countries, 8.8 per cent to member nations of the EEC, and 12.8 per cent going to Britain.

WHEAT POOL REPRESENTATIONS

St. Lawrence Seaway

During the year Canadian Co-operative Wheat Producers Limited, on behalf of the three wheat pools, maintained a stand in opposition to an increase in the St. Lawrence Seaway tolls and the re-imposition of tolls on the Welland Canal. A brief was submitted to the St. Lawrence Seaway Authority on May 25, 1966, in this regard. On July 12, 1966, the government announced that there would be no increase in the St. Lawrence Seaway tolls during the 1966 shipping season. The Government of Canada has not yet indicated whether or not it will re-impose tolls in 1967 on the Welland Canal.

"At and East" Freight Rates on Export Grain

As reported to you in each of the last five years, your Association, along with the other two prairie wheat pools has protested the authorization of the Board of Transport Commissioners for a substantial increase in the rail rates on bulk grain moving from the Georgian Bay and related ports to the Atlantic winter ports. Through Orders in Council, the effective dates of these increases have been repeatedly postponed until December 31, 1966. These rates are expected to be a matter for further consideration after legislation respecting a national transportation policy is dealt with by Parliament later this year.

Grain Movement

Early in the crop year, Canadian sales of grain through firm contracts and conventional markets indicated potential exports of approximately 600,000,000 bushels. Concern was felt that the movement of grain in this volume might prove to be beyond the capacity of the existing facilities of that time. Accordingly, the setting up of a committee was announced by the Minister of Trade and Commerce, made up of representatives from Lakehead terminals, railroads, farmer-owned grain co-operatives, and the private grain trade, under the chairmanship of the Canadian Wheat Board, to oversee and assist grain movement from the prairies to Lakehead terminals in September, 1965. The committee's main endeavors were to co-ordinate the efforts of all concerned in meeting Canadian sales commitments through Lakehead facilities.

Early in 1966, in order to facilitate a maximum movement of grain through west coast terminals, a committee was formed by the federal government under the chairmanship of William Riddel, retired Assistant Chief Commissioner of The Canadian Wheat Board. Committee members representing the Wheat Board, the two railway companies, and west coast terminal operators, met periodically. The season's results would indicate that this committee served a useful purpose.

LEGISLATION

The Temporary Wheat Reserves Act remained in effect during the year, and under its provisions, the Federal Treasury provided funds for carrying charges on the volume of wheat held by the Canadian Wheat Board on August 1, 1965, in excess of 178 million bushels. This amount was 217,521,370 bushels, and, therefore, under the provisions of the act, the Canadian Wheat Board received during the 1965-66 crop year the sum of \$40,926,234, which has been allocated as follows:

1964-65 Pool Account	\$15,390,278
1965-66 Pool Account	\$25,535,956
For a total of	\$40,926,234

Prairie Grain Advance Payments Act

The Prairie Grain Advance Payments Act was again in force during the crop year. This Act provides for an advance to grain producers on the basis of fifty cents per bushel on wheat, twenty cents per bushel on oats, and thirty-five cents per bushel on barley, which the permit holder has on his farm, and undertakes to deliver on a quota of six bushels per specified acre. The maximum advance to any one permit holder is \$3,000. The funds for advances made under this Act were provided by the Canadian Wheat Board to the elevator companies, with interest charges absorbed by the Federal Government.

Advances in an amount of \$40,600,386 were made to 43,509 producers in the prairie provinces. Of this amount, payments totalling \$13,406,639 were made to 14,634 producers in Alberta. Advances made by Alberta Wheat Pool during the year amounted to \$6,065,958 to 6,181 producers.

The experience of your Association in respect to these loans will be found appended to this report.

Transportation

On August 29, 1966, a bill, known as C-231, was introduced in the House of Commons, described as a measure to define and implement a

national transportation policy for Canada. The bill was given second reading on September 9, 1966, and referred to the House Committee on Transport and Communications. Amongst other things, the bill provides for the establishment of a Canadian Transport Commission to replace the present Board of Transport Commissioners, the Air Transport Board, and the Canadian Maritime Commission. The Commission, when established, would consist of up to seventeen people whose duties would be to co-ordinate and harmonize the operation of all carriers engaged in transport by railways, water, aircraft, extra-provincial motor vehicles, and commodity pipelines. It would have authority to assist in sound economic development of the various modes of transport over which the House of Commons has jurisdiction and measures to be adopted in order to achieve co-ordination and development, regulation and control, of the various modes of transport. Under the provisions of this bill, the statutory Crow's Nest rates on export grain would remain intact.

Following second reading of this bill, the Minister of Transport on September 12, 1966, issued a statement in which he indicated that the Government of Canada was prepared to guarantee the retention of a national network of railways to January 1, 1975, which would leave only 1,839 miles of railways on the prairies open to consideration for abandonment, out of applications to date for abandonment of 4,087 miles, the railways apparently having agreed to recall all current applications once the current legislation is enacted, and to re-apply for all, or part, of the 1,839 miles which are not guaranteed. Your Association jointly with the other two wheat pools made representation to the House of Commons Standing Committee on Transport and Communications on October 18, 1966.

Feed Grain Legislation

On June 30, 1966, Bill C-218, entitled: "Livestock Feed Assistance Act," was introduced in the House of Commons. The preamble of this bill states that it would provide for the establishment of a Canadian livestock feed board authorized to buy and sell feed grains. Its main objectives would be to:

1. Insure the availability of feed grains to meet the needs of livestock feeders in eastern Canada and British Columbia,
2. Insure adequate storage space in Canada to meet the grain needs of livestock feeders,
3. Insure reasonable stability in the price of feed in eastern Canada and British Columbia, and

4. Insure a fair equalization of feed grain prices in eastern Canada and British Columbia.

To carry this out, the board or agency would be authorized to make payments related to the cost of feed grain storage in eastern Canada, and payments related to the cost of feed grain transportation to, or for, the benefit of livestock feeders. All expenses of this Board and expenditures for its programmes would be made from the consolidated revenue fund of Canada. This bill received third reading in the House of Commons on October 21, 1966, and its provisions are expected to be in operation at an early date.

PROVINCIAL LEGISLATION

The Marketing of Agricultural Products Act

The amendments to the Marketing of Agricultural Products Act, referred to in our report to you of last year, has created increased interest amongst Alberta producers in respect to producer marketing boards and marketing commissions. Under the provisions of this legislation, there are now in operation in the province the following:

1. The Alberta Vegetable Growers Marketing Board,
2. The Alberta Broiler Growers Marketing Board,
3. The Alberta Potato Marketing Commission.

Interest has also been shown in utilizing the provisions of this legislation by the Alberta Turkey Association, The Commercial Egg Producers, and the Alberta Swine Council.

The Alberta Livestock and Livestock Products Act

Amendments were made to the Alberta Livestock and Livestock Products Act at the 1966 session of the legislature including provision for the establishment of a livestock producers' assurance fund. This fund is to be maintained out of fees for livestock dealers' licences. The general purpose of the fund will be to provide eighty per cent compensation for producers who suffer a loss as a result of default by a licenced livestock dealer. Provision was also made requiring licenced livestock dealers to maintain trust accounts.

Crop Insurance in Alberta

Alberta's crop insurance programme was in operation for its second year during 1966. Based on a favorable experience during its initial year, 1965, and increasing interest shown in this pro-

gramme by farmers, the boundaries of the three initial areas were expanded and two new territories were established, one taking in a major portion of the Peace River area, and another in the Olds-Three Hills-Drumheller-Crossfield area.

Under the plan, an insured farmer is guaranteed a return from his insured grain crops based on sixty per cent of the long term average production in his area. Recent amendments to the federal legislation increases this level to eighty per cent, which is expected to be incorporated in the Alberta plan.

Crop insurance is intended to provide stability to the farming industry as a whole, and to assist the individual farmer in meeting his expenses in years of adversity.

THE CANADIAN WHEAT BOARD

The value of the orderly system of prairie grain marketing carried out under the Canadian Wheat Board was again exemplified during the year. It is doubtful if the volume of grain marketed during the year could have been attained without the co-ordinated efforts of all segments of the handling, marketing, and transportation industries, which were facilitated by the nature and authority of the Canadian Wheat Board. The functions of which it is capable, and which it has carried out in the marketing field, have fully justified the confidence of the prairie grain producer, farm organizations, and the nation as a whole.

INTERNATIONAL WHEAT AGREEMENT

The current international wheat agreement, originally drafted on a three-year basis to expire on July 31, 1965, was successively extended for one year periods so that it will now expire on July 31, 1967. Your Association and the other two wheat pools reluctantly agreed to the latter extension, and have now notified the Federal Government that we could not support a further extension unless the price ranges are revised upward.

ALBERTA WHEAT POOL SEED DIVISION

The season of 1965 produced a good crop of forage seeds, which resulted in a large handling for your Association. This in total amounted to 16,478,020 pounds, about 5,727,500 more than the previous year. Export marketings were favorable in the early part of the year, and large sales of seed were made accordingly. The quality of the crop was good, and prices remained reason-

ably stable throughout the season. Cereal seed handlings were on an outright purchase basis only during the year, while members had the choice of an outright or pooling basis for forage seed. About 60 per cent of all seed purchased was on a pooling basis. Total sales of fertilizer amounted to 34,844 tons. Final payments of approximately \$250,000 were made on seed handled, leaving a net earning for this division of \$338,537. During the year the new seed plant at Grande Prairie was placed in operation. Additional warehouses for storage and distribution of seed were built, and plans finalized for the building of a new seed plant at Camrose. In line with the authorization of the last annual meeting, a credit policy for seed and fertilizer was developed and put into effect April 1, 1966.

INTERIOR FEEDS LIMITED

Your wholly-owned subsidiary, Interior Feeds Limited, completed its sixth year in the domestic feed grain business in the province of British Columbia. Grain purchases during the year were 2,169,815 bushels, a reduction of about 450,000 bushels from the previous year. Operating margins were somewhat higher than the previous year, but the reduced volume resulted in a lower net earning in the amount of \$13,346 after provision for income tax. The largest handlings, as in previous years, were at Dawson Creek and Fort St. John elevators, with lesser amounts at Pouce Coupe and at Creston. Your Association received reimbursement for all necessary services rendered on the volume of grain handled by this company.

VICTORIA ELEVATOR LIMITED

The Victoria terminal was again used during the year entirely for handlings of wheat, and a record handling of 11,508,737 bushels was established, nearly 3,000,000 bushels above the previous record. Storage revenues were less than the previous year, but elevation charges reflecting the increased volume accounted for net earnings after provision for income tax of \$110,205, compared to \$81,441 the previous year. The properties were kept in good repair with some improvements carried out, facilitating the elevator operation and outward loadings. Full capital cost allowances were taken in arriving at our net position. This was the sixth year of operation of Victoria Elevator Limited as a company wholly-owned by your Association. Full details of the operation of this company, and of Interior Feeds Limited will be presented to this meeting.

MEMBERS' ACCIDENT INSURANCE PLAN

The year 1965-66 was the eighth year of operations of the Members' Accident Insurance Plan. Reports of 741 accidents, six fewer than the previous year, were received involving members and their dependents and sponsored farm workers.

Of the 741 accidents reported, the files on 189 were closed without any insurance settlements because the medical expenses in most of these fell short of \$50. Claims on 329 accidents have been paid or are in the course of settlement. No claim papers have been received yet on the other 223 accidents. There were 51 fatalities, 37 adults and 14 children and in several of the accidents both member and wife were killed. The 24 claims for dismemberment benefits included a large number of finger losses and there were 3 cases of lost eyesight.

Members placed insurance on 858 farm workers, down somewhat from the previous year's record of 909 sponsored farm workers. Claims of \$699 have been paid on 3 accidents involving farm workers or eligible dependents and there are several other cases which are in the process of adjustment or for which claim papers have not yet been received.

To meet the claims already paid, and those which are in process of adjustment the sum of \$113,000 has been charged to the 1965-66 operation.

Since the inception of the Members' Accident Insurance Plan on August 1, 1958, the total cost for the 8 years has been \$624,438. Benefits paid in 2,688 accidents included 280 fatalities (183 adults and 97 children), 157 cases of dismemberment, and 36 of lost eyesight.

CONSTRUCTION AND PROPERTIES

Your Association's properties were maintained in good operating order throughout the year, and an expanded replacement programme was carried on consistent with increasing patronage and the desire by the members for additional facilities. Authorizations were granted for the construction of twelve new elevators, seven of these being composite elevators of 120,000 bushels or greater capacity, and five of 75,000 bushel capacity.

The year's programme also included authorization for annexes at six points, and the construction or purchase of nineteen new dwellings. Dust collection systems were authorized for sixteen

elevators, and car movers at twenty. We are pleased to report no fire losses were suffered during the year. Some facilities beyond economic operation were dismantled for salvage, and others were sold. The year's programme resulted in a net gain of 974,300 bushels in country elevator space.

The extensive programme of fertilizer and seed warehouse construction was continued during the year. Twenty-nine new warehouses were authorized, in addition to the enlargement of existing facilities in two major centres. Plans were finalized also, and a contract awarded, for the construction of a new seed plant at Camrose late in the year. While earlier plans were made tentatively to build a plant in Edmonton, further investigation of all relevant factors favoured Camrose as a site.

All properties were maintained in good operating condition and appearance, which, with the large building programme and shortage of labour, severely taxed the resources of your Construction Department.

FERTILIZER

It was reported to you at the last annual meeting that construction of Western Co-operative Fertilizers Limited plant was virtually complete and in various stages of operation. Allowing for some adjustments and running-in time, the equivalent of seven months' operations were carried out in the year ending June 30, 1966. Supplies of nitrogen formulas of fertilizer were not available to your Association in any quantity for 1965 fall applications, but in other respects were adequate for the remainder of the year's sales; and by mid-summer, 1966, were taxing warehouse facilities.

Sales policies adopted by the partners of this manufacturing plant were aimed at uniformity and stability of price throughout the distribution area. Some difficulty was experienced in this regard, and your Association attempted to equalize the cost to the member patrons by some adjustments in the summer of this year.

After provision for reasonable capital cost allowances, rebates to the partners on their purchases, interest on investment, and a portion of start-up costs, net operating earnings were then distributed on a patronage basis to the partners. The year's results reflect, amongst other things, the advantages of early arrangements made for supplies of sulphur, rock phosphate, natural gas, and electricity.

