

TWENTY-FOURTH

Annual Report

OF
**SASKATCHEWAN
CO-OPERATIVE
PRODUCERS
LIMITED**

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**SASKATCHEWAN CO-OPERATIVE
PRODUCERS LIMITED**

Directors' Report

Regina, Saskatchewan
2nd November 1948

IN MEMORIAM

It is with deep regret that your Board places on record the great loss sustained by your organization in the death of the late Mr. J. L. Cropp of Mossbank, formerly delegate for District 5, Sub-district 1.

Mr. Cropp was first elected as a delegate in November 1934, and was active and continued to serve his sub-district from that time until his death in April 1948.

There also passed away during the present year the late Mr. Roderick Boyes, who had lived in the Prince Albert district for over 35 years. Mr. Boyes was a Wheat Pool delegate during the period 1934-1935 to 1936-1937 inclusive.

Both of these men were active in all co-operative effort in their respective districts. While Mr. Boyes had not been actively connected with the Pool Organization in recent years, his interest in the co-operative movement remained unabated, and at the time of his death he was acting as District Manager of the Co-operative Life Insurance Company.

Your Board also desires to record the loss sustained by Modern Press at Saskatoon in the sudden death on 29th June of this year of Mr. E. M. Holiday, Business Manager of Modern Press Limited.

Mr. Holiday had been associated with The Western Producer as Advertising Manager since 1923. At the time Modern Press was acquired by this organization, Mr. Holiday was part owner of the publication. In recent years he acted as Business Manager of the company. Mr. Holiday was well and favorably known in the printing and publishing business throughout Canada.

* * *

In submitting this report to the Twenty-fourth Annual Meeting of Wheat Pool delegates, your Board of Directors has again endeavored to present a complete review of the operations of the Pool Organization for the year ended 31st July 1948.

In addition to the operations of Saskatchewan Co-operative Producers Limited, Saskatchewan Pool Elevators Limited and the other subsidiary companies which constitute the Saskatchewan Pool Organization, this report also reviews the activities of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited, Pool Insurance Company and Canadian Livestock Co-operative (Western) Limited, the interprovincial organizations of which the Pool Organization is a shareholder.

Consolidated Balance Sheet

A copy of the Consolidated Balance Sheet (Statement No. 1) is attached to this report. As in previous years this statement sets out the combined financial position of Saskatchewan Co-operative Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, Modern Press Limited and Saskatchewan Co-operative Livestock Producers Limited, as at

31st July 1948. The usual explanatory notes on the principal items of the Consolidated Balance Sheet are also attached.

At the end of the financial year, 31st July 1948, total current assets for the entire organization amounted to \$19,766,362.67. Total current liabilities amounted to \$12,898,178.84. The difference between these two items, namely, \$6,868,183.83, represents the current position of the organization.

Provision is made in the Consolidated Balance Sheet for contingent liabilities in respect of buildings and work under construction and machinery under purchase, estimated at \$3,203,000.00. After making provision for these items the balance of \$3,665,183.83 remains available for working capital for the season 1948-1949.

Consolidated Capital Statement

The Consolidated Capital Statement (Statement No. 2) sets out in detail the current financial position of the organization as at 31st July 1948.

After providing for the completion of the balance of the approved program of capital expenditure estimated at \$3,203,000.00, as indicated above the surplus available as working capital for the season 1948-1949 is shown as \$3,665,183.83. This compares with \$7,336,592.81 for the previous year. The decrease of \$3,671,408.98 is accounted for as follows:

Additions

Surplus Earnings

Saskatchewan Co-operative Producers Limited.....	\$ 883,297.65
Saskatchewan Co-operative Livestock Producers Limited—Transferred to Reserve Account.....	22,126.05
Saskatchewan Pool Elevators Limited—Transferred to Reserve Account.....	73,157.41
	<hr/>
	\$ 978,581.11

Less:

Deficit—Modern Press Limited—Charged to Reserve Account.....	39,346.77
	<hr/>
	\$ 939,234.34

Liquidation of Capital, etc.

Depreciation on Fixed Assets.....	\$1,235,325.83
Reduction Deferred Accounts Receivable.....	19,134.17
Income and Excess Profits Taxes Refundable.....	14,729.87
Net Increase Reserve Account re Excess Charges Refund.....	2,492.45
Net Capital Subscribed.....	2,610.00
	<hr/>
	\$2,213,526.66

Deductions

Additions to Plant Value of Fixed Assets, Including Balance of Approved Program.....	\$4,796,168.67
Additions to Investments.....	25,275.89
Additions to Stocks of Repair Parts.....	69,350.67
Additions to Temporary Storage Bins.....	214.99
Reduction Producers' Equity Old Membership.....	531.54
Income and Excess Profits Taxes—1942-1943 to 1944-1945.....	61,854.27
Payment of Principal to Province of Saskatchewan re 1929-1930 Pool Overpayment Liability.....	931,539.61
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	5,884,935.64

Decrease..... (\$3,671,408.98)

All capital expenditures approved to date are provided for in the above statement, including the estimated cost of the flour mill and storage, stock yards, Terminal No. 4B, new storage annex and grinding plant at Terminal No. 7, and improvements in terminals along with the program of country elevator and cottage construction and capital replacements.

Source of Capital Funds, Analysis of Capital Expenditures and Surplus Capital

Statement No. 3 attached hereto has been prepared to show in detail the position of surplus capital as at 31st July 1948. The various items are largely self-explanatory. It will be noted that the portion of the commercial reserve now in liquid form amounts to \$2,635,472.55. This is a decrease from the previous year of \$1,143,556.25 and is accounted for by the estimated additional capital expenditures in connection with the flour mill, stock yards and sundry other capital expenditures for the parent company and some of the subsidiaries, for which the Commercial Reserve is the only source of capital funds available at the present time.

Loans from the Commercial Reserve are at present in effect for Modern Press Limited and Saskatchewan Co-operative Livestock Producers Limited.

The Reserve Accounts are in liquid form to the extent of \$1,029,711.28, a decrease of \$2,076,830.42 from the previous year. The Elevator Deductions and other capital receipt accounts are non-liquid. The decrease in the liquid position of the Reserve Accounts and Elevator Deductions is mainly accounted for by the additional estimated increased cost of completing Terminal No. 4B, the building of the storage annex and grinding plant at Pool Terminal No. 7, the purchase of additional elevators and provision for the program of other capital expenditures in respect of country elevators, cottages, terminals, etc.

The balance of the Reserve Account in liquid form belongs to the Elevator Company.

The Reserve Accounts of Modern Press Limited and Saskatchewan Co-operative Livestock Producers Limited have been used to meet capital expenditures in connection with the building programs of these companies with the exception of the sum of \$9,166.92. This belongs to Saskatchewan Co-operative Livestock Producers Limited and is applied on funds retained by Canadian Livestock Co-operative (Western) Limited in its equity accounts instead of being distributed in cash.

The total reduction in surplus capital represents an excess of new or contemplated capital expenditures over the amount of capital funds liquidated by provision from earnings and depreciation reserve on existing assets.

Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July 1948

Statement No. 4 attached hereto shows a balance of assets over liabilities of \$22,091,705.42, which amount represents the equity of the members and patron-members in the assets of the organization based on book values. In comparison with the amount shown the previous year this represents an increase of \$2,328,474.32, which is accounted for as follows:

Surplus Earnings

Saskatchewan Co-operative Producers Limited.....	\$ 883,297.65
Saskatchewan Co-operative Livestock Producers Limited.....	22,126.05
Saskatchewan Pool Elevators Limited—Surplus Earnings Transferred to Reserve.....	73,157.41
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	\$ 978,581.11
Less: Deficit—Modern Press Limited.....	39,346.77
	<hr/>
	\$ 939,234.34

Increase in Province of Saskatchewan—Sinking Fund Interest Account.....	115,912.13
Province of Saskatchewan—Discount and Premium Account.....	944,992.87
New Capital Subscribed.....	2,610.00
Adjustment, Depreciation Reserve—Transferred to Reserve Account.....	366,710.92
Deferred Credit to Reserve Account.....	4,177.55
Excess Charges Refund Balances—Transferred to Reserve Account.....	2,492.45
	<hr/>
Less:	\$2,376,130.26
Net Payment of Income and Excess Profits Taxes—Charged to Reserve.....	\$47,124.40
Payment of Old Members' Equity Account.....	531.54
	<hr/>
	47,655.94
Increase.....	<hr/>
	\$2,328,474.32

The growers' equity is shown on the statement as 88.342% of the book value of the Company's assets as compared with 83.707% last year, an increase of 4.635%. The percentage figures given, however, merely indicate the extent to which the assets of the organization are unencumbered by direct liabilities to other than members and patron-members, and have no other significance.

The direct investment of the shareholders in the assets of the organization consist of the following:

Capital (Membership Fees).....	\$ 133,298.00
Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
	<hr/>
Total Investment.....	\$18,889,209.24

The book value of the investment referred to above is shown on Statement No. 4 as \$22,091,705.42, which is equivalent to 116.954% of the total subscribed by shareholders, and compares with a book value of 104.611% at 31st July 1947, an increase of 12.343 cents on the dollar.

Payments to Province of Saskatchewan in Respect of the 1929-1930 Pool Overpayment Liability

Statement No. 5 attached to this report has been prepared to show the payments made to the Province of Saskatchewan up to and including 15th September 1948, in connection with the 1929-1930 Pool Overpayment liability. It also shows the balance of the regular payments to be made to the province in full settlement of the liability as provided for under the terms of the Supplementary Agreement dated 17th March 1933.

It will be noted from this statement that the amount involved in the liquidation of the original indebtedness on the basis of amortized payments of principal and interest at five percent as set out in the agreement amounts to \$22,101,297.58. Of this amount \$8,349,297.58 comprises interest and \$13,752,000.00 represents the principal. Over 85 percent of the total amount of \$22,101,297.58 has been paid to date. The remaining payments to be made amount to \$3,203,384.77, of which \$288,126.04 will consist of interest, leaving a balance of \$2,915,258.73 to be applied as principal payment in full settlement of the liability.

Total Grain Handlings

Statement No. 6 attached to this report shows the total quantity of grain handled by Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited during the period 1924 to 1948 inclusive.

Net Earnings—Distribution

Statement No. 7 attached hereto shows the total amount of net earnings and distribution of the earnings of these companies for the same period.

Saskatchewan Co-operative Producers Limited

As in previous years, a complete copy of the Financial Statements of Saskatchewan Co-operative Producers Limited, together with the Auditors' Report covering last year's business has been submitted separately to the delegates.

Balance Sheet

The Balance Sheet for the year ended 31st July 1948, appears as Statement No. 1, Page 11, of the Auditors' Report. Explanations of most of the items appearing in the Balance Sheet have already been given in the report covering the Consolidated Statement.

Income and Expenses

Income for the year ended 31st July 1948, amounted to \$1,476,778.09, details of which are shown in Statement No. 2, Page 12, of the Auditors' Report. Expenses, details of which appear in Statements Nos. 2 and 2a, Pages 12 and 13 of the Auditors' Report, amounted to \$545,201.34.