PUBLICITY AND PROMOTIONAL ACTIVITIES

During the year the Public Relations Department through its three sections continued its various activities in a manner similar to recent years. Programmes were maintained by the Publicity branch to keep members informed and interested in the affairs of the Association and the public informed of news and developments within the agricultural industry. The wide range of activities of the Field Service Department were maintained which materially assisted many youth projects and community functions within the province, all of which also maintained a favorable attitude by the public toward the Organization. The educational branch continued with its major responsibilities of training programmes for country personnel and assistance in the delegates' advisory committee programme.

Liaison was maintained with the Farmers' Union of Alberta, the Farmers' Union and Co-operative Development Association, other farmer organizations and co-operatives, and government departments and institutions in the province. Shortly after last annual meeting an Alberta Agricultural Centennial Committee was formed to co-ordinate and assist in several activities relative to Canada's centennial celebrations. Representatives of our organization served on this committee and assisted with some of its projects. Your Association also continued its affiliation and support of the Federations of Agriculture on both the provincial and federal level.

MEMBERSHIP

During 1965-66, 2,115 applications for membership were accepted, compared with 2,157 of last year, and an average annual enrollment of 2,207 during the preceding five seasons. Cancellations resulting from retirement from farming numbered 1,031, while 606 memberships were terminated by death. These figures are very close to those of the previous year. Although slightly fewer new members were accepted, the cancellations were also fewer than the preceding year, resulting in an increase of 478 in the membership over the previous year. This continuation in the upward trend, which has prevailed for several years, represents an increased percentage of commercial farmers in the province and an increased appreciation of the value of this Association. The membership at July 31, 1966, was 51,789, made up of 6,947 signers of the original marketing agreements, and 44,842 members enrolled since 1939 under Section 6 of the Alberta

Wheat Pool Act. Information in respect to purchase of reserves during the past year will be found appended to this report.

ELECTION OF DELEGATES

During the summer of 1966, elections were held in the odd-numbered sub-districts. Twenty-seven delegates whose terms had expired were re-elected by acclamation, and three more were re-elected. Three new delegates were elected in districts where the previous delegate had retired. These were: Norman Jacobsen of Arrowwood in Sub-district 205, Marcus Smith of Veteran in Sub-district 403, and E. R. Jackson of Irma in Sub-district 503. M. D. R. Goshko of Vegreville was elected in Sub-district 603, succeeding the late George Ziegler. Mr. W. A. Oliver of Warner, delegate for Sub-district 103, tendered his resignation after the last annual meeting following his retirement from farming. As no nominations were received within the prescribed time at the summer election, a by-election was held in that sub-district, resulting in the election by acclamation of Herbert C. Kuehn of Skiff.

IN MEMORIAM

We regret to record the passing during the past year of five former delegates of our Association.

Mr. Ezra A. Carey of Claresholm, delegate from 1933 to 1942-43, passed away on November 10, 1965.

Mr. George Ziegler of Vegreville was delegate from 1949 until his untimely death on November 19, 1965.

The death of Mr. Allan Mercer of Grande Prairie, delegate for the entire Peace River in 1923-24, occurred on March 18, 1966.

Mr. Sam Fox of Calgary, former delegate for the Herronton district from 1943-53, passed away on May 12, 1966.

On June 20, 1966 the death of Mr. G. Elmer Clay of Edmonton occurred. Mr. Clay had been a delegate for the Paradise Valley area from 1929 to 1949-50.

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

STAFF

The record handlings, earlier reported, indicate the high degree to which your Association's facilities were utilized during the year, and reflect the creditable performance of the staff of your Association. Sincere appreciation for the year's efforts is gratefully extended.

BOARD OF DIRECTORS

At the first meeting of the Board of Directors of Alberta Wheat Pool held after the 1965 annual meeting, the following officials were elected:

President G. L. Harrold
First Vice-President N. Malm
Second Vice-President A. J. Macpherson

The same three Directors were elected to the Boards of the four central organizations: Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited, Pool Insurance Company, and Northern Canadian Seed Sales Limited, and Messrs. Harrold and Macpherson were also re-appointed directors of Western Co-operative Fertilizers Limited.

Committees of the Board were re-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 during the year, and executive meetings as occasions arose. Your Directors met with the boards of Saskatchewan and Manitoba Wheat Pools on two occasions, and attendance was maintained at the provincial and national Federations of Agriculture annual meetings and the Western Agricultural Conference. The annual inspection of the terminals at Vancouver and Victoria by the delegates' committee was joined by your Directors.

A number of other activities were carried on during the year by members of the Board. These included continuing representation on the Advisory Committee of the Canadian Wheat Board by Mr. G. L. Harrold, the presidency of the Alberta Federation of Agriculture and director of the CFA by Mr. N. Malm, who also continued to serve on the Board of Directors of Co-operative Insurance Services Limited. Mr. Rosenberger continued to serve as a representative of agriculture on an advisory committee to the National Employment Service. Throughout the year, individual directors were called upon to attend various meetings respecting agriculture and farm organization in addition to the usual duties and obligations in respect to the affairs of Alberta Wheat Pool.

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

The role of Canadian Co-operative Wheat Producers Limited as a liaison and co-ordinating organization of the three prairie wheat pools was maintained during the year. On numerous occasions, this enabled the combined strength of our memberships to be presented on matters of sig-

nificance to the agricultural industry and the nation as a whole. Its annual report, which lists in detail its activities, will be submitted to you later in this meeting.

Mr. Arthur R. Stevens, who has been Secretary since his retirement from a similar position in the Saskatchewan Wheat Pool on December 31, 1964, wishes to be relieved of his duties at the end of this year. His valuable services are gratefully acknowledged.

GENERAL

Accelerated inflationary trends in Canada since the spring of 1965 have received wide publicity, and are creating problems in some segments of the economy. Increased profits and higher wages in non-farm occupations have increased costs of all services and commodities. Of major concern is the fact that farm product prices have not kept pace with increases in the cost of goods and services farmers must purchase, nor with the increases paid by consumers for food. The index of farm prices of agricultural products indicates that farm prices have increased 1.6 per cent per year over the last ten years. In this period the cost of commodities and services farmers must purchase have increased by 2.9 per cent per year, and more recently, the trend in this direction has accelerated. From April, 1965, to April, 1966, costs of farm service and commodities purchased increased by 5.85 per cent, and during the same period farm prices of agricultural products increased by only 1.17 per cent.

Only limited alternatives are available to farmers to combat this cost price squeeze. Increased volume of production through land purchases, for example, has enabled some farmers to spread costs over a wider base, and in this way hold unit costs somewhat in line. However, as farmers expand their acreage, land prices spiral, and dangers exist that the returns may not be great enough to justify the additional investment. Increasing labour costs are forcing farmers to further mechanize their operations through the purchase of larger equipment. The resulting competition for larger acreages tends to further increase land prices.

As prices of all goods and services which farmers must purchase increase more than the price of goods they sell, the decline in numbers of farm units of recent years can be expected to continue. Since farmers are largely powerless as individuals to stop or even slow the inflationary trends to any great degree, increased prices for their production is badly needed.

In addition to the current unfavourable price relationship, of increasing concern to farmers, are the periodic tie-ups in industry through labour disputes, many of which directly affect the flow of agricultural products to market. During the past year two major work stoppages occurred in the field of transportation of particular concern to the prairie region. Many farm organizations, including yours, have for some time advocated the development of better methods of settling labour disputes than by strike, and the necessity is becoming more urgent each year.

THE ROAD AHEAD

The record Canadian wheat crop enjoyed this season, together with current market conditions, indicate that 1966 will be a relatively good year for prairie grain producers. Notwithstanding some uncertainties arising from domestic and foreign influence, the outlook is generally more promising than it has been for some time.

The period to date, beginning in 1961, has, with the exception of wartime incidences and brief occasions, been the only sustained period resembling a seller's market since grain growing on a commercial scale began on the western prairies. To some extent, the favourable circumstances of the present day result from the beneficence of nature, but in many respects they are also the product of many years of progressive development of prairie agriculture, decades of farmer organization, international organization and co-operation, and possibly the result of political situations and ideologies.

Technical progress has been remarkable in the agricultural industry, and possibly no farmers anywhere have made better use of modern developments than have prairie grain producers. Varieties of grain have been developed and readily accepted which offer resistance to disease and insects, greater tolerance of drought, and have proven more adaptable for harvesting. Chemicals have been developed for disease and insect control, fertilizer use expanded, and equipment developed and specialized for all tillage, seeding, and harvest operations. These improvements have been readily adapted by prairie grain producers, which, coupled with their general experience, has

permitted increased yields, maintenance of high quality, and minimized inflationary effects on unit costs.

Beyond the farm gate, farmers have organized and developed modern institutions for the handling and marketing of grain. They have also worked toward more favourable legislation, and for international co-operation and international commodity agreements. This has brought about a measure of orderliness in grain marketing with which to lessen the fluctuations characteristic of an industry whose production is to a considerable degree influenced by nature. While these developments have not in themselves enabled farmers to enjoy net incomes commensurate with the average for the nation, the situation has no doubt been measurably improved. Continuous effort is being put forth by your Association and other farm organizations for an increase in grain prices, which, we believe, are fully justified in view of the world supply situation and current costs of production.

Your Association, founded we believe, on the finest principles and guided by sincerity of purpose on the part of its members, has made some contribution to the favorable situation of today. It has probably been the most influential voice of the prairie farmer in minimizing the cost of grain handling, and at no time has this been more evident than in the current year. It has through its singleness of purpose probably contributed substantially also to the building up of strong farm organizations and co-operatives in the province, each with distinctive purposes and endeavours. While good progress has, we feel, been made to date, times are continually changing, and guidance for the future has probably never been more important. We commend for your attention further discussion on the internal affairs and direction of your Association.

All of which is respectfully submitted.

G. L. Harrold
Nelson Malm
Allan J. Macpherson
George W. Braithwaite
O. Keith Rosenberger
Frank White
Arne Johnson



Report of the General Manager

ON THE 1965-66 CROP YEAR

To: The President and Directors,
Alberta Wheat Pool,
Calgary, Alberta.

Gentlemen:

Exports of Canadian grains amounted to an all-time high of 635.6 million bushels in 1965 and reinforced Canada's position as a major grain supplier in world markets. Clearances of wheat and flour totalled 580 million bushels, second only to the previous 594 million bushel record. Thirty-four million bushels were in the form of flour. The strong demand resulted in record shipments from country elevators, allowing Western producers to deliver 759.9 million bushels. However, a shortage of rail transportation to the west coast early in the crop year, and labour strife in Eastern Canada in the latter months, made it impossible to realize Canada's wheat export target of 600 million bushels. Prospects remain good for continuation of strong world demand for wheat. Canada's ability to serve markets will, therefore, be a critical determinant of whether or not the Western farmer can supply growing demand, to the ultimate advantage of the entire economy of Canada.

Production of all grains in Alberta was 404 million bushels in 1965. Wheat alone yielded 153 million bushels compared to 145 million the year before. The 1964 production of oats, barley, flax and rye was exceeded, and a 45 per cent increase in rapeseed resulted from a near doubling of the acreage seeded to that crop.

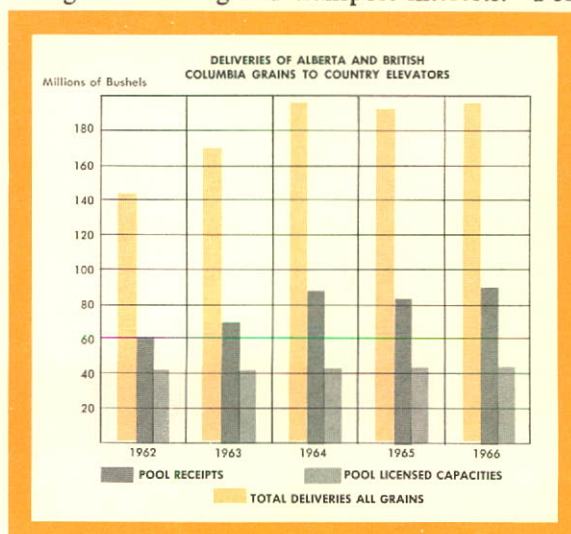
Excellent crop prospects were dimmed by poor harvest weather with snow, rain and low temperatures in September causing sprouting, bleaching and frost damage in some areas. However, after five anxious weeks, when little harvesting could be done, an unusually long period of dry weather brought near ideal harvest conditions. Although about 6 per cent of the grain was harvested Tough and Damp, deterioration was not so serious as earlier feared and generally the crop was garnered in surprisingly good condition with over 30 per cent in the top three milling grades. Nearly 40 per cent of the crop graded 4 Northern.

Country Operations

The year began with country elevators filled to 80 per cent of capacity. The Vancouver Terminal strike was settled on August 14th, but normal movement of grain did not resume for several

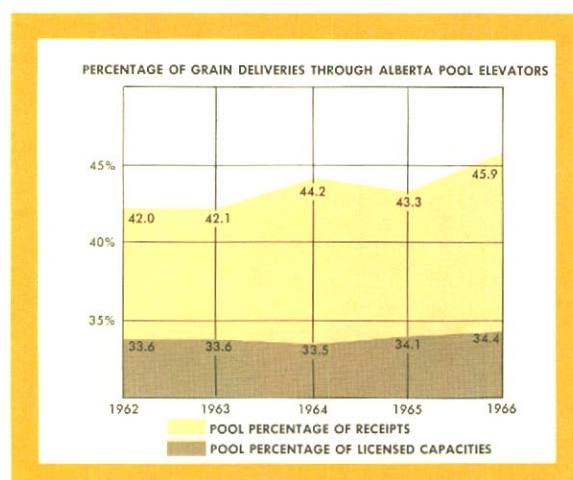
days. This was followed by a partial breakdown in grain transportation in the southern part of the province, which continued until February. Both railways, for various reasons, experienced problems in coping with the grain movement. There was a continuing shortage of equipment. Inadequate trackage and switching facilities at the west coast delayed boxcar turn-arounds. Preference was given to the Lakehead and Eastern elevator grain traffic, due to a serious shortage of grain required to fill the Russian order. Finally, other commodities, especially sulphur and potash, competed successfully with grain for the available rolling stock. These factors all had grave implications for our country operations and customers. Shipments during the fall and winter months were slow and irregular, aggravating the congestion problem so that producers were frequently prevented from delivering to the elevator of their choice. The requirement for specific grades of wheat, to meet export commitments, resulted in quotas being opened more rapidly in some regions than others. Eighty-six per cent of our country working capacity was filled in December. Forty-six per cent of our elevators had less than 10,000 bushels of space and consequently were unable to handle the variety and grades of grain offered.