Included in the income of the Company is an amount of \$992,717.32, representing a share of earnings of Saskatchewan Pool Elevators Limited, which was received from the latter company to provide:

1. An amount of \$883,297.65—to meet the installment of principal due to the Province of Saskatchewan on 15th September 1948, in respect of 1929-1930 Pool Overpayment liability, after taking into account the sum of \$48,241.96, which covers the amount over-depreciated in excess of income tax regulations; this amount was transferred from Depreciation Reserve to the Company's share of the 1929-1930 Pool Overpayment;
2. The sum of \$4,866.30—to cover income tax for 1948; and
3. A sum of \$104,553.37—to meet the deficit on ordinary operations of the Company amounting to \$179,623.25, less net earnings of \$75,069.88 received from the operations of the Vegetable Oil Plant.

Saskatchewan Pool Elevators Limited

The Financial Statements and Auditors' Report of Saskatchewan Pool Elevators Limited, which have been submitted separately to delegates, show in detail the operations of the past season and the financial position of the Company as at 31st July 1948.

The Balance Sheet shows total current assets of \$18,179,498.73, and current liabilities of \$14,596,813.11. The difference between these two items, namely \$3,582,685.62, represents the current position of the Company. There is provision in the Balance Sheet for contingent liabilities amounting to \$2,493,000.00, in connection with buildings and work under construction.

Details of elevator earnings are shown in Statement No. 2, Page 46 of the Auditors' Report, and Statement No. 2a, Page 47, sets out the details of expenses. These statements show a total operating revenue of \$7,765,186.10, with operating expenses of \$6,381,773.68. The difference between these two items, amounting to \$1,383,412.42, represents operating earnings for the year under review. After deducting depreciation amounting to \$930,324.39, details of which are shown in the Auditors' Report, the operating earnings of Saskatchewan Pool Elevators Limited are shown as \$453,088.03.

Saskatchewan Pool Terminals Limited

The Balance Sheet of Saskatchewan Pool Terminals Limited appears as Statement No. 1, Page 54, of the Auditors' Report. Statement of earnings and expenses for this subsidiary for the year ended 31st July 1948, appears as Statement No. 2, Page 55, of the Auditors' Report. Total operating revenue amounted to \$3,852,140.27, and

operating expenses to \$2,104,045.68, leaving operating earnings of \$1,748,094.59 before providing for depreciation. After deducting depreciation on buildings and equipment, amounting to \$221,546.36, the net operating earnings of Saskatchewan Pool Terminals Limited amount to \$1,526,548.23, as compared with \$1,064,420.19 in the previous year.

Summary of Earnings and Expenses Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited

Statement No. 3, Page 48, of the Auditors' Report contains a summary of earnings of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited. The combined operating revenue for the year under review amounts to \$11,617,326.37, with operating expenses of \$8,485,819.36, leaving operating earnings of \$3,131,507.01. After deducting depreciation of \$1,151,870.75, the net earnings for the year's operations amounted to \$1,979,636.26. The following summary shows the position for the year ended 31st July 1948:

Operating Earnings After Charging Depreciation.....	\$1,979,636.26
Profit on Realization of Assets.....	32,625.94
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	\$2,012,262.20
Deduct	
Proportion of Pool Expenses.....	\$133,457.10
Interest on 1929-1930 Pool Overpayment	
Liability.....	197,930.37
	<hr/>
	331,387.47
Surplus for the Year.....	<hr/>
	\$1,680,874.73

This surplus has been allocated as follows:

Share of Earnings to Saskatchewan Co-operative Producers Limited.....	\$ 992,717.32
Provision for Income Taxes (Estimated).....	615,000.00
Transferred to Reserve Account.....	73,157.41
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	\$1,680,874.73

Statement of Earnings

Attached to this report is a statement of earnings (Statement No. 7), covering the entire period of operations of the Company from 1st August 1925, to 31st July 1948, showing the distribution of these earnings.

Elevator Capacity

The total number of elevators owned by the Company at the end of the year was 1,164. During the year six old elevators were rebuilt and a new elevator built to replace a fire loss.

Seventeen permanent or semi-permanent annexes were also built or re-built by the Construction Department. This will add approximately 515,000 bushels of space to our storage capacity.

The rated storage capacity of Pool country elevators for the coming year is as follows:

Country Elevators and Permanent and Semi-Permanent Annexes.....	40,891,000 bushels
Temporary Bins (Estimated).....	18,677,000 bushels
Total Country Storage.....	<hr/>
	59,568,000 bushels

Grain Handlings

Deliveries to Pool country elevators last season amounted to 101,575,505 bushels as compared with 131,928,166 bushels in the previous season. The average handled per elevator amounted to 92,257 bushels as compared to 118,427 bushels in the year ended 31st July 1947. For the past season 50.13% of all grain delivered in

the Province of Saskatchewan was handled through Pool Elevators as compared with 50.85% the previous year.

The following figures provided by the Board of Grain Commissioners give an interesting comparison of primary handlings in country elevators for the crop year 1947-1948 compared with the year 1946-1947:

Total Primary Handlings at Country Elevators During Grain Years 1947-1948 and 1946-1947

Receipts (000's omitted)

	Season 1947-1948		Season 1946-1947	
	Western Canada	Sask.	Western Canada	Sask.
Wheat	243,486 bus.	130,966 bus.	333,410 bus.	177,956 bus.
Coarse Grains...	158,620 bus.	71,647 bus.	181,023 bus.	81,479 bus.
Total Marketings	402,106 bus.	202,613 bus.	514,433 bus.	259,435 bus.

Handled by Saskatchewan Pool Elevators Limited

Wheat.....	66,402 bus.	91,988 bus.
Coarse Grains.....	35,173 bus.	39,940 bus.
Total.....	101,575 bus.	131,928 bus.
Pool Elevator Share.....	25.26%	50.13%
	25.65%	50.85%

Statement No. 6 attached to this report shows the volume of all grain handled by the Company since the inception of the organization.