In December and January unusually severe weather hampered the railroads, but by the end of January there was an adequate supply of loaded cars. Co-ordination of the westward grain movement was greatly aided by a Transportation Committee, under the chairmanship of William Riddell, and composed of representatives of the various grain handling and transport interests. For



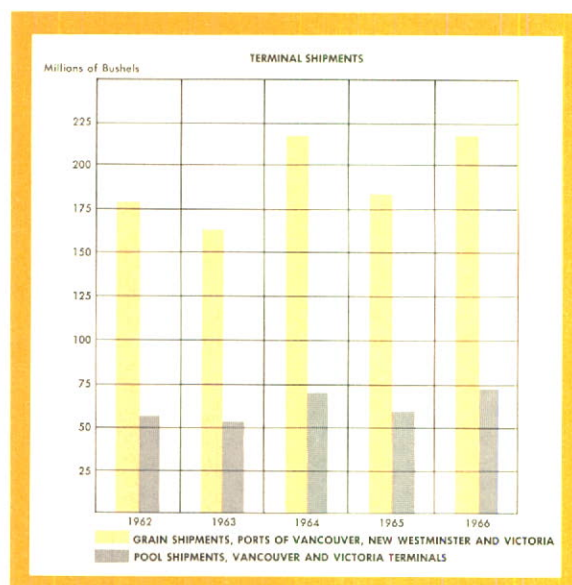
the balance of the crop year a satisfactory, continuous movement resulted. The extent of the railways' effort and the co-operation between all parties is indicated by the fact that in March 4138 cars were unloaded at our Vancouver Terminal against the previous monthly record of 3453. Both railways made major additions to their yard facilities, which shortened boxcar turnaround time, and when attention was given to moving grain they did an outstanding job. By July 31st all delivery points were on an open quota. Abundant shipping orders, a good car supply and regular ship arrivals kept our terminals at nearly maximum operation.

The improvement, evident in February, in country loadings and terminal unloads gathered momentum so that by the end of the crop year previous records had fallen. Alberta Wheat Pool country handlings reached an all-time high of 90,441,480 bushels, as compared to 1964-65 handlings of 84,254,713 bushels and the former high of 87,053,830 bushels set in 1963-64. The Pool's percentage of grain deliveries in Alberta, and designated British Columbia areas, reached a new high of 45.9 per cent compared to 43.6 per cent the year before. Although the spread is narrowing, the percentage of shipping orders allocated to the Alberta Wheat Pool is still not in proportion to the preference of producers wishing to deliver to the elevator of their choice, as indicated by the fact that the Pool handled 45.9 per cent of provincial grain deliveries, but by July 31st our percentage of shipping orders had reached only 44.7 per cent. Many members are still denied the use of their own elevators. An average of 170,598 bushels was received by 530 country elevators. Fourteen agents handled in excess of 500,000 bushels each. Weigh-ups taken at 212 elevators showed a gross overage of 0.125 per cent compared to 0.077 per cent the year before.



Terminal Operations

Preliminary figures from the Board of Grain Commissioners indicate that Pacific Coast ports achieved all-time grain handling records in the last crop year. Shipments for Pacific ports exceeded 236,000,000 bushels, 10 million above the previous peak in 1963-64. The Port of Vancouver did not break the shipments record but handled 199.2 million bushels compared to 201.9 million bushels in 1963-64.



There were record handlings at both our Vancouver and Victoria Terminals in 1965-66. Despite the difficulties experienced in getting grain to the west coast in the early months, and the fact that the Vancouver Terminal operated for only eleven and a half months, records in receipts, shipments and car unloads were established. The Vancouver Terminal received 63,902,029 bushels in 32,539 cars, over 1 million bushels and 1,307 cars higher than the previous record of 1963-64 and substantially above 1964-65 receipts of 50,412,620.

The Victoria Terminal shipped 11,076,376 bushels this past season compared to their previous high of 8,900,889 in 1964-65. Receipts of 11,508,737 bushels exceeded the 1964-65 record by nearly 3 million bushels. A weigh-up was completed at this terminal in early July representing an audit for twenty-one and a half months. The result of this audit indicated a satisfactory operation.

Attention is continually given to maintaining terminal facilities in good repair and adding improvements to increase the efficiency of the plant. A three-year programme of electrical renovation was completed in the old Vancouver Workhouse.

The first stage of a flax cleaning unit was placed in No. 1 annex and machines were installed to improve the cleaning arrangement for Durum wheat. Various other additions and renovations concerning moorings, general maintenance and employee conveniences were also made.

Our Port Arthur Terminal is operated by Manitoba Pool Elevators in conjunction with their three terminals. This allows for specialization of function and makes for efficiency in handling the great variety of grades and grain. Your organization shipped 10,914,949 bushels to the Lakehead and other Eastern destinations.

Seed and Fertilizer Division

Good markets, a favourable harvest and high quality seed crops resulted in one of the largest handlings experienced since the Alberta Wheat Pool entered forage seed marketing. A total of 16,478,020 pounds of seed was purchased. Export markets were active early in the season and large sales were made for early delivery. Prices remained stable through the buying and selling period owing to high crop quality and market strength. Sixty per cent of all forage seed was purchased on a Pooling basis. Growers were rewarded for their confidence as final payments of \$250,541 were distributed.

Sales of cereal seeds at 371,496 bushels were similar to those of the 1964-65 season, but barley sales were larger than expected owing to increased demand for the Conquest variety. The Pool has continued to work closely with experimental farms to obtain information on new varieties so that they may be made available to members at the earliest possible time.

As the plant of Western Co-operative Fertilizers Limited was not in complete operation until October, supplies of fertilizer were not available for fall sales and could not be obtained from other sources. Competitive pricing methods resulted in a number of price breaks throughout the province, giving market instability. Your organization attempted to stabilize prices thus ensuring equal treatment for all customers, but in some areas it was necessary to meet competitive price breaks. To establish equity between our customers, an equalization payment was made in July to purchasers of 16-20-0 and 11-48-0. This had the effect of reducing the basic plant price to the same level for all purchasers of these formulations. Despite the many difficulties encountered in fertilizer marketing, 34,845 tons were sold and a reasonably good financial year was experienced.

Credit for seed and fertilizer purchases became available to Alberta Wheat Pool members for the first time on April 1st, 1966. In the belief

that applicator equipment should be owned by those who use the fertilizer, steps were taken to facilitate the purchase of such equipment by members.

With the opening of the new Grande Prairie seed plant, it was no longer necessary to contract with other organizations for part of our cleaning. On July 5th, 1966 the Alberta Wheat Pool announced the construction of a \$1 million seed plant for Camrose to replace the existing obsolete facilities. This plant will incorporate the latest concepts in design and equipment for efficient handling, cleaning and storing seed. An extensive programme of warehouse construction is being carried out to meet the needs of our expanding fertilizer business.

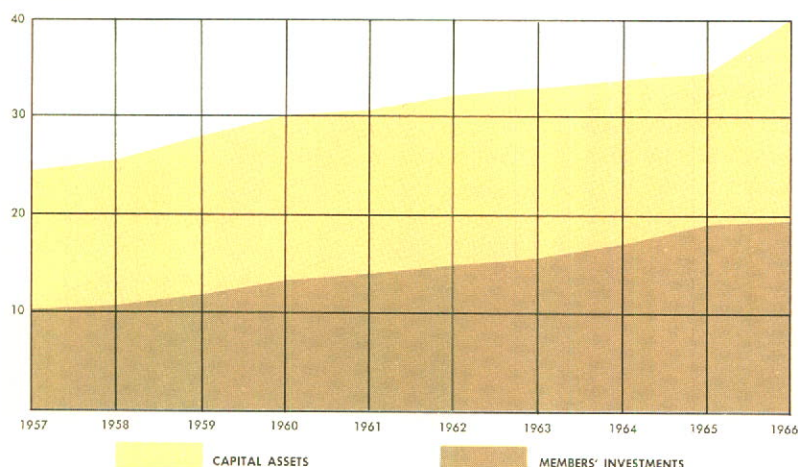
Properties

The necessity of accelerating our construction of elevators, annexes and dwellings, to keep pace with obsolescence and to meet the needs of members and employees, has become particularly evident in the last two years. In the same period the requirements of the fertilizer business have grown in urgency. Our own construction department has been augmented and a considerable amount of building has been done under contract, at a cost higher than if done by Pool crews. In spite of these measures the construction programme is behind schedule due to a serious shortage of competent help. Repair and maintenance programmes are up to date.

Our construction department built 8 elevators of which 6 were the composite type with a total licensed capacity of 783,000 bushels and the other two conventional elevators of 75,000 bushel capacity. Four elevators were dismantled and at six points, where new elevators have been constructed recently, old elevators were twinned. Six cribbed annexes with total capacities of 438,000 bushels were also built. Seven old annexes were dismantled and one was sold. There were no losses by fire throughout the year. Thirteen dwellings were built, 2 purchased and 12 sold. Fifty seed and fertilizer sheds or warehouses were built and 3 were purchased.

At the year end our properties consisted of 533 elevators with 628 annexes or other storage facilities at 417 shipping points. The combined storage capacity of this line is 44,860,800 bushels, representing 34.4 per cent of the total licensed country elevator space in Alberta and British Columbia. In addition, there are 391 dwellings for employees, 3 seed cleaning plants, 154 warehouses or sheds for fertilizer and seed, 8 flour sheds, 9 coal sheds, 2 construction warehouses, 3 terminal elevators and a Head Office building and parking lot.

Millions of Dollars



Subsidiary Companies

The large receipts reported above for Victoria Elevator Limited resulted in increased revenues from grain operations and elevator handling charges. Storage earnings due to the rapid turnover of stocks were at lower levels, as were charges for cleaning and drying grain in better condition. Expenses were higher, especially in respect of wages but in general were consistent with the greater volume. Net earnings were \$110,205 after providing for income taxes amounting to \$110,110. Payment of \$303,907 was made to the parent organization for diversion premiums, allowances for screenings, management fees and interest on debentures. The company's long-term debt remains at \$40,000, represented by bonds held by the Pool.

Interior Feeds Limited, the subsidiary company handling sales of non-board feed grain in B.C., did not reach the volume of the previous year, as supplies of grain were lower in the Peace River area. Purchases were 2,169,815 bushels, a drop of approximately 450,000 bushels. The lower volume of grain supplies resulted in more rapid turnover with a consequent reduction in storage charges, but the relative shortage of supplies of non-board grain made it possible to maintain stable buying and selling prices consistent with Board prices. Normal expenses showed little change but, with the lower volume of sales, earnings dropped to \$26,692. Of this amount income taxes took \$13,346. Payments to the Alberta Wheat Pool for elevator handling charges, storage, interest and other services were \$110,096.

Operating Results

This is a consolidated report on the operations and earnings of the Alberta Wheat Pool and its wholly-owned subsidiaries, Victoria Elevator Limited and Interior Feeds Limited. Any references to capital assets in this report relate to Alberta Pool Elevators Limited, another wholly-owned subsidiary which owns all the physical assets of your organization except for the terminal at Victoria, which is owned by Victoria Elevator Limited.

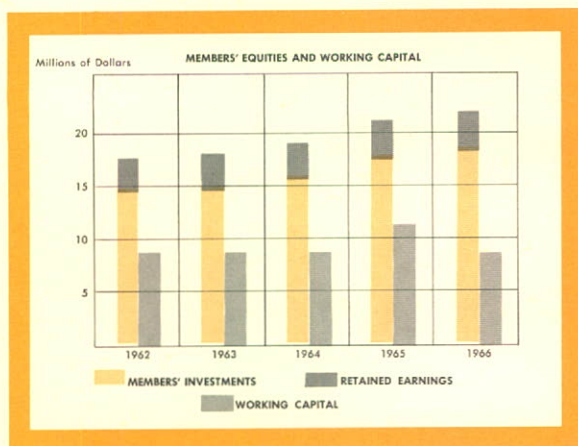
The combined earnings, representing savings to the members, were \$4,571,620 after provision for capital cost allowances of \$1,628,406. Capital cost allowances in the previous year were \$1,200,255, the increase reflecting a much larger building programme, a full year's effects of the accelerated depreciation allowances on grain storage facilities allowed by the 1965 Federal Budget, and the first year's depreciation on the new seed cleaning plant at Grande Prairie.

This level of operating earnings can be accounted for by several factors. Grain shipments were the highest ever in any one year with resulting increased country and terminal earnings. The Seed and Fertilizer Division had a much better year, and the first year of operation of our affiliated company, Western Co-operative Fertilizers Limited contributed substantially, both in providing supplies of fertilizer and in distribution of earnings. Storage earnings are limited by capacities so larger country handlings were not reflected in higher income from this source. The rapid

turnover of grain stocks in terminal positions resulted in lower terminal storage earnings.

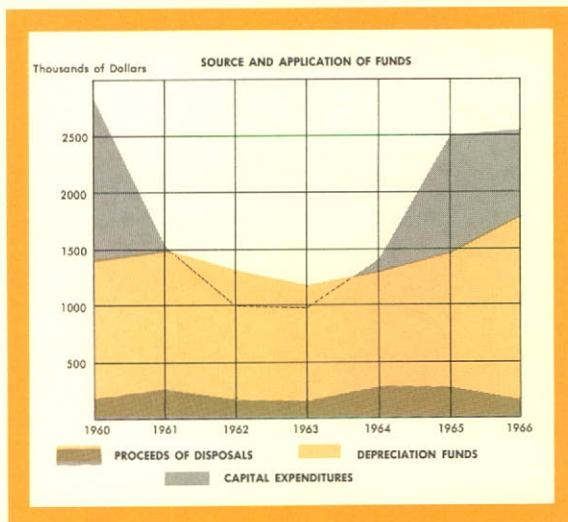
It was to be expected that operating expenses would also be higher. The increase was principally in salaries and wages, with other expenses consistent with the expanded general operations. A payment of \$506,717 in respect of past service pension benefits substantially liquidated that liability, which was \$2,368,870 when incurred three years ago by amendments to the employees' pension plan.

The investment of Pool members in their equity reserves was increased during the year. A policy has been in effect for a number of years of purchasing these reserves from the estates of deceased members, from those who had retired from farming regardless of age, from corporate members and from members reaching an age determined by the delegates. At the last Annual Meeting this age was reduced from 70 to 69 years. This reduction broadened the reserve purchases to \$1,270,014 compared with last year's total of \$939,507. The purchased reserves, plus an additional \$703,270 of new reserves, making a total of \$1,973,284, were issued as a patronage refund to member patrons of the 1964-65 year thereby increasing the liability of the Pool to its members to \$18,234,219. In addition to more equity in the organization, patrons of the 1964-65 year received in cash refunds the sum of \$1,609,237, making a total distribution from the earnings of that year of \$3,582,521.



Capital expenditures were slightly larger than in the previous year. Buildings, properties and operating machinery required \$2,309,210 and

new equipment of other types took \$217,670 for a total capital outlay of \$2,526,880. This exceeded the funds provided through capital cost allowances with the deficiency being supplied from working capital.



Public Relations

A continuous programme was carried on to inform the general public of the importance of the agricultural industry, of agricultural issues and the problems involved in the business of farming, while at the same time keeping the farming community constantly reminded of the Pool's objectives and its activities on behalf of farm people. Radio has again been the main medium of communication but newspaper advertising and television are also used. Good contact has been established with all the news media. Comments by Pool officials are sought on most agricultural issues and little difficulty is experienced in having our opinions publicized. An encouraging development has been the wide use, in schools throughout the province, of our several pamphlets giving information on agriculture and co-operation. The Field Service worked with members and country employees to provide accurate information on Pool matters and interpret policy so that a sympathetic understanding of the purposes and function of the organization might be engendered.

Instructional meetings, attended by all agents and seed warehouse men, were held throughout the province and new agents were brought to Head Office for a one-week course. The results of this training are evident as agents become more able representatives of the Pool.

By providing information about the Pool, and stimulating thoughtful discussion, the work with the Delegates' Committees has been most valuable in creating, in key members, a keen interest in the affairs and government of their organization. Over 3,100 have had committee experience, which has given them a closer feeling of identity with the Pool and has improved the communication between members, elected representatives and management.

Staff

Abundance of grain on the farms and good export sales made possible the exceptional results

reported for your consideration. These results could not have been accomplished, however, without a tremendous effort by the staff, many of whom made an outstanding contribution to get the job done in the face of adversity. It is my pleasure to offer the thanks and congratulations of Management to all those who contributed to such a successful year for this great farm organization.

Respectfully submitted,

A. T. Baker.

General Manager.



Clarkson, Gordon & Co.
Chartered Accountants
Calgary

AUDITORS' REPORT

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, 1966 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 statements mentioned above 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, 1966 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.

Clarkson, Gordon & Co.

Calgary, Alberta.
October 28, 1966.

CLARKSON, GORDON & CO.
Chartered Accountants.



ALBERTA W and Subsidiaries

CONSOLIDATED

AS AT JULY 31, 1966 and

ASSETS

	1966	1965
Current:		
Cash in banks, on hand and in transit	\$ 600,980	\$ 596,574
Stocks of grain (Note 2)	41,106,989	45,756,215
Stocks of seed, fertilizer and supplies (Note 3)	1,308,274	606,588
Advances on grain	34,745	10,240
Accounts receivable	2,126,309	1,359,595
Accrued items receivable	305,722	227,689
Prepaid expenses	571,712	488,066
Total current assets	<u>46,054,731</u>	<u>49,044,967</u>
Fixed — at cost:		
Buildings, sites and operating machinery	36,833,493	34,718,083
Less accumulated capital cost allowances	25,787,964	24,397,715
	<u>11,045,529</u>	<u>10,320,368</u>
Uncompleted construction (see contra)	2,167,511	1,224,574
	<u>13,213,040</u>	<u>11,544,942</u>
Elevator and office equipment, autos, trucks and miscellaneous equipment	848,155	781,506
Less accumulated capital cost allowances	462,570	429,663
	<u>385,585</u>	<u>351,843</u>
Net fixed assets	<u>13,598,625</u>	<u>11,896,785</u>
Investments — at cost:		
Shares and bonds of affiliated companies	8,300,502	5,300,493
Grain Exchange memberships and Trade associations	11,152	11,152
Co-operative associations	1,680	1,379
	<u>8,313,334</u>	<u>5,313,024</u>
Other:		
Deferred accounts receivable	61,796	48,200
Excess of cost of investment in subsidiary company over book value at date of purchase	155,420	155,420
	<u>217,216</u>	<u>203,620</u>
	<u>\$68,183,906</u>	<u>\$66,458,396</u>

See accompanying notes to consolidated financial statements.

HEAT POOL

ry Companies

BALANCE SHEET

comparison with July 31, 1965



LIABILITIES

	1966	1965
Current:		
Outstanding cheques, cash tickets and orders	\$ 8,721,787	\$ 7,172,235
Bank loans (secured)	13,540,000	15,540,000
Call and short term loans	3,983,463	4,909,763
Demand loans from members	1,986,408	2,890,692
Accounts payable	1,921,965	1,479,891
Construction commitments (see contra)	2,167,511	1,224,574
Income tax payable	68,045	67,543
Accrued items payable	491,638	395,941
Growers' outstanding payments	183,317	192,618
Net earnings — current year less estimated minimum income tax (Notes 4 and 5)	4,403,576	3,691,401
Total current liabilities	37,467,710	37,564,658
Term Loans from Members and Co-operatives	7,998,474	6,977,260
Reserves and Surplus:		
Reserves (Note 6) —		
Authorized	\$20,000,000	
Issued to members —		
Members' investments	18,234,220	17,530,809
Surplus —		
Retained from earnings of prior years	3,760,286	3,679,937
Arising from disposals of properties	723,216	705,732
	22,717,722	21,916,478
Contingent Liability (Note 9)		
	\$68,183,906	\$66,458,396

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED EARNINGS

	Year ended July 31	
	1966	1965
Operating revenues (note 7)	\$17,813,685	\$15,628,636
Deduct:		
Elevator and seed plant operating expenses	\$ 5,268,974	\$ 4,674,918
Office, administration and supervisory expenses	2,740,852	2,492,265
Terminal elevator operating expenses	1,914,559	1,690,212
Contribution to employees' pension plan —		
re past services	506,717	664,520
Interest charges	1,182,557	1,073,453
	<u>\$11,613,659</u>	<u>\$10,595,368</u>
Earnings before capital cost allowances	\$ 6,200,026	\$ 5,033,268
Capital cost allowances	1,628,406	1,200,255
Net earnings for the year before income tax	<u>\$ 4,571,620</u>	<u>\$ 3,833,013</u>

See accompanying notes to consolidated financial statements

STATEMENT OF CONSOLIDATED SURPLUS RETAINED FROM EARNINGS OF PREVIOUS YEARS

	Year ended July 31	
	1966	1965
Balance at beginning of year	\$3,679,937	\$3,504,787
Less sundry adjustments	252	140
	<u>\$3,679,685</u>	<u>\$3,504,647</u>
 Add:		
Earnings of the previous year	\$3,833,013	\$4,896,435
Less patronage refunds:		
In cash	1,609,237	1,787,264
In members' investments redeemed	1,270,014	939,507
In additions to members' investments	<u>703,270</u>	<u>1,847,358</u>
	250,492	322,306
Less income taxes paid	<u>169,891</u>	<u>147,016</u>
	<u>\$ 80,601</u>	<u>\$ 175,290</u>
Balance at end of year	<u><u>\$3,760,286</u></u>	<u><u>\$3,679,937</u></u>

See accompanying notes to consolidated financial statements

1965-1966

FACTORS AFFECTING WORKING CAPITAL

Working Capital, July 31, 1965	\$11,480,309
1964-65 Earnings (See Note)	3,833,013
Operating Earnings, 1965-66, before capital cost allowances	6,200,026
Increase in term loans, members and other co-operatives	1,021,214
Proceeds of disposals —	
Buildings and operating machinery	68,138
Equipment	71,432
Capital gains	17,484
	<u>22,691,616</u>

1965-66 Net Earnings held pending disposition	\$4,403,575
New buildings and operating machinery	2,309,210
New equipment	217,670
Patronage Refunds paid in cash	1,609,237
Members' investment reserves purchased	1,270,014
Funds provided for completion of construction program	942,937
Income Taxes paid or provided for —	
1964 — Dominion of Canada	28,123
1965 — Dominion of Canada	141,616
1966 — Dominion of Canada	168,045
1966 — Province of Ontario	152
Investment in bonds of Western Co-operative Fertilizers Limited	3,000,000
Increase in deferred accounts and other investments	13,905
Sundry adjustments	112
Working Capital, July 31, 1966	<u>\$ 8,587,020</u>

July 31, 1966

- 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, fertilizer and 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, are shown as a current liability pending action by the delegates at the annual meeting regarding patronage refunds.
- 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 Ownership in Alberta Wheat Pool is by investment in the reserves of the organization. Funds to make this investment have been provided from patronage refunds.
- NOTE 7 Revenues accrue from grain and seed handlings, terminal operations and diversion premiums, carrying charges, storage and interest, rentals from office building and agents' dwellings, etc.
- NOTE 8 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.
- NOTE 9 The Alberta Wheat Pool is contingently liable as joint guarantor of bank loans of Western Co-operative Fertilizers Limited to a maximum of \$1,666,666.

1923 - 1966

SOURCE AND APPLICATION OF FUNDS

SOURCE

Depreciation and Capital Cost Allowances	\$26,250,533
Members' Investment Reserves	18,234,220
Term Loans from Members and Co-operatives	7,998,474
Earned Surpluses Retained	3,760,286
Capital Surpluses from Properties	723,216
	<u>\$56,966,729</u>

APPLICATION

Elevators, Terminals, Cleaning Plants and other Properties	\$39,001,004
Elevator and Office Equipment, Automobiles and Trucks, Miscellaneous Equipment	848,155
Excess of Cost of Investment in Subsidiary Company	
over Book Value at Date of Purchase	155,420
Investments in Affiliated Companies and Miscellaneous Memberships	8,313,334
Deferred Accounts	61,796
Working Capital	8,587,020
	<u>\$56,966,729</u>

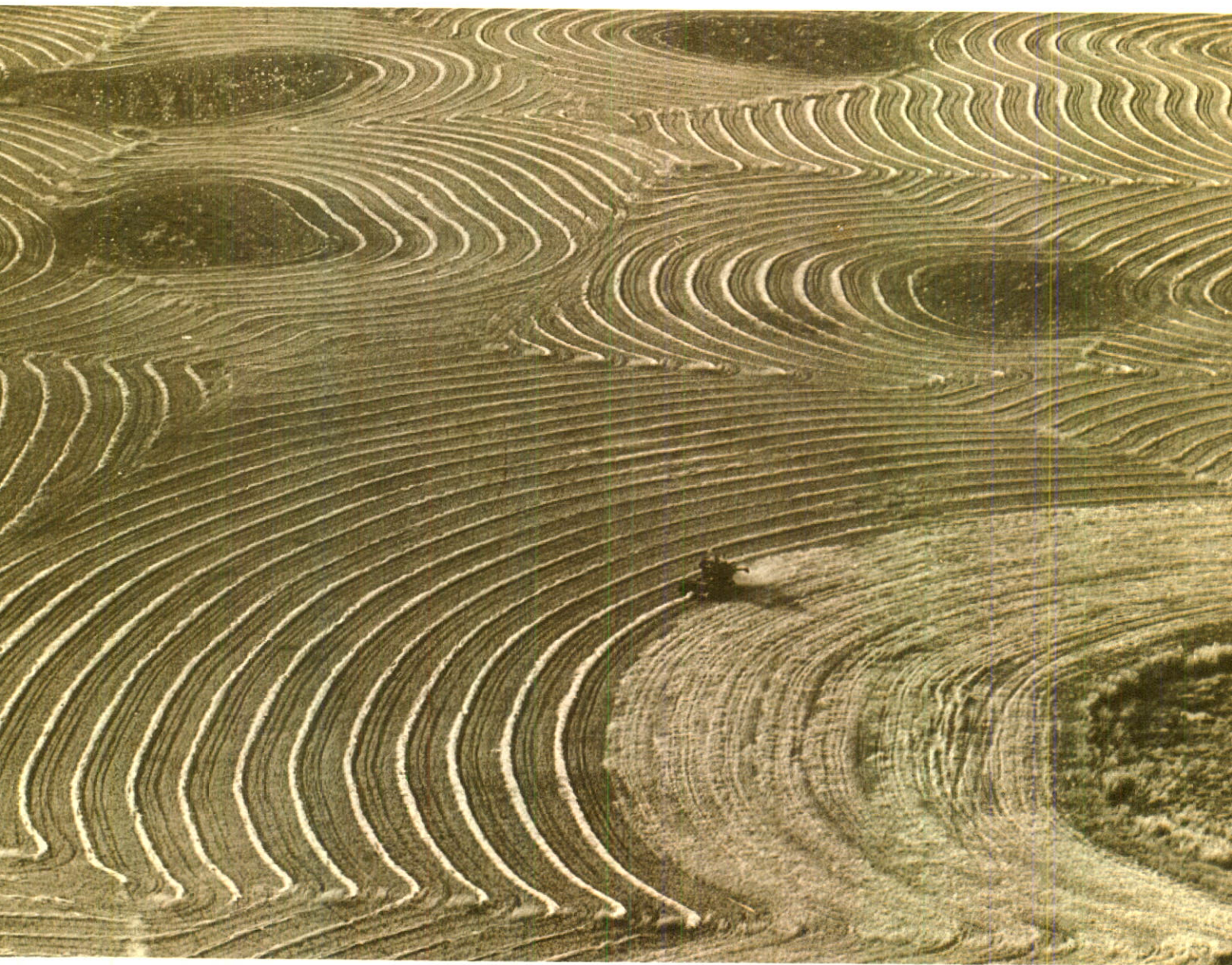
RECORD OF PROGRESS

Income Statistics

Year Ending	Bushels Handled	Operating Earnings	Operating Expenses	Capital Cost Allowances	Patronage Refunds	Earnings Retained
1966	90,441,480	\$17,707,285	\$11,613,659	\$1,628,406	(See Note 4)	
1965	84,254,713	15,628,636	10,595,368	1,200,255	\$3,582,521	\$108,724
1964	87,053,840	17,147,426	11,223,426	1,027,565	4,574,129	175,290
1963	70,765,924	13,220,241	9,019,640	1,009,660	2,920,969	142,777
1962	60,104,981	12,913,333	9,018,268	1,107,296	2,584,894	114,126
1961	59,802,637	13,929,055	9,830,341	1,238,306	2,526,905	177,518
1960	59,849,309	12,724,923	9,068,946	1,229,468	2,192,499	124,074
1959	61,980,782	12,709,152	8,254,234	1,146,324	3,083,089	100,523
1958	56,888,650	11,553,430	7,804,335	1,383,490	2,185,165	82,168
1957	61,457,190	10,586,430	7,272,755	2,020,860	1,033,444	142,208

Balance Sheet Statistics

Year Ending	No. of Elev.	Capital Investment	Current Assets	Current Liabilities	Working Capital	Retained Surplus
1966	533	\$39,849,159	\$46,054,731	\$37,467,711	\$ 8,587,020	\$3,760,286
1965	535	36,724,163	49,044,967	37,564,658	11,480,309	3,679,937
1964	543	34,014,518	44,210,540	35,369,726	8,840,814	3,504,787
1963	548	32,682,814	42,949,570	34,248,120	8,701,450	3,362,269
1962	559	32,131,549	31,124,651	22,494,865	8,629,786	3,248,590
1961	563	31,227,253	43,424,884	35,247,611	8,177,273	3,071,203
1960	567	29,921,931	48,680,149	40,615,283	8,064,866	2,947,844
1959	533	27,470,298	44,521,860	37,189,985	7,331,875	2,847,628
1958	533	25,218,934	41,333,292	33,959,572	7,373,720	2,765,591
1957	533	24,105,592	40,373,295	31,409,903	8,998,392	2,623,331



CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

IN MEMORIAM

It is with deep regret that we record the death of Dr. J. H. Wesson and Mr. L. A. Boileau, both from Saskatchewan, who passed away during the year under review.