Carryover stocks in Pool country elevators at the end of the year amounted to 4,513,147 bushels, compared to 5,116,401 bushels a year ago.

Grading Statement

Grading statements show a net loss of \$370,614.75, compared with \$143,938.60 in the previous year. The average loss per car was \$6.83, against a loss of \$2.08 a year ago. A substantial part of this loss is accounted for by wheat taken into the elevator at straight grades and grading tough when shipped. For several years past the various grades of oats and barley were all at the same ceiling price, thus eliminating grade losses on these grains, but the opening up of the markets on these grains last October with discounts prevailing below top grade prices has resulted in certain grade losses which had not occurred in the last few previous seasons.

Weigh-ups

By the end of the year it was again found possible to weigh-up all country elevators, so that the inventory of stocks was based on actual weighed figures and travelling superintendents' estimates of grades.

Insurance

Our fire loss experience was much more favorable during the year under review than the previous year. There were two complete losses, including stocks, and minor losses at two other points. Property losses amounted to \$41,382.16 and grain losses to \$39,644.57; a total of \$81,026.73. The loss ratio on property was 32.14% and on grain 42.91%, or a combined ratio of 36.64%. Salvage on the grain would reduce the loss to the insurance companies considerably from the above figures.

Insurance rates for the coming year are maintained on the same basis as in effect last year.

Shipping and Export Department

Total sales of grain in all positions amounted to 28,408,136 bushels as compared with 33,547,732 bushels in the previous year.

The following figures show total sales of each kind of grain with comparative figures for the previous year:

	1947-1948	1946-1947
Wheat.....	10,014,382 bus.	9,239,679 bus.
Oats.....	10,357,810 bus.	16,078,080 bus.
Barley.....	7,817,512 bus.	8,228,473 bus.
Flax.....	218,432 bus.	1,500 bus.
	<u>28,408,136 bus.</u>	<u>33,547,732 bus.</u>
Screenings.....	<u>16,202 tons</u>	<u>32,623 tons</u>

Churchill

At the beginning of the current 1948 shipping season stocks in store at Churchill amounted to 143,786 bushels. During the season there was shipped into Churchill a total of 5,267,631 bushels. Of this amount Saskatchewan Pool Elevators Limited shipped 2,894,874 bushels, representing 54.956% of the total. This left total stocks available for shipment of 5,411,417 bushels.

The amount exported during the 1948 shipping season was 5,314,509 bushels. Of this total the amount allocated by the Canadian Wheat Board to the Export Department of Saskatchewan Pool Elevators Limited for export was 2,275,760 bushels, representing 42.822% of the total exports from Churchill. This showed an increase over the 1947 season when the Pool Elevator Export Department handled 1,725,753 bushels or 34.683% of the exports. There were left in store at the close of the season 96,908 bushels of wheat.

The following statement shows the vessel clearances for the 1948 shipping season as at 14th October 1948. It will be noted that three vessels were able to make two voyages each to Churchill during the season:

Vessel	Date Cleared	Total Bushels
Great City.....	13th August 1948.....	364,000-00
North Anglia.....	16th August 1948.....	345,006-30
Essex Trader.....	19th August 1948.....	349,000-00
Empire Beatrice.....	27th August 1948.....	346,466-40
Marietta Dal.....	30th August 1948.....	367,000-00
Bradburn.....	2nd September 1948.....	308,000-00
Great City.....	16th September 1948.....	365,866-40
Stanthorpe.....	18th September 1948.....	347,024-10
North Anglia.....	21st September 1948.....	345,400-00
Triberg.....	24th September 1948.....	352,000-00
John Lyras.....	25th September 1948.....	364,000-00
Tricape.....	28th September 1948.....	352,000-00
Fort Erie.....	30th September 1948.....	348,000-00
Empire Beatrice.....	1st October 1948.....	341,600-00
Karteria.....	8th October 1948.....	419,144-50
Total.....		<u>5,314,508-50</u>

Seed Grain Distribution

The volume of seed grain distributed by this Department of Pool Elevators again showed an increase over the previous year. Last season the Department handled total sales of registered and certified seed grain amounting to 286,320 bushels as compared with 273,000 bushels the previous year, an increase of approximately 13,000 bushels.

A good export demand for registered and certified seed wheat was experienced during the past season but the export demand for oats and barley did not carry through. A pooling system was operated by the Department in the marketing of seed wheat last year. In this connection Pool Elevators contracted for seed wheat requirements at an initial price of \$2.58 a bushel and also supplied grain sacks. In our contracts for seed wheat, seed growers were notified that any surplus which might be accumulated from sales over and above a reasonable service charge for handling this type of business, would be paid back to the growers concerned.

During the past winter grain sacks were selling at approximately 36 cents each, or 18 cents a bushel. This meant that for sacked and sealed registered or certified seed wheat our growers received an initial payment equivalent to \$2.76 a bushel. By handling our seed wheat sales on a co-operative pooling basis, it has been found possible to make an additional payment to seed growers at the rate of \$1.38½ a bushel. This brings the total payment made to growers for sacked registered and certified seed wheat up to \$4.14½ a bushel. Final payment cheques were mailed on 11th June. The results secured were regarded as satisfactory to the growers concerned.

During the past season we have entered into an agreement with The Saskatchewan Seed Grain Co-operative Limited, a new co-operative set up by the growers to undertake the marketing of seed grain. Under this agreement Pool Elevators will contract for all registered and certified seed requirements with the new co-operative. We will however, continue to distribute seed grain directly to growers as in former years, at least until the new co-operative has become thoroughly established. The Export Department of Saskatchewan Pool Elevators Limited will continue to act as the sales agency for export sales of seed grain.