Dr. Wesson served on the Board of Directors of Saskatchewan Wheat Pool from the date of its inception in 1924 until he retired in October, 1960. For many years he was president of Canadian Co-operative Wheat Producers Limited and two other interprovincial subsidiaries, Canadian Pool Agencies Limited and Pool Insurance Company. Dr. Wesson was the first president of the Canadian Federation of Agriculture following its formation in 1936. He served in that position until 1940, continuing as a member of the Board of Directors until 1950. He was president of the Saskatchewan Wheat Pool for 23 years, from 1937 until his retirement in 1960. He died on November 13, 1965, at the age of 77.

Mr. Boileau was an active member of the Saskatchewan Wheat Pool for many years, serving as delegate, director, and latterly first vice-president. He was president of the Saskatchewan Federation of Agriculture and was a director of Canadian Co-operative Wheat Producers Limited and the two other inter-provincial subsidiaries, Canadian Pool Agencies Limited and Pool Insurance Company.

Mr. Boileau was associated with agriculture since his arrival in Saskatchewan in 1927 from Minnesota, where he was born and educated. Mr. Boileau was elected first vice-president of Saskatchewan Wheat Pool in December, 1962, and was holding that office at the time of his death.

These men, through a lifetime of service, have made outstanding contributions to the welfare of agriculture in Western Canada and their names will be added to a long list of agricultural leaders who gave of their time and their talents for the benefit of organized agriculture.

DIRECTORS' REPORT

1965-1966

To the Shareholders,
CANADIAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED,
Winnipeg, Manitoba.

Gentlemen:

We take pleasure in submitting the Directors' Report of Canadian Co-operative Wheat Pro-

ducers Limited for the year ended July 31st, 1966.

According to the Board of Grain Commissioners, exports of Canadian wheat, oats, barley, rye, flaxseed and rapeseed, amounted to a record 635.6 million bushels during the crop year just concluded, 20.8 millions above the previous high recorded in 1963-64. An additional estimated 34.3 million bushels of wheat flour were also shipped during the 1965-66 crop year. Bulk wheat clearances of 546.0 million bushels represent the heaviest movement on record, as do the 13.6 million bushels of rapeseed exported. Shipments of the other principal grains, although well below previous highs, do indicate increases over 1964-65 exports.

TOTAL GRAIN AND WHEAT FLOUR

(millions of bushels)

	1965-66	1964-65	30-Year Average 1935-36 to 1964-65
Wheat	546.0	366.7	238.8
Flour	34.3*	31.4	42.5
Oats	15.3	14.7	25.2
Barley	33.7	32.7	37.1
Rye	8.1	4.9	5.8
Flaxseed	18.9	14.3	6.4
Rapeseed	13.6	9.3	2.1
TOTAL	669.9	474.0	357.9

*Estimated

Wheat

Exports of Canadian wheat amounted to an all-time high of 546.0 million bushels — 9.3 millions above the previous peak of 536.7 million bushels cleared during 1963-64. Purchases by the Soviet Union of 198.4 million bushels surpassed the 162.2 millions taken by this market during the 1963-64 season, while the 77.9 million bushels imported by Mainland China exceeded the former 1961-62 record Canadian wheat exports to this country by 5.9 millions. Major Canadian wheat customers importing a reduced volume of this grain compared with 1964-65 were Britain, Japan, Czechoslovakia, Poland, Belgium and Luxembourg.

Imports by East European Communist countries — 231.6 million bushels — represented 42.0% of Canada's 1965-66 wheat exports (46% in 1963-64, 21.5% in 1964-65). Clearances to Asia, according to the Board of Grain Commissioners, absorbed 29.3% of the year's shipments, while member nations of the E.E.C. accounted for a further 8.8%. Shipments of Canadian wheat to Britain comprised 12.8% of the 1965-66 export movement.

The following table shows the major Canadian wheat importers for 1965-66 crop year compared with the 1964-65 crop year. It also shows the 30-year average from 1935-36 to 1964-65:

Major Canadian Wheat Importers

1965-66 and Comparative

(millions of bushels)

	1965-66	1964-65	30-Year Average 1935-36 to 1964-65
U.S.S.R. (Russia) ..	198.4	8.8	7.5
China, Communist ..	77.9	62.4	9.2
Britain	69.9	70.4	98.8
Japan	49.6	50.1	18.4
India	26.0	7.3	5.3
Germany, Federal Republic of	22.8	20.5	14.0
Poland	13.3	18.9	3.4
Others	88.1	128.3	82.2
TOTAL	546.0	366.7	238.8

Wheat Flour

Exports of Canadian wheat flour during the 1965-66 crop year have been estimated to total 34.3 million bushels according to the Board of Grain Commissioners. This figure is based on actual tabulated August to June volume of 31.8 millions plus estimated clearances of 2.5 in July.

Principal Markets

The sale of 199.3 million bushels of wheat and wheat flour to Russia placed this country in the number one position on the 1965-66 list of Canadian grain customers. Britain, Canada's principal market in 1964-65, was the destination for 89.0 million bushels of wheat, wheat flour, oats, barley, rye, flaxseed and rapeseed combined during the crop year under review. This represents the smallest volume of Canadian grain taken by this market since the 1937-38 crop year.

Mainland China's purchase of 77.9 million bushels of Canadian wheat enabled this country to retain its position as Canada's third most important grain export market. Japan dropped from second to fourth position as a destination for Canadian grain, notwithstanding record purchases of 69.2 million bushels of the six principal grains plus wheat flour during 1965-66.

Major Importers of Canadian Grain and Wheat Flour

(millions of bushels)

	1965-66*	1964-65	1963-64	1962-63	1961-62
U.S.S.R. (Russia)	199.3	10.6	184.0	—	—
Britain	89.0	95.2	106.5	103.4	99.8
China, Communist	77.9	64.4	56.0	57.5	91.3
Japan	69.2	67.8	61.6	51.7	53.6
Germany, Federal Republic of	34.6	26.6	40.6	35.5	48.0
Others	197.4	209.3	225.7	136.3	124.5
TOTAL	667.4	473.9	674.4	384.4	417.2

*Includes August to June Wheat Flour Clearances.

Seaboard Handlings

Canada's Pacific Coast ports exported 234.7 million bushels of the six principal Canadian grains combined during the 1965-66 crop year, according to figures released by the Board of Grain Commissioners. This represents 8.9 million bushels above the previous high figure cleared in 1963-64, and 37.4% of the total overseas grain movement. The northern port of Churchill shipped 25.1 million bushels of Canadian wheat during the crop year under review — 3.0 millions in excess of the 1964-65 previous high movement.

Canadian eastern elevators shipped 341.8 million bushels of the six major grains to overseas markets in 1965-66, some 1.3 million below the previous recorded high movement in 1963-64 of 343.1 million bushels.

Fort William and Port Arthur handled 25.9 million bushels of the major grains for direct overseas shipment — some 4.3 millions above the 1964-65 record.

Carryover Stocks

Total carryover stocks of the five major Canadian grains in North American positions at July 31st, 1966, were estimated by the Dominion Bureau of Statistics at 671.7 million bushels — 10% below last year's 747.4 million bushels and 18% below the 10-year (1956-1965) average of 822.1 million bushels. This year's July 31st stocks in all positions in millions of bushels with last year's totals and the 1956-65 average in brackets were estimated as follows:

	July 31/66	July 31/65	Average 1956-1965
Wheat	422.9	(513.0)	(560.8)
Oats	129.0	(130.1)	(137.2)
Barley	98.1	(88.8)	(109.8)
Rye	10.8	(8.3)	(8.5)
Flaxseed	11.1	(7.1)	(5.8)

Total stocks of Canadian wheat in all North American positions at July 31st, 1966 were estimated as 422.9 million bushels compared with last year's revised estimate of 513.0 million bushels. An estimated 100 million bushels of this year's total were held on farms — down from last year's total of 109.1 million, while 183.1 million of the off-farm stocks were in country elevators. The next largest amounts, 38.5 million and 36.6 million bushels, were in store in Eastern Canada and Fort William and Port Arthur elevators, respectively.

1966 Production

Canadian farmers are expected to harvest a record wheat crop of just under 840.4 million bushels this year, according to the Dominion Bureau of Statistics forecast. The Saskatchewan wheat crop is forecast at 546.0 million bushels compared with 400 million in 1965. The Alberta wheat crop is predicted at 189.0 million bushels against 153 million last year. Manitoba production is estimated at 85.0 million bushels of wheat — 6 million more than last year.

In spite of heavy production for the past several years in the Western Hemisphere the world's carryover of food grains has been going down at a rapid rate. Wheat, along with rice, account for a dominant share of the world's total supply of food staples. The year 1966 was declared as International Rice Year by the Food and Agriculture Organization of the United Nations in an effort to boost production of that grain.

In 1961 the United States had a carryover of 115 million metric tons of grain. Today that carryover is down to 61 million tons. Orville L. Freeman, U.S. Secretary of Agriculture expressed concern over the decline of stocks. He said, "Five years ago wheat carryover in the major exporting countries totalled 59 million tons. As of 1966 it is scarcely 30 million tons — well below the desirable level. It is projected to decline even further by this time next year.

"World wheat imports have more than doubled during the past decade. If the rate of increase over the next decade should even remotely approach that of the decade just ended, world import demands for wheat will far exceed the supply capabilities of the exporting countries.

"Rice carryover in the major exporting countries totalled 1.8 million tons in 1955. Today, a decade later, it is less than 300,000 tons. There is at present an unsatisfied import demand for rice totalling several million tons."

NET FARM INCOME

For the year 1965 it is estimated by the Dominion Bureau of Statistics that realized farm net income amounted to \$1,595.8 million. This is 13.4 per cent above the 1964 estimate of \$1,407.8 million and 27.6 per cent higher than the average of \$1,250.7 million for the five-year period 1960-64. Although farm operating expenses and depreciation charges rose by more than 6 per cent between 1964 and 1965, this was more than offset by increases in total receipts from the sale of farm products, supplementary payments and income in kind.

According to DBS, farm operating expenses and depreciation charges reached a new high level of \$2,641.1 million in 1965, 6.3 per cent above the estimate of \$2,485.3 million a year earlier. All items considered in the estimates of farm operating expenses were higher in 1965 than in 1964. For the third consecutive year fertilizer was the item for which the greatest percentage increase in outlay was made, DBS stated.

CENTRAL BOARD

The Board of Directors of Canadian Co-operative Wheat Producers Limited is made up of the three executive officers of Manitoba Pool Elevators, Saskatchewan Wheat Pool and Alberta Wheat Pool. C. W. Gibbings, President of the Saskatchewan Wheat Pool, was president of the Central Board for the year under review and W. J. Parker, President of Manitoba Pool Elevators was vice-president. These two, along with Gordon L. Harrold, President of Alberta Wheat Pool, constitute the executive committee of the organization.

The Board of Directors held five meetings during the year and business transacted at the meetings included things in which the three Pool organizations had a common interest. These included:

- Opposition to increases in Seaway Tolls.
- Opposition to the imposition of tolls on the Welland Canal.
- International Wheat Agreement.
- Railway Rationalization.
- Wheat Utilization.
- Bread Improvement Campaign.
- Proposed Amalgamation of three Wheat Pools.

With regard to the International Wheat Agreement, the Pools, somewhat reluctantly, agreed to two extensions a year at a time so that

the agreement which was originally drawn to terminate on the 31st of July 1965 will now terminate on the 31st of July 1967.

At the Board meeting held in July of this year, the Board decided to notify the appropriate government authorities that the three Pool organizations would no longer support a further extension of the present agreement unless price ranges are revised upwards.

Railway Rationalization

The position of Canadian Co-operative Wheat Producers Limited on the subject of railway rationalization was set out in a memorandum presented to the Minister of Transport, in May 1965. On that occasion the Pools held strongly to the view that there should be one Authority with the power to effect the rationalization of the railway system as a whole. Such an Authority by assuring early action on rail rationalization could effect large savings in the subsidies which, under the terms of the Government proposed bill, could reach a total of \$195 million.

To fulfill this role the Pools believe the Branch Line Rationalization Authority would have to:

- (1) Be endowed with wide powers to study all applications for branch line abandonment on an area basis rather than a line-by-line basis, and to recommend the appropriate action.
- (2) Be empowered to take into account not only railway costing but the public interest in its broadest aspects, including local and regional effects of abandonment proposals.
- (3) Be given authority to recommend on an area basis the transfer of railway lines or partial lines, exchange of running rights, elimination of unnecessary duplication of track or services, including lines not applied for by the railways, and other such rationalization measures considered desirable.

To ensure effective implementation of this recommendation, the Branch Line Rationalization Authority should have powers:

- (1) To order or direct that recommended measures be undertaken, or
- (2) To impose penalties to encourage acceptance of recommended measures by:
 - (a) authorizing or refusing subsidies applicable to branch line abandonment, and

- (b) granting or withholding approval for abandonment.

Research Project

The fundamental research study on Co-operation undertaken by the Economics Division of the Faculty of Agriculture, University of Manitoba, was scheduled to be finished about the end of August, 1966, however, a further study to be conducted by the same department of the University of Manitoba has been approved for the next two years.

INTERPROVINCIAL POOL MEETINGS

During the year under review the Boards of Directors of the three provincial Pools met in joint session on two occasions. These meetings were held on January 19-20 and July 21-22. Items which came up for consideration at these meetings included:

- (1) Railway Rationalization.
- (2) Labour Standards Code as it affected pool elevator agents.
- (3) IFAP meeting in November 1965 in Rome of members of European and North American regions at which C. W. Gibbings, President of Canadian Co-operative Wheat Producers Limited, was in attendance representing the Canadian Federation of Agriculture.
- (4) Bread Improvement Conference held in Cairo, UAR.
- (5) Discussions with the Board of Grain Commissioners re proposed changes in grading methods.
- (6) International Wheat Agreement.
- (7) Kennedy Round of discussions at the GATT Conference in Geneva re an international cereals agreement.
- (8) Proposed feed grain legislation providing for the establishment of a Canadian Livestock Feed Board to operate in Eastern Canada and British Columbia.

The July meeting authorized the President to notify the Prime Minister of Canada that so far as the Pool Boards were concerned, they were in agreement that the Canadian Wheat Board should report to Parliament through the Minister of Trade and Commerce, irrespective of who holds that portfolio.

WESTERN AGRICULTURAL CONFERENCE

The Western Agricultural Conference, the prairie arm of the Canadian Federation of Agriculture, was held in Winnipeg on January 21-22, 1966. It was attended by representatives of the provincial Federations of Agriculture for Alberta and Saskatchewan, the Manitoba Farm Bureau, the Wheat Pools and the United Grain Growers Limited.

The late Mr. L. A. Boileau, then first vice-president of Saskatchewan Wheat Pool and director of Canadian Co-operative Wheat Producers Limited, was elected president of the Conference. Nelson Malm of Calgary, vice-president of the Alberta Wheat Pool and a member of the Board of Directors of Canadian Co-operative Wheat Producers Limited, was elected one of the two vice-presidents.

Approximately 50 resolutions were discussed and many of them were forwarded to the Canadian Federation of Agriculture for inclusion in the list of resolutions to come before that body.

A number of resolutions dealing with grain and grain marketing were passed by the Conference calling for Wheat Board legislation to be established on a permanent basis and requesting that flax, rye and rapeseed be brought under the jurisdiction of the Canadian Wheat Board, so far as marketing is concerned.

The meeting also:

- (a) called for encouragement to the Canadian Wheat Board and Federal Government to take progressive leadership in seeking further negotiations towards a new international wheat agreement, with due regard to increased costs of production;
- (b) approved a resolution requesting the Federal Government to have the Canadian Wheat Board remain under the jurisdiction of the Department of Trade and Commerce;
- (c) urged the Government of Canada, the Canadian Wheat Board and the grain trade to retain traditional markets for Canadian wheat, acquire new markets and promote the use of bread wheats in all areas of the world;
- (d) called for the implementation of the recommendations of the Bracken Commission with respect to the allocation of box cars so that every farmer may deliver to the elevator of his choice;
- (e) recommended the nationalization of the CPR lines and necessary operating equipment;

- (f) advocated federal legislation to provide for an authority to effect rationalization of the railways;
- (g) expressed strong support for the retention of Crow's Nest Statutory Grain Rates free of encumbrances or proposed subsidy based on alleged losses for this service, and urged that the new authority be given sufficient power and jurisdiction to effect railway rationalization;
- (h) recommended government action to institute the two-price system for wheat, such two-price system to also apply to all cereal grains used for human consumption in Canada.

The meeting called upon the Federal Government to establish a federal labour court in Canada which would have responsibility for settlement of labour-management disputes within designated industries which are referred to it failing settlement through normal mediation procedures.

CANADIAN FEDERATION OF AGRICULTURE

The 30th Annual Meeting of the Canadian Federation of Agriculture was held in Toronto, January 25-27, 1966. On the 22nd of February, 1966, representatives of the Federation met the Prime Minister of Canada and members of his Cabinet to place before the Government the decisions arrived at at the Annual Meeting earlier in the year.

Emphasis was placed on the need for:

- (a) A sound plan of western railway rationalization.
- (b) An effective Eastern and British Columbia feed grains agency.
- (c) The improvement and extension of crop insurance.
- (d) A concerted and effective attack on the problem of rural poverty and an approach to the development and rationalization of farm holdings.
- (e) A national policy establishing the principle of reasonable protection of the grain grower from the impact of inadequate world prices.
- (f) Improvement and development of farm credit services, including credit to meet emergency disaster requirements.
- (g) Legislation to protect the farmer in cases of processor, dealer, or wholesaler bankruptcy.

- (h) Progressively strong and more effective plans to use the resources of agriculture to meet the growing crisis in world food needs and at the same time to put agricultural markets and incomes on a better and more stable basis.

Grain Pricing and Marketing

The Federation expressed the view that the present is an extremely critical time for the Canadian producer and for the future of Canada's international wheat trade.

The Submission stated:

"Somewhat obscured by the remarkable volume of crop production and of sales in the last few years is the fact that the price of wheat in Canada is at present lower than is justified by today's rising costs of production and the farmers' legitimate income expectations. A rise in price is needed. A reduction would be extremely serious, yet such a drop could occur all too easily if solid and constructive agreement is not reached on renewal and improvement of the International Wheat Agreement. Now is the time that Canada must give aggressive and farseeing leadership in the present negotiations for a new cereals sales agreement in the GATT.

"It must also be alert to the possibilities that with so much else involved, the GATT negotiations may prove inconclusive, thus perhaps requiring initiatives in the not too distant future to open negotiations through the International Wheat Council and the United Nations . . . What we want to emphasize, however, is our own conviction that this matter must be given high priority and importance in the field of Canada's external economic relations and affairs. Much is involved for the nation as well as for the wheat producer, including the strength of Canada's external trade position, its domestic economic stability, and the strength of our international balance of payments position."

The Submission continues:

"It is extremely important too that the longer term future of Canada's export markets for wheat not be neglected. Every effort must be exerted, not only to retain our traditional markets but to acquire new markets and promote the use of bread wheats in all areas of the world."

The Submission placed emphasis on the need for improvement in the income position of the western grain producer and indicated several alternative methods by which this improvement could be effected:

- (1) That the Government of Canada be requested to take immediate and positive action to remedy this situation by supporting wheat prices to the extent necessary to prevent Canadian wheat producers from being placed in the position of having to compete with the treasuries of other exporting countries or receiving unfair treatment in the Canadian economy.
- (2) That the Government of Canada guarantee a minimum price for wheat adequate to meet average costs of production and provide a return sufficient to meet living requirements.
- (3) That the Government of Canada institute a forward pricing policy related to the cost of production on specified quantities of wheat.
- (4) That the Government of Canada pay a subsidy on a basis quantity of wheat delivered by a producer in any crop year.
- (5) That a two-price system apply to all cereal grains used for human consumption, in Canada.
- (6) That the Government of Canada absorb the storage charges on all grains in storage on July 31st, each year.
- (7) That the Canadian Government make an acreage payment on a maximum of 200 acres, to all Wheat Board permit holders.

Labour Relations

On the strength of resolutions passed at the Annual Meeting of the Federation, a request was submitted to the Government of Canada for the establishment of labour courts as a means of handling and arbitrating disputes in certain designated industries.

The Federation also requested the Government of Canada to provide compulsory arbitration under certain specific circumstances. These would include situations where the annual livelihood of producers of perishable products, such as vegetables, is threatened by a strike in processing plants or industries.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The 15th General Conference of the International Federation of Agricultural Producers, May 4-8, 1966, was held in London, England, on the 20th anniversary of its founding.

A comprehensive policy statement which was approved by the Conference cited major features and problems of agricultural evolution over the last decade as follows:

- (a) The relative and absolute decrease of the agricultural population, together with an accelerated reduction in the number of farms, in the latter half of the decade.
- (b) Increase in capital requirements of agricultural production despite its limited possibilities of attracting capital.
- (c) The rapid improvement of productivity.
- (d) The growing interdependence between farming and the farm supply and marketing sections of the economy.

In the view of the Conference, it was likely that this evolution would continue under conditions of sustained economic expansion. In the expanding economy, farming has been experiencing a downward pressure on farm prices, increases in costs and a continuous deterioration of its terms of trade. This is due mainly to the following factors:

- (a) The high rate of technological advance which tends to drive total agricultural supply ahead of the more slowly expanding total effective demand for food, representing as it does a diminishing proportion of growing consumer expenditure.
- (b) The changing structure in farm marketing sectors resulting in a greater imbalance in marketing power between the large number of individually operated farm units and the highly integrated other sectors.
- (c) Inflationary tendencies originating in the non-farm sector and leading to additional pressures in agriculture's terms of trade.

For these and other reasons the policy statement suggests that the rapid economic expansion further accentuates the need for policies to assure remunerative prices and adequate income levels for farmers.

The Conference was in clear accord that the progress so far achieved in the stabilization of

world prices through the present and preceding international wheat agreements must be maintained as a minimum necessity. However, it expressed the hope that wider and more comprehensive arrangements on grains would be reached in the Kennedy Round negotiations but failure or delay in these efforts must not be allowed to jeopardize what has already been achieved. The situation as set forth by IFAP in November 1965 still substantially obtains. The statement reads in part:

"The meeting considered that in view of the pending termination of the existing International Wheat Agreement and of the relatively slow progress on cereals in the GATT — (Kennedy Round) negotiations, there might be a real danger that the valuable international co-operative effort over the past 16 years to bring about a major stability in world trade in wheat, would collapse and result in a chaotic situation for producers and consumers alike. Therefore, it is of the utmost importance to reiterate to governments the need to implement, at the earliest possible date, through the media of the GATT — (Kennedy Round) negotiations or as necessary through another forum, IFAP's policy on cereals.

"The producer organizations represented in IFAP primarily believe that the policy of carrying on the world's trade in wheat and indeed in other grains on the basis of negotiated international agreements, is the right one."

The IFAP recommended that action to be taken should concentrate on the promotion of more liberal import policies through:

- (a) the removal of barriers to trade in non-competing commodities;
- (b) the negotiation of international commodity agreements or arrangements designed to improve export opportunities for competing commodities;
- (c) an increase above the depressed 1959/1961 level of prices of some tropical export crops for which import demand is price-inelastic;
- (d) the expansion of processing industries and domestic trading agencies in the developing countries through the reduction of trade barriers in developed countries and regional arrangements between developing countries;
- (e) a more rapid rise in the imports of the countries whose economy is centrally planned.

FARM CREDIT CORPORATION

The Farm Credit Corporation was established on October 5th, 1959, to replace the Canadian Farm Loan Board. In each year since its inception there has been an increase in the lending activity of the Corporation.

Mortgage Loan Approvals 1961 to 1966

Loans Approved

Fiscal Year	Number	Loans Approved % Increase
1961-62	5,885	5
1962-63	7,438	26
1963-64	8,689	17
1964-65	10,142	17
1965-66	11,238	11

Amount Approved

Fiscal Year	\$	% Increase	Average Loan
1961-62	68,574,850	13	11,900
1962-63	90,924,300	32	12,220
1963-64	108,009,100	19	12,430
1964-65	154,813,900	43	15,270
1965-66	208,984,900	35	18,600

It will be noted that the number of loans during 1965-66 increased by 11% and the amount of loans increased by 35%. The average size loan for 1965-66 was \$18,600.

Farm Credit Corporation Loans From April 1/65 to March 31/66

Purposes of Loans	Alberta	Saskatchewan	Manitoba
Land Purchase	\$31,915,428	\$38,241,458	\$ 9,493,122
Land Debt.	13,944,765	12,219,163	3,318,128
Improvements	7,001,556	3,790,203	967,167
Livestock	1,575,350	169,710	104,156
Equipment	233,385	169,710	74,397
Other Debts	2,975,661	1,244,544	729,096
Micellaneous	700,155	735,412	193,434
Total Loans Approved	\$58,346,300	\$56,570,200	\$14,879,500

Farm Credit Corporation Loans From April 1/66 to July 31/66

Province	No. of Loans	Amount of Loans
Alberta	1699	\$36,610,000
Saskatchewan	1949	37,552,100
Manitoba	628	12,052,100

OPERATIONS UNDER THE FARM MACHINERY SYNDICATES CREDIT ACT

The Farm Machinery Syndicates Credit Act came into effective operation in January 1965 and is administered by the Farm Credit Corpor-

ation. The Corporation had approved 22 loans by March 31, 1965 and during the year that followed, which ended on March 31, 1966, 98 syndicates obtained 114 loans totalling \$773,489. The number of loan approvals for syndicates and amounts are shown below:

Loan Approvals Under the Farm Machinery Syndicates Credit Act

Branch	1964-65		1965-66		TOTAL	
	No. Loans	Amount	No. Loans	Amount	No. Loans	Amount
British Columbia	1	\$ 8,000	3	\$ 33,200	4	\$ 41,200
Alberta	10	172,654	49	357,024	59	529,678
Saskatchewan	7	22,150	21	97,339	28	119,489
Manitoba	1	1,060	15	61,880	16	62,940
Ontario	2	10,540	12	77,956	14	88,496
Quebec	1	1,000	13	128,850	14	129,850
Atlantic	—	—	1	17,240	1	17,240
TOTAL	22	\$215,404	114	\$773,489	136	\$988,893

AGRICULTURAL REHABILITATION AND DEVELOPMENT

The Agricultural Rehabilitation and Development Act (ARDA), is designed to help rural people adjust to the social, economic and technological changes which have affected their livelihood. The Act provides for programs involving more effective land use, especially with respect to marginal and sub-marginal agricultural lands; the conservation and improvement of the productivity of lands suitable for agriculture and development and conservation of rural water supplies; the development of opportunities for improved income and employment in rural areas and the carrying out of research necessary to the implementation of these programs.

Early in September last year the provinces signed a new federal-provincial ARDA agreement covering the period 1965 to 1970. The following tabulation gives the number of projects undertaken in the first year of the second agreement:

Statistical Summary — ARDA Program

Program	No. of Projects	Shareable Cost \$	Federal Contribution \$
Newfoundland	49	1,407,529	1,079,687
Prince Edward Island	35	473,730	329,932
Nova Scotia	58	1,544,143	974,328
New Brunswick	44	1,034,191	753,217
Quebec	175	23,160,260	11,851,450
Ontario	44	5,056,090	2,672,178
Manitoba	59	6,833,494	3,740,680
Saskatchewan	145	12,713,133	7,303,840
Alberta	39	5,020,170	2,536,773
British Columbia	35	3,736,777	2,033,394
	683	60,979,517	33,275,479
Research (National)	46		1,242,094*
TOTAL	729	60,979,517	34,517,573

*Because of its Canada-wide implications the cost of this research is not shareable with any province and is therefore borne totally by the Government of Canada.