Saskatchewan Wheat Pool Construction Company Limited

At the beginning of the 1948 construction season the sum of \$1,170,604.00 was approved by the Board to cover the following work:

- (a) Repairs and improvements to existing elevators;
- (b) Demolition and reconstruction of six elevators;
- (c) Construction of 15 permanent or semi-permanent annexes;
- (d) Repairs and improvements to agents' dwellings;
- (e) Acquiring by construction or purchase of agents' dwellings.

The above sum did not include provision for repairs to temporary annexes nor did it provide for the running routine repairs required by the elevator system. Further sums were approved for this at a later date.

The following statement shows the extent to which it was possible to carry out the program laid down at the beginning of the construction season:

Detail of Work	No. Projected	No. Completed
Scale Conversions.....	90	54
New Diesel Engines.....	27	26
Transfer of Engines.....	22	22
New Offices & Engine Rooms.....	19	17
72" Air Dumps.....	33	22
Boot Tanks.....	10	5

Elevator Construction

As indicated above, the original plans called for the rebuilding of six obsolete elevators. All of these were completed at the following points: Tregarva, 60,000 bus.; Harris, 45,000 bus.; Duff, 45,000 bus.; Instow, 45,000 bus.; Richardson, 45,000 bus. (built adjacent to the old 30,000 bus. house); Cutknife, 35,000 bus. (built adjacent to the old 30,000 bus. house).

In addition to the above, the elevator at Bankend was destroyed by fire and rebuilt to 60,000 bushel capacity.

Annex Construction

As indicated above, the original plans called for the building of 15 permanent or semi-permanent annexes.

Of these the following have been completed:

Semi-Permanent	Capacity bus.	Permanent	Capacity bus.
Avonlea.....	30,000	Carrot River.....	25,000
Briercrest.....	30,000	Sturgis.....	25,000
Climax.....	30,000	Norquay.....	35,000
Windthorst.....	30,000		
Waldron.....	30,000		
Colfax.....	34,000		
Meath Park.....	34,000		

In addition to the above the backlog of 1947 annex construction was completed by building 25,000 bushel permanent annexes at Drake, McMorran, Marsden and Wishart. It is expected that by 1st November the complete 1948 program will have been carried out. The remaining points to be supplied with annexes are: Theodore, Wroxton, Laporte, Lashburn and Meadow Lake.

It may also be of interest to note that 35,000 bushel temporary annexes were built at Orkney and Matador, using salvage materials from annexes which had been demolished elsewhere.

Cottage Construction

Four-roomed cottages have been completed at Burnham, Reynaud, Kingsford, Milestone, Edenwold and Lorlie. Construction is now proceeding on 4-roomed cottages at Dysart, Fosston and Lumsden and a 6 roomed cottage at Veregin. It will be noted that it was found necessary to increase the original allotment of cottages from six to ten.

Elevator Painting

It is anticipated that 290 elevators and 31 annexes will have been repainted at the close of the present season. All of this work has been carried out by contractors.

Cottage Painting

It is anticipated that approximately 150 cottages will have been repainted this year, practically all of the work being done by agents.

Livestock Yards

During the season this Company was called upon to build livestock yards at Swift Current and Yorkton. At this writing the yard at Swift Current is completed and the one at Yorkton is nearing completion.

Labor

The average number of men employed in actual construction work in the field during the period May to October was 233.

General

Material costs have increased substantially over the 1947 average due not only to increased freight rates but also to increase in manufacturers' costs. The lumber which went into our elevators and annexes this year cost us approximately \$8.00 per thousand more than our supplies of one year ago, the increase being attributable partly to increased freight costs and in some small proportion to the necessity of accepting grades somewhat better than we required. Cement has increased in price approximately ten percent and is very difficult to obtain. Nails increased by approximately fifteen percent and are at present difficult to secure, but we have a reasonable stock on hand.

Although completed costs are not available at this time, it would appear that the following may be accepted

as presenting a reasonably accurate picture in connection with our major operations:

35,000 bus. elevator.....	\$27,000.00
45,000 bus. elevator.....	33,500.00
60,000 bus. elevator.....	40,000.00
25,000 bus. permanent annex.....	10,300.00
30,000 bus. semi-permanent annex.....	9,500.00
34,000 bus. semi-permanent annex.....	10,200.00
40,000 bus. semi-permanent annex.....	11,200.00
4-roomed cottage.....	5,000.00
6-roomed cottage.....	5,600.00

As compared with present costs, the following figures show the cost of elevator construction, etc., for the year 1938, the last full year prior to the war:

35,000 bus. elevator.....	\$13,500.00
If equipped comparable to 1948 the cost would be.....	15,500.00
45,000 bus. elevator.....	16,000.00
If equipped comparable to 1948 the cost would be.....	18,000.00
18,000 bus. permanent annex.....	3,800.00
If built to specifications of 1948 type annex (25,000 bus.) the cost would be approximately.....	5,500.00
4-roomed cottage.....	1,900.00
If built to specifications of 1948 type cottage with full basement, larger rooms, furnace, etc., the cost would be approximately.....	2,600.00

No 60,000 bus. elevators and no semi-permanent annexes were built in 1938.

Laboratory Service

As in former years Saskatchewan Pool Elevators Limited continued to provide moisture and germination tests for seed grain as an additional service to Pool members. The following figures show the number of tests made in the Laboratory at Head Office in the past three years

Year	Germination	Moisture
1947-1948.....	44,784	2,717
1946-1947.....	35,882	3,506
1945-1946.....	30,282	2,340

In addition to these tests, the laboratory also cleaned, weighed and graded 1,236 samples of grain for the junior co-operative variety test plots.

Smut Tests

The service under which Pool members were enabled to have their seed grain samples tested for smut by the Associated Laboratory Service of Saskatoon, was continued during the year under review. During the season 10,863 samples were submitted and tests made for Pool members. This service is being continued for the current year.

Saskatchewan Pool Terminals Limited

Terminal Elevator Handlings

The total volume of grain handled through Pool Terminals at Port Arthur for the year ended 31st July 1948, amounted to 77,663,618 bushels of all grains; 19,455,200 bushels down from the total handlings in the previous season. The reduction in the volume handled can be attributed largely to the smaller crop harvested in Saskatchewan, which in turn greatly reduced the volume handled and shipped from Pool country elevators. The total handlings of 77,663,618 bushels were made up as follows:

Wheat.....	50,185,611 bushels
Oats.....	13,191,045 bushels
Barley.....	10,471,715 bushels
Flax.....	1,418,667 bushels
Rye.....	2,396,580 bushels

Exports of Canadian wheat and wheat flour for the past season amounted to 196,081,738 bushels. This represented a reduction from the exports for the previous season of approximately 46½ million bushels.

The following figures are a comparison of the quantities of grain handled by the various Pool terminals for the past year with the previous year:

	1947-1948	1946-1947
	Bushels	
Terminal No. 4.....	24,380,090	25,773,478
Terminal No. 6.....	17,548,537	26,530,726
Terminal No. 7.....	35,734,991	44,814,614
Total.....	<u>77,663,618</u>	<u>97,118,818</u>

Grain in store in Pool Terminals as at 31st July 1948 amounted to 2,990,579 bushels, made up as follows:

Terminal No. 4.....	1,767,496 bushels
Terminal No. 7.....	1,223,083 bushels
Total.....	<u>2,990,579 bushels</u>

Statistics provided by the Board of Grain Commissioners show that 147,031 cars shipped from the West were unloaded at the Lakehead during the 1947-1948 crop year. Of this number 44,327 cars, representing 30.15% of the total were unloaded at Pool Terminals.

The licensed capacity of the three terminal elevators amounted to 26.54% of the licensed Lakehead space, so that the percentage of cars unloaded at Pool Terminals exceeded the Pool percentage of licensed space by 3.61%.

Pool Terminal No. 7 again handled a larger amount of grain than any other terminal at the Head of the Lakes. The total number of cars unloaded at Terminal No. 7 was 20,452, or 13.91% of all Lakehead unloads. Pool Terminal No. 4 unloaded 14,220 cars, or 9.67% of the total unloads. Terminal No. 6 unloaded 9,655 cars, equal to 6.57% of the Lakehead unloads.

Terminal No. 4B

Progress in connection with the construction of Terminal No. 4B has been reasonably satisfactory but there have been serious delays in the delivery of electrical and other equipment. It is anticipated that it will be possible to start cleaning grain in this house in December but that it will not be possible to unload grain directly until some time in January 1949.

Terminal No. 7

The construction of an additional two million bushels storage on the inshore end of Pool Terminal No. 7 as reported to the last annual meeting of delegates has made fairly satisfactory progress. It is anticipated that this storage annex should be in full operation early in November.

Terminal No. 6

As reported to the last annual meeting the lease from the Canadian National Railways for Pool Terminal No. 6 was cancelled, effective 31st August 1948. All machinery and equipment belonging to Pool Terminals has been moved out of the elevator. This was shipped out and the keys handed to a representative of the C.N.R. on 31st August 1948.

Grinding Plant—Terminal No. 7

Reference was made in the last annual report to the construction of a grain grinding plant to be located adjacent to the new storage annex at Pool Terminal No. 7. The machinery and equipment have been ordered. Actual construction of this plant has not yet started but it is anticipated that construction will get under way immediately work on the storage annex is completed.

Modern Press Limited

Financial Statements

Details of the financial results of the operations of Modern Press Limited for the year ended 31st July 1948, are shown in the Financial Statements and Auditors' Reports submitted separately to the delegates.

After providing for depreciation on fixed assets at half the regular rates, amounting to \$11,554.84, the operations of the Company resulted in a net deficit of \$39,346.77. This compares with a surplus in the previous year of \$45,148.79.

Commercial Printing Department

A comparison of operations for the year under review with those of the previous year is shown below:

	1947-1948	1946-1947	Increase (Decrease)
Job Sales, etc.....	\$203,688.13	\$165,445.06	\$ 38,243.07
Cost of Stock.....	63,959.64	49,803.54	14,156.10
Expenses.....	145,227.96	91,015.69	54,212.27
Deficit or Profit Before Depreciation.....	\$ (5,499.47)	\$ 24,625.83	\$(30,125.30)
Depreciation.....	6,005.26	6,509.20	(503.94)
Deficit or Profit After Depreciation.....	\$(11,504.73)	\$ 18,116.63	\$(29,621.36)
Proportion of Pool Expenses	1,772.00	—	1,772.00
Deficit or Profit.....	\$(13,276.73)	\$ 18,116.63	\$(31,393.36)

The Western Producer

A comparison of the financial operations of The Western Producer with those of the previous year is shown below:

	1947-1948	1946-1947	Increase (Decrease)
Advertising.....	\$239,976.23	\$213,388.80	\$ 26,587.43
Subscriptions.....	23,313.39	27,530.24	(4,216.85)
Miscellaneous.....	4,933.27	3,928.00	1,005.27
Total Revenue.....	\$268,222.89	\$244,847.04	\$ 23,375.85
Newsprint.....	104,421.63	76,543.10	27,878.53
Expenses.....	186,363.27	134,762.59	51,600.68
Deficit or Profit Before Depreciation.....	\$(22,562.01)	\$ 33,541.35	\$(56,103.36)
Depreciation.....	5,549.58	6,509.19	(959.61)
Deficit or Profit After Depreciation.....	\$(28,111.59)	\$ 27,032.16	\$(55,143.75)
Proportion of Pool Expenses	1,772.01	—	1,772.01
Deficit or Profit.....	\$(29,883.60)	\$ 27,032.16	\$(56,915.76)