ROYAL COMMISSION ON TAXATION

The Report of the Royal Commission on Taxation had not been tabled in the House of Commons at the date this report was being prepared. There are therefore no further developments to report.

ST. LAWRENCE SEAWAY

During the year under review Canadian Co-operative Wheat Producers Limited maintained a strong stand in opposition to an increase in the St. Lawrence Seaway tolls and the re-imposition of tolls on the Welland Canal.

On May 25, 1966, Canadian Co-operative Wheat Producers Limited submitted a brief to the St. Lawrence Seaway Authority and associated themselves with the Great Lakes Waterways Development Association, an association which also submitted a brief. Canadian Co-operative Wheat Producers Limited is a member of the Great Lakes Waterways Development Association.

Over the past two or three years Canadian Co-operative Wheat Producers Limited has presented arguments to the Government of Canada and the St. Lawrence Seaway Authority in opposition to the increase in tolls. In October 1958 a submission was made to the Government of Canada opposing tolls for the inland Welland Canal and urging the maintenance of a toll-free system on the Great Lakes Waterways as well.

In March 1960, after the St. Lawrence Seaway was opened the position taken in 1958 was repeated by a submission to the Government of Canada and again opposed any tolls for the Welland Canal.

In July 1963, Canadian Co-operative Wheat Producers Limited supported, as a member, the submission to the St. Lawrence Seaway Authority by the Great Lakes Waterways Development Association, which argued against any tolls on the Welland Canal and for the elimination of tolls to recapture capital investment on any part of the Seaway system.

In October 1963, Canadian Co-operative Wheat Producers Limited submitted a statement to the St. Lawrence Seaway Authority in which it was stated:

- (1) That we oppose, in principle, the recovery by user tolls of the capital cost expenditures by Government in any transportation facility, and we oppose in particular the present arrangements for recovering the capital cost of the St.

Lawrence Seaway development over 50 years, on the basis of traffic using the Waterway.

- (2) We oppose any tolls on the Welland Canal, either for recovery of capital cost or for maintenance and operation of the facility.
- (3) We oppose any immediate increase in existing toll tariffs on any part of the Great Lakes Waterways.

In October 1965 a further statement was submitted to the Seaway Authority which presented a similar three-part argument. In the Submission made to the St. Lawrence Seaway Authority on the 26th of May 1966, opportunity was taken to repeat the arguments which had been made in prior submissions.

The following is an excerpt from the brief which was submitted:

"Farmers Pay Full Toll"

The first consideration is that the actual toll collected on prairie grain is borne by prairie producers of those grains. Not only can the farmer not evade the burden of the tolls he cannot pass any of them on to another. Consider for example the situation as it applies to wheat, the major crop in Western Canada, and a commodity which accounts for a significant portion of total tonnage navigating the Seaway. Consider the following:

- (a) The Canadian Wheat Board has a single and unique pricing policy for wheat which is to offer Canadian wheat for export on the basis of the Canadian in-store price at the Lakehead, which is directly determined by the CIF Europe price.
- (b) CIF Europe price is not determined by cost of production and delivery but by demand and supply factors operating on the international grain market.
- (c) The price elasticity of demand for wheat is low. Any change upwards or downwards in its total price has an insignificant effect on the quantity sold.
- (d) Any change upwards or downwards in the price in a single component of its CIF Europe price (which is the farmers' return plus insurance during transit and handling, plus freight charges), will bring about a counter balancing adjustment in at least one other component, to leave the CIF Europe price unchanged.

On July 12, 1966, the Government announced that there would be no increase in St. Lawrence Seaway tolls during the 1966 shipping season. The question as to whether to reimpose tolls in 1967 is now at the doorstep of the Government of Canada. No announcement has yet been forthcoming.

AGRICULTURAL ECONOMICS RESEARCH COUNCIL OF CANADA

The 4th Annual Meeting of the Agricultural Economics Research Council of Canada was held in June 1966. It was reported that the Research Directorate has adopted three procedures of carrying out research.

- (1) By professional staff employed by the Council.
- (2) Through research grants.
- (3) By conferences based on research papers prepared by persons under contract with the Council.

Research Completed

The following projects were completed during the year:

- (1) The Development of Agricultural Policy in Canada by W. M. Drummond, W. J. Anderson and T. C. Kerr.
- (2) The Estimation of Demand Elasticities by R. A. Holmes.
- (3) An Empirical Study of Interdependence Among Agricultural and Other Sectors of the Canadian Economy by T. Josling and G. I. Trant.
- (4) Rural Sociology — Five studies were prepared for a symposium in rural sociology which was held at Levis, Quebec, on November 15-18, 1965. The purposes of the symposium were, 1) to provide a forum for leaders in Canadian agriculture in which they could examine major topics in sociology related to rural society in Canada, 2) analyze and interpret the changing social characteristics of the rural community, and 3) identify the areas and problems which should be given priority in research in rural sociology.
- (5) An Economic Analysis of Feed Freight Assistance by T. C. Kerr.

Eight studies were prepared on international trade for the Conference on International Trade and Canadian Agriculture, which was sponsored

jointly by this Council and the Economic Council of Canada. The studies commissioned by the two Councils provided the background for discussion at the Conference.

Projects to be Completed in 1966-1967

1. The Transportation of Feed Grains from the Prairie Provinces by H. V. Walker.
2. Capital Supply for Canadian Agriculture by M. L. Lerohl.
3. Conduct and Performance in Markets of the Food Industries in Canada by George Winter.
4. The Functioning of the Labor Market Between Farm and Non-Farm Employment by G. A. MacEachern.
5. An Analysis of Farm Income by W. J. Anderson.
6. The Feed-Grain-Livestock Sector of Canadian Agriculture by T. C. Kerr.

Grants

The Council gives support to research carried out by members of the faculties in Canadian universities. Items covered by this policy included the following:

1. A Study of Economic Growth in Agriculture by T. W. Manning, University of Alberta.
2. The Adoption Rates of New Technology on Dairy Farms by Coolie Verner, The University of British Columbia.
3. The Market Effect of Production Expansion by P. J. Thair, University of Saskatchewan.
4. The Cost of Grain Storage on Farms by A. W. Wood, The University of Manitoba.

In addition to the above four projects listed below have been approved for support in the year 1966-67:

1. Interregional Competition in Tree Fruit Production in Canada by Michael J. Durling, The University of British Columbia.
2. Exports of Canadian Oilseeds and Oilseed Products by Om P. Tangri, The University of Manitoba.
3. Implications of the South Saskatchewan River Dam on Interregional Competition in the Marketing of Selected Agricultural Products by A. G. Wilson, University of Saskatchewan.
4. Weather Cycles and Crop Predictions by Martin H. Yeh, The University of Manitoba.

AGRICULTURAL STABILIZATION BOARD

The Agricultural Stabilization Board report for the fiscal year ended March 31, 1966, indicates that the federal price support program covering farm produce amounted to \$57,299,723 for the year. This amounts to a per capita cost of less than one cent per day. Included in this figure is \$19.2 million paid to cream and milk producers under the new 1965-66 dairy program, which is a special support program and was administered by the Stabilization Board. Therefore the actual net cost of the support policies under the Agricultural Stabilization Act was \$38,089,398 for the 12-month period.

Inventory value of farm produce in storage at March 31, 1966 was \$5,572,634, which is a considerable drop from the \$23,062,999 one year ago.

The major items as far as costs are concerned were \$28.4 million (10.9 cents per pound subsidy) for butterfat; \$4 million on sugar beets; \$599,341 for wool support and \$1 million on export of 31 million pounds of Cheddar cheese to Britain and the Caribbean Islands. Foreign markets are showing an increasing interest in Canadian cheese.

For the eight years ended March 31, 1966, total costs for price support on farm produce was \$438,741,262. The major items of expenditure for the eight year period were butter \$136,405,006; milk for manufacturing \$101,989,785; cream for manufacturing \$57,965,244; hogs \$74,039,001; sugar beets \$13,059,829; and dry skim \$15,517,250.

INTERNATIONAL WHEAT AGREEMENT

The 5th International Wheat Agreement which originally was drafted as a three year agreement and to expire on July 31, 1965, was extended for a one year period for a second time so that it will now expire July 31, 1967.

At the Interprovincial Pool Meeting held in July 1966, it was agreed that the Government be notified that the three Pools would not support a further renewal of the International Wheat Agreement unless the price ranges were revised.

The following figures show the registered sales of each of the eight exporting countries under the International Wheat Agreement for the year ended July 31, 1966:

Country	Bushels
Canada	204,376,000
Argentina	84,511,000
Australia	65,799,000
France	49,379,000
Italy	6,674,000
Mexico	11,571,000
Sweden	4,899,000
U.S.A.	303,814,000

Total purchases amounted to 731,023,000 bushels.

Sales of Grain

During the crop year 1965-66 the Canadian Wheat Board continued to develop the market for wheat in China and the USSR. The following constitutes a partial calendar of sales events by the Canadian Wheat Board:

August 11, 1965 — The Canadian Wheat Board announced the sale of 4.6 million tons of wheat and 400,000 bushels of wheat in the form of flour, to the USSR. This sale amounted to the equivalent of approximately 187 million bushels of wheat.

October 28, 1965 — The Canadian Wheat Board announced the conclusion of a long term agreement with the China National Cereals, Oils and Foodstuffs Import and Export Corporation. The Corporation declared its intention to purchase from Canada 3 to 5 million long tons (112.0 to 186.7 million bushels) of wheat over a 3-year period — August 31, 1966 to July 31, 1969.

The Chinese Corporation and the Canadian Wheat Board further agreed that prior to May 1, 1966 consideration would be given to increasing the quantities involved in the new 3-year agreement to a minimum of 4½ and a maximum of 7½ million tons (168 to 280 million bushels), or alternatively extending the 3-year agreement to 5 years involving a minimum quantity of 7½ million and a maximum of 12½ million tons (280 to 466 million bushels).

April 5, 1966 — The Canadian Wheat Board announced that the first contract under the revised wheat agreement with China had been signed. This agreement calls for the sale to China of 59.7 million bushels of wheat during the first five months of the new crop year — August through December 1966. Of this quantity 37.3 million bushels will be shipped from Pacific Coast ports and 22.4 million bushels from the St. Lawrence River or Atlantic ports. The grades concerned will be predominantly No. 4

Northern and No. 5 wheat, with limited quantities of No. 3 Northern and Durum.

June 20, 1966 — The Canadian Wheat Board announced the signing of a master agreement for the sale of 9 million long tons of wheat and flour to EXPORTKHLEB — the grain marketing agency of the USSR, for delivery during the 3-year period August 1, 1966 to July 31, 1969. This is equivalent to 336 million bushels of wheat.

The first cash contract covering the sale of 3 million long tons wheat equivalent, for delivery August 1, 1966 to July 31, 1967, has also been concluded. Shipment of the wheat involved will be made from both the Pacific Coast and Eastern Canadian port areas.

July 26, 1966 — Trade Minister Robert Winters announced that the Polish Ambassador and he had signed a new wheat agreement between the governments of Canada and Poland. It provides for the purchase by Poland of a minimum of 33 million bushels and a maximum of 44 million bushels of Canadian wheat during the 3-year period of the agreement. Poland will purchase at least 11 million bushels of wheat in the first year of the new agreement and a combined total of not less than 22 million bushels in the second and third years.

WORLD FOOD PROGRAM

The original World Food Program was a multilateral aid program, set up jointly by the UN and FAO on a three year experimental basis commencing January 1, 1963 and ending December 31, 1965. It has been extended for a second 3-year period. The types of assistance are:

- (a) To meet emergency food needs, both natural and man-made and emergencies inherent in chronic malnutrition.
- (b) In assisting in increased pre-school and school feeding.
- (c) Using food as an aid to economic and social development.

The initial 3-year budget target was 100 million U.S. dollars. The total pledged was 94 million U.S. dollars. Canada's initial contribution was 5 million U.S. dollars, together with a Canadian 2 million supplementary pledge made Canada the third largest contributor, exceeded only by the United States and Germany. There were 70 contributing countries.

About 230 requests for food aid have been received, of which 110 have been approved. Nearly 100 agreements have been signed and 91 projects are operational—29 in Africa, 37 in Asia,

including the Middle East, 13 in Latin America and 12 in Europe (all in Turkey), covering a total of nearly 60 countries. The types of development projects undertaken included special feeding projects; colonization and land settlement; land reform; land reclamation and development; irrigation and drainage; afforestation; diversification of crops; promotion of animal husbandry; establishment of stocks for price stabilization; community development; housing; building and area planning; road construction; industrial projects; mining projects; establishment of industrial estates.

The UN and FAO Conferences in December 1965 approved the extension of the World Food Program and agreed to a target of 275 million U.S. dollars in the next three years — 1966, 1967 and 1968. The target calls for 33% of the total to be in cash and services.

Canada's Agricultural Minister, Hon. J. J. Greene, was chosen chairman of the UN-FAO World Food Program Pledging Conference, which was held in New York, January 18, 1966. As head of the Canadian delegation Mr. Greene formally pledged \$27,500,000 in U.S. funds (almost 30 million Canadian) to the program as Canada's share over the next three years — 1966 to 1968 inclusive. Three-quarters of the Canadian contribution will be in commodities and the remainder in cash.

In addition to providing bilateral assistance, Canada is also a substantial contributor to a number of multilateral aid programs, such as the UN Special Fund, UN Expanded Program of Technical Assistance, UN Children's Fund, and the International Development Association.

In 1964-65 Canada contributed 17.5 million dollars to these multilateral aid activities.

The Colombo Plan

The 16th meeting of the Consultative Committee of the Colombo Plan, held in March 1965, agreed to an extension for a further period of 5 years — from 1966 to 1971.

Since 1951, and including the fiscal year 1964-65, Canadian contributions under the Plan have amounted to \$528,678,000.

GOVERNMENT POLICY

The Speech from the Throne read in Parliament on January 18th, 1966, outlined in general terms some of the legislation that would be forthcoming during the Session.