Commercial Printing and Western Producer Departments

	1947-1948	1946-1947	Increase (Decrease)
Deficit or Profit After Depreciation.....	\$(39,616.32)	\$ 45,148.79	\$(84,765.11)
Proportion of Pool Expenses	3,544.01	—	3,544.01
Income and Excess Profits Taxes.....	—	17,126.72	(17,126.72)
Profit on Realization of Assets.....	\$(43,160.33)	\$ 28,022.07	\$(71,182.40)
	3,813.56	—	3,813.56
Net Deficit or Profit for the Year.....	\$(39,346.77)	\$ 28,022.07	\$(67,368.84)

Circulation

Total net paid circulation as at 31st July 1948 was 147,045, the highest figure yet reached in the history of the paper. A total of 73,058 subscriptions were received during the year, an increase of 19,388 subscriptions over the previous year. The distribution of circulation by provinces for the year under review as compared with the previous year is as follows:

	1947-1948	1946-1947
Saskatchewan.....	76,488	67,154
Alberta.....	32,293	28,061
Manitoba.....	18,762	12,377
British Columbia.....	18,140	13,753
Miscellaneous.....	1,362	1,383

Editorial

The important event of the past year was the completion of the new Modern Press Building and installation of the new press and other equipment. The time taken to complete the construction of the building and installation of new machinery was much longer than originally estimated. Schedules had to be revised several times. However, units of the new machinery began to turn over last spring and gradually the plant was broken in and a start made in eliminating the difficulties incidental to new machinery.

On 19th August 1948 the first issue of *The Western Producer* containing magazine section and colored comics was published. Due to the continued difficulties of newsprint supply it was necessary to transfer certain features from the main section of the paper to the magazine section. The Fashion Page, Serial Story and Young Co-operators' Pages now appear in the magazine section, together with two pages of illustrated articles of interest to Western readers. The newsprint shortage is still a definite danger. Earlier in the year it appeared as though this problem was being eliminated but in recent months possibilities of a shortage have again developed.

All the members of the Editorial Staff were working under serious difficulties until the new accommodation was completed. They are far from satisfied with the type of paper being turned out at present. At the same time they feel that when all of the difficulties have been ironed out and the needed expert help secured the type of paper being produced will be much superior in every way to anything that has so far been published. They express the hope that a progressively improving standard of publication will ultimately fully compensate for the long delay which has developed before the new *Western Producer* reaches the high standard set for it.

Agricultural Department

This Department has continued to maintain contact with the major livestock and other agricultural groups across Western Canada and *The Western Producer* has been represented at the main shows as well as fairs and conventions. Readers have been kept fully posted on the latest developments in the farm production field.

The excellent relations developed in earlier years with agricultural colleges, government departments of agriculture and organized agricultural groups have been maintained during the past year.

Women's Section

More personally reported stories, more and better pictures and feature articles by a well-known home economist, were among the successful developments of the Women's Section during the year under review.

More specialized attention was also given to the farm women's home problems, including those of nutrition and better housing.

In addition to carrying practical hints for gardeners and covering such events as a meeting of the Western Canada Society of Horticulture and the Saskatchewan Horticultural Society's convention, the Garden Page has given valuable advance publicity to such educational undertakings as the Canadian Forestry Association's tree planting car and the Provincial Fruit Show. An effort has also been made to keep readers acquainted with new garden publications.

The cause of handicapped civilians, of the blind, of old age pensioners, as well as aid to cancer research, receives consistent support.

As far as space permitted more attention has been given to the growing cultural activities in Western Canada, including the travels of the Varsity Players, the Children's Theatre experiment, Art Gallery exhibits and the work of the Saskatchewan Arts Board.

As an editorial enterprise last March the Women's Editor went on a two-months trip to England and Scotland to attend several conventions, visit co-operative leaders and groups and see something of the work organized rural women are doing to help rebuild Great Britain. The observations made were recorded in a series of 23 weekly articles in the Women's Pages which were well received.

Youth Section

Although it had become necessary to curtail the space available to the Young Co-operators, there was constant support for the pages available and when later in the year more space was made available, 50 newcomers were heard from within a month. It is apparent that many adults follow with interest the Young Co-operators' Pages.

Reader Services

Orders received for patterns of various kinds and for fashion books and reader service booklets total 88,203. This represents an increase of 4,357 over the 1946-1947 total, and that figure showed an increase of 2,891 over the previous year. The handling of booklets on various topics of interest to readers was again resumed and again had to be discontinued because sufficient quantities could not be obtained at a reasonable price.

The following statement shows the orders received during the year under review:

Household Arts.....	31,370
Dress Patterns.....	50,643
Service Booklets.....	1,790
Fashion Books.....	4,400
	<hr/>
	88,203

B.C. Flood Relief Fund

One undertaking somewhat out of the ordinary should perhaps be placed on record in this report. The disastrous floods in British Columbia earlier this year brought terrible destruction, often financial ruin, to thousands of farm families. In many cases the work and savings of a lifetime were wiped out. It was considered that a channel should be established through which prairie farmers would be enabled to render direct assistance to their fellow farmers of British Columbia. To this end The Western Producer made arrangements to set up the necessary machinery for collecting funds.

Permission of the Department of Finance was secured whereby donors would be allowed to deduct contributions

on their income tax returns. No direct canvassing and no actual organization work was done in promoting this fund. Full publicity was given to the project and members of the editorial staff visited the scene of the disaster and recorded eye-witness accounts of what they observed.