The Government expressed intention to:

- (1) Progressively develop its external aid program through participation in the Asian Development Bank.
- (2) Broaden the Department of Forestry into a Department of Forestry and Rural Development.
- (3) Bring down legislation to provide for rationalization of Canada's railway systems.
- (4) Create a fund for financing major rural development projects to raise and safeguard farm incomes.
- (5) Initiate a program for the purchase, re-development and resale of farms that are not now economical units.
- (6) Revise the Crop Insurance Act for the purpose of making crop insurance available to all farmers.
- (7) Establish a Canadian Dairy Commission.
- (8) Pass legislation to improve the movement and marketing of feed grains in Eastern Canada and British Columbia by creating a Livestock-Feed Agency.
- (9) Increase the capital of the Farm Credit Corporation.
- (10) Bring down legislation to establish a Canada Development Corporation.
- (11) Amend the Bankruptcy Act to provide greater safeguards to producers who sell their primary products to factories and processing plants.

Railway Legislation

On August 29, 1966, the Minister of Transport introduced Bill C-231 for first reading. It was described as an act to define and implement a national transportation policy for Canada. Statutory Crow's Nest Rates are retained intact. The legislation makes provision that within three years the Commission may inquire into the revenues and costs of moving grain and grain products under the Crow's Nest Agreement, and if the inquiry shows that loss has occurred, may recommend assistance to the railway.

The Bill received second reading on September 9th and on September 12th the Minister of Transport issued a statement in which he indicated the Government of Canada was prepared to guarantee the retention of a national network of railways to January 1, 1975, which left 1839 miles of railways on the prairies available for abandonment. These are broken down as follows:

Alberta	331 miles
Saskatchewan	1010 miles
Manitoba	498 miles
TOTAL	1839 miles

Previously the railroads had applied for abandonment of 4087 miles of track in the prairie provinces. The railways have agreed to recall their applications once the new legislation is enacted and re-apply for such sections of the 1839 miles (as they see fit) that are not guaranteed. The railways are not automatically free to abandon the unprotected lines but must get approval as heretofore.

Bill C-231 provides for the establishment of a Canadian Transport Commission which would replace the present Board of Transport Commissioners for Canada, the Air Transport Board, and the Canadian Maritime Commission. The legislation makes provision for members of existing agencies being taken over by the new Commission.

The Commission would consist of not more than 17 people including a president and two vice-presidents. It will be the duty of the Commissioners under the new legislation to coordinate and harmonize the operation of all carriers engaged in transport by railways, water, aircraft, extra-provincial motor vehicles, and commodity pipelines.

In addition to its powers and functions under the Railway Act, the Aeronautics Act and the Transport Act, the new Commission shall:

- (a) have authority to report to the Minister upon measures to assist in sound economic development of the various modes of transport over which the House of Commons has jurisdiction;
- (b) undertake studies and research into the economic aspects of all modes of transport in Canada;
- (c) inquire into and report to the Minister on the relationship between the various modes of transport in Canada, and upon the measures that should be adopted in order to achieve coordination and development, regulation and control, of the various modes of transport.

It has the authority to regulate and license modes of transport; has control over rates and tariffs and the administration of subsidies voted by parliament, for such modes of transport.

For the purposes of performing its duties under the Act, the Commission is required to establish the following committees, consisting of

not less than 3 commissioners exclusive of the president, who shall be ex-officio a member of every such committee:

- (a) Railway Transport Committee.
- (b) Air Transport Committee.
- (c) Water Transport Committee.
- (d) Motor Vehicle Transport Committee.
- (e) Commodity Pipeline Transport Committee.
- (f) Such other committees as the Commission deems expedient.

The legislation has been referred to the Committee on Transport and Communications of the House of Commons. Canadian Co-operative Wheat Producers Limited has already received an invitation to be heard by the Committee on Tuesday, October 18, 1966.

Feed Grain Legislation

On June 30, 1966, Bill C-218 cited as the Livestock-Feed Assistance Act, was given first reading in the House of Commons. The legislation provides for the establishment of a Canadian Livestock Feed Board, to consist of not less than 3 or more than 5 members appointed by the Governor-in-Council. The Board will be authorized to buy and sell feed grains.

The objects of the Board are said to ensure:

- (a) The availability of feed grains to meet the needs of livestock feeders.
- (b) The availability of adequate storage space in Canada to meet the needs of livestock feeders.
- (c) Reasonable stability in the price of feed grains in Eastern Canada and in British Columbia.
- (d) Fair equalization of feed grain prices in Eastern Canada and in British Columbia.

Under the legislation the Board may, in furtherance of its objects, make:

- (1) Payments related to the cost of feed grain storage in Eastern Canada.
- (2) Payments related to the cost of feed grain transportation to or for the benefit of livestock feeders.

According to the legislation as it is now drafted, the Board will have authority to conduct negotiations for obtaining licences for the importation of feed grains into Canada for use outside the prairie area. The Board may obtain a contract with feed grain dealers in Canada for the importation of feed grain, under the terms of licences.

The Bill makes provision for a Committee to be known as the Canadian Livestock-Feed

Board Advisory Committee consisting of not less than 5 nor more than 7 members.

Expenditures, including amounts required for:

- (a) payments related to the cost of feed grain transportation or the cost of feed grain storage, and
- (b) payment of salaries and other expenses, including expenses of administration,

are to be paid from the consolidated revenue fund.

This is in sharp contrast to the financing of the Canadian Wheat Board, which is paid for by the growers whose grain is being handled. When this matter was debated in the Canadian Federation of Agriculture meeting last January, the prairie representatives made a strong case for having the financing arranged in a manner similar to that which applies to the Canadian Wheat Board. The legislation does not include such provision.

WORLD SUPPLIES AND EXPORTS

To continue the practice of former years, your Board of Directors includes in this report statistics covering the production and distribution of grain in Canada and exports made by the principal exporting nations. The source of this information is the Dominion Bureau of Statistics, the Board of Grain Commissioners, Canadian Wheat Board, and other authoritative sources.

Supplies

Reflecting the supplies in each of the four major exporting countries, the latest available estimates indicate that total supplies of wheat remaining on or about July 1, 1966, for export and for carryover at their respective crop year, amounted to 1,195.9 million bushels, 31% below the 1,731.8 million available a year ago and the lowest level at this date since 1953.

Exports

Exports of wheat and flour from the four major exporting countries follows:

Exports of Wheat and Flour in Terms of Wheat From the Four Principal Exporting Nations

(Dominion Bureau of Statistics)

— in million bushels —

Crop Year	Total	Argentina	Australia	United States	Canada	Canada's % of Total
1959-60	984.7	76.5	117.8	513.1	277.3	28
1960-61	1,291.6	62.9	198.0	677.5	353.2	27
1961-62	1,377.5	95.5	219.8	704.2	358.0	26
1962-63	1,228.9	60.7	186.2	650.6	331.4	27
1963-64	1,827.3	106.5	274.0	852.3	594.5	33
1964-65	1,555.9	174.3	245.1	736.9	399.6	26
1965-66	1,918.1	283.0	193.3	859.0	582.8	30

CANADIAN GRAIN PRODUCTION

The August estimate of the Dominion Bureau of Statistics covering the production of grain in the crop year 1965-66 and the revised production figures for 1965 follow:

Grain Production 1965

(Dominion Bureau of Statistics)

— in millions —

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
Wheat	28.3	648.9	27.8	632.0
Oats	8.7	415.0	5.6	272.0
Barley	6.0	214.6	5.7	202.0
Rye7	16.7	.7	15.3
Flaxseed	2.3	29.3	2.3	28.4
Total	46.0	1,324.5	42.1	1,149.7

Owing to unfavorable harvesting weather in 1965 the final production figure for wheat in Canada did not reach 703.9 million bushels forecast by the Dominion Bureau of Statistics, in August. The figure now stands at 648.9 million, a difference of some 55 million.

Grain Production 1966

(Dominion Bureau of Statistics)

— in millions —

Second Estimate

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
Wheat	30.3	840.4	29.8	820.0
Oats	8.2	382.4	5.3	250.0
Barley	7.2	286.8	6.9	273.0
Rye6	14.9	.6	13.5
Flaxseed	2.1	23.5	2.0	22.9
Total	48.4	1,548.0	44.6	1,379.4

The Dominion Bureau of Statistics September estimate of 840.4 million bushels of wheat for all of Canada sets an all time high in production.

Producers' Marketings at Country, Interior Private and Mill Elevators, Semi-Public Terminals and Platform Loadings

Producers' marketings at country, interior private and mill elevators, semi-public terminals and platform loadings, were just fractionally higher than the marketings of 1963-64. A tabulation follows:

	1965-66	1964-65	1963-64	1962-63
Wheat	568.0	524.5	568.6	474.3
Oats	51.8	41.0	49.7	89.0
Barley	93.5	75.0	91.9	80.5
Rye	12.0	7.3	8.0	9.4
Flaxseed	23.8	16.9	17.4	13.5
Total	749.1	664.7	735.6	666.7

TOTAL GRAIN AND MILLED PRODUCTS EXPORTED

According to the Board of Grain Commissioners' preliminary review covering the 1965-66 crop year, 656.3 million bushels of the five principal grains, including flour, were exported. Details are set out below:

	1965-66	1964-65	30-year Average 1935-36 to 1964-65
Wheat	546.0	366.7	238.8
Flour	34.3*	31.4	42.5
Oats	15.3	14.7	25.2
Barley	33.7	32.7	37.1
Rye	8.1	4.9	5.8
Flaxseed	18.9	14.3	6.4
Total	656.3	464.7	355.8

*Estimated

CARRYOVER OF CANADIAN GRAINS

The stocks of the five major Canadian grains in all North American positions at the 31st July, 1966, have been estimated by the Dominion Bureau of Statistics at 671.8 million bushels. This compares with 747.3 million bushels carryover at July 31st, 1965.

Canadian Carryover as at 31st July

— in million bushels —

	1966	1965	1964	Average 1956-65
Wheat	422.9	513.0	459.4	560.8
Oats	129.0	130.1	179.4	137.2
Barley	98.1	88.8	118.3	109.8
Rye	10.8	8.3	7.1	8.5
Flaxseed	11.0	7.1	6.6	5.8
Total - 5 grains	671.8	747.3	770.7	822.1
On Farms	228.3	238.3	312.4	316.0
Commercial	443.5	509.0	458.3	506.1

Farm Carryover in Canada

— in million bushels —

	1966	1965	1964
Wheat	100.0	109.1	120.6
Oats	91.0	90.7	128.9
Barley	33.0	35.8	60.0
Rye	2.4	1.7	1.6
Flaxseed	1.9	1.0	1.3
Total	228.3	238.3	312.4

Farm Carryover in the Prairie Provinces

— in million bushels —

	Manitoba	Saskatchewan	Alberta	Total
Wheat	5.0	70.0	23.0	98.0
Oats	12.0	30.0	25.0	67.0
Barley	2.0	9.0	20.0	31.0
Rye	0.4	1.0	1.0	2.4
Flaxseed	0.3	1.2	0.4	1.9
Total	19.7	111.2	69.4	200.3

FARM INCOME

The farmers' income position has continued to be adversely affected by the continued rise in the cost of farm operating expenses.

Preliminary Estimate of Farm Cash Income in the Three Prairie Provinces

— Dominion Bureau of Statistics —

— in thousand dollars —

	1965	1964	1963
Wheat	\$ 638,504	\$ 714,336	\$576,107
Wheat, CWB Payments	271,974	199,744	123,968
Oats	23,952	24,793	36,256
Oats, CWB Payments	4,707	10,673	—
Barley	74,894	68,555	66,029
Barley, CWB Payments	20,093	14,092	—
Rye	9,309	7,840	7,556
Flaxseed	45,473	58,727	35,380
Rapeseed	26,772	17,957	11,715
Other Crops	55,050	36,194	43,812
Net Cash Advance Payments	5,997	12,123	11,203
Total Crops	\$1,176,725	\$1,205,034	\$912,026
Cattle & Calves	\$ 283,155	\$ 304,906	\$291,944
Hogs	130,806	108,950	96,131
Sheep and Lambs	4,192	4,394	4,319
Other Livestock & Products	167,226	95,809	181,480
Total Livestock & Products	\$ 585,379	\$ 514,059	\$573,874

TOTAL FARM NET INCOME

Total farm net income which takes into account changes in farm inventories of grain and livestock amounted to 1,660.3 million dollars in 1965.

Total Net Farm Income

— in million dollars —

	Three Prairie Provinces	6 Other Provinces	Canada ex. Newfoundland
1959	\$ 591.4	\$607.9	\$1,199.3
1960	718.1	621.9	1,340.3
1961	435.2	639.4	1,074.6
1962	997.1	681.6	1,627.7
1963	1,059.8	657.1	1,654.8
1964	826.2	605.7	1,431.9
1965	1,004.6	655.6	1,660.3

PRAIRIE FARM ASSISTANCE ACT

For the 1965-66 crop year, the 1% levy amounted to \$10,331,386, which was approximately twice as much as the payments awarded to 21,640 recipients. Details of the year's activities follows:

1965-66 Crop Year

	1% Levy	Awards	Payments
Manitoba	\$ 1,293,184	2,324	\$ 503,245
Saskatchewan	6,315,327	5,019	1,263,305
Alberta	()	14,131	3,323,180
Peace River Block and B.C.	()	166	24,349
Total	\$10,331,386	21,640	\$5,114,080

1939-40 to 1965-66

	1% Levy	Awards	Payments
Manitoba	\$ 24,711,652	160,154	\$ 29,936,729
Saskatchewan	101,485,632	850,213	226,876,819
Alberta	()	442,296	99,405,633
British Columbia	48,027,409	8,943	1,713,722
Unallocated	4,207	—	—
Total	\$174,228,902	1,461,606	\$357,932,904

CONCLUSION

Farm operating costs continue to increase thus aggravating the intensity of the cost-price relationship.

In 1965 farm operating expenses and depreciation reached a new high level of 2,641.1 million dollars, 6.3% above the estimate of 2,485.3 million a year earlier. All items considered in the estimates of farm operating expenses were higher in 1965 than in 1964. For the third consecutive year fertilizer was the item for which the greatest percentage of increase in outlay was made.

The following tabulation shows the steady upward trend of farm costs — 1935 to 1939 representing 100:

	1962	1963	1964	1965
Western Canada (Index)	285.3	290.9	302.6	314.6

The above period of years represents the period covered by the International Wheat Agreement which provided for a price range with a floor of \$1.62½ and a ceiling of \$2.02½. For a good portion of the period during which the Wheat Agreement was in operation prices were almost at the ceiling. The price range now is regarded as being totally unrealistic and it is for this reason that the Wheat Pool organizations have notified the Government of Canada that they will no longer support a further extension of the current agreement unless the price range is adjusted upwards.

Respectfully submitted,

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ALBERTA WHEAT POOL