The result to date is that \$9,953.88 has been received. For this, thanks are due to those generous people—men and women who always voluntarily come forward when help is needed. Thanks are also due to a number of radio stations which allotted time free of charge to the promotion of the fund. The response is creditable when it is recognized that no direct canvass was made. It is hoped that this fund will be of some assistance in relieving the distress of the flood victims.

Saskatchewan Co-operative Livestock Producers Limited

The Auditors' Report and Financial Statements submitted separately to the delegates will show in detail the financial position of the livestock subsidiary at the end of the fiscal year.

From the Statement of Earnings and Expenses it will be noted that after providing for depreciation on fixed assets amounting to \$8,077.96 and making provision for doubtful accounts of \$499.00, the operations of the Company resulted in a surplus of \$34,587.32.

In arriving at this surplus there is included a share of earnings of Canadian Livestock Co-operative (Western) Limited, amounting to \$39,577.21, and a surplus from the operations of the Transit Compensation Fund amounting to \$4,312.47. After making provision for income tax estimated at \$12,461.27, there remains a surplus of \$22,126.05 for the year. This amount has been transferred to reserve account.

Livestock Operations

Statement No. 17 attached to this report shows the comparative handlings of livestock for the past two years by divisions. In spite of the more than normal difficulties and problems encountered in the assembling and marketing of livestock, your Board believes that progress in the development of this subsidiary has been made not only in a financial way but also in the percentage of provincial deliveries handled and the strengthening of the general organization throughout the province.

The embargo on shipments of live cattle to the United States was lifted effective 16th August 1948. As a result of the scramble for supplies between Canadian packers and speculators and drovers who were interested in the export of live cattle, prices increased from \$4.00 to \$7.00 per hundred on all Canadian markets. On some classes of cattle however, this upturn was of very short duration. When the returns on the early shipments came through and the trade began to settle down, the in-between killing classes and inferior quality stocker and feeder cattle took a sharp price decline, as it was found that these classes would net higher returns on the Canadian market. Top quality strong-weight feeder cattle and also low grade canning and boning material held steady at the increased prices.

The fact that the duty on dressed beef has been reduced from six cents to three cents per pound has placed Canadian packers in a position to meet the competition of the live cattle exporter. This, coupled with the fact that live cattle can now be exported on the basis of a duty of \$1.50 per hundred, assures the Canadian livestock industry of the support of the American market at all times.

Some figures showing the extent of livestock exports to the United States since the lifting of the embargo on 16th August may be of interest to delegates. The following statement shows the exports to the United States from 16th August to 29th September 1948:

Slaughter and Feeding Cattle.....	102,614
Calves.....	16,563
Hogs.....	391
Sheep and Lambs.....	10,296

While the foregoing figures cover the whole of Canada, it would appear that fairly heavy shipments have taken place from this province.

There would appear to be a fairly definite trend towards increased hog production especially in the north and north eastern parts of the province. The exports to the United States up to date have been confined largely to cattle, calves and sheep. Should hog production increase in the next year or two to any appreciable extent, the United States market for hogs and dressed pork might become important.

Our livestock men have suggested that steps should be taken to secure a return to the optional rail grading or live grading of hogs, so that if it became necessary to export hogs to the United States market we would be in the same position as now exists with live cattle and dressed beef.

This matter has been under review at the annual meeting of Canadian Livestock Co-operative (Western) Limited and a resolution was passed at that meeting indicating the desire of the meeting for a return to the optional system and recommending that the matter be placed before the Canadian Federation of Agriculture at an early date.

In this connection your Board believes that in order to secure the full advantages of the United States and other markets every effort should be made to direct livestock handlings through public markets in each of the three Prairie Provinces.

The advantages to a producer directing his stock to his own selling agency operating on public markets where there is direct access to all of the advantages of both Canadian and American demands are obvious. The following statement on provincial deliveries made directly to yards and to packing plants may be found of interest to delegates:

	1946-47		1947-48		Calendar Year 1947	
	No. of Head	%	No. of Head	%	Alta.	Man.
Cattle and Calves						
Direct to Yards—						
Truck and Rail.....	395,022	74.82	361,986	77.	55.84	57.81
Direct to Plants—						
Truck and Rail.....	132,753	25.15	107,390	22.85	43.97	42.08
Direct on Export.....	140	.03	706	.15	.19	.11
Total Deliveries.....	527,915		470,082			
Truck Shipments to Yards	92,868	67.28	92,770	69.24	64.71	46.47
Truck Shipments to Plants	45,127	32.72	41,216	30.76	35.29	53.53
Total Truck Shipments.....	137,995	26.14	133,986	28.54	55.62	59.07
Rail Shipments to Yards.....	302,154	77.52	269,216	80.27	44.92	74.37
Rail Shipments to Plants.....	87,626	22.48	66,174	19.73	55.08	25.63
Total Rail Shipments.....	389,780	73.84	335,390	71.46	44.19	40.82
Handled Co-operatively.....	185,532		180,290			
Percentage of Provincial Deliveries.....		35.14		38.35		
Percentage of Yard Deliveries.....		47.03		49.81		

Hogs**Direct to Yards—**

Truck and Rail.....	56,716	14.25	61,383	13.69	15.8	14.98
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Direct to Plants—

Truck and Rail.....	341,285	85.75	386,687	86.31	84.2	85.02
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Total Deliveries.....	398,001		448,070			
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Truck Shipments to Yards.....	23,190	22.72	20,297	15.06	4.03	13.2
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Truck Shipments to Plants.....	78,814	77.38	114,519	84.94	95.87	86.8
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Total Truck Shipments.....	102,004	25.63	134,816	30.09	37.07	71.38
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Rail Shipments to Yards.....	33,526	11.32	41,086	13.11	22.74	19.4
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Rail Shipments to Plants.....	262,471	88.68	272,168	86.89	77.26	80.6
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Total Rail Shipments.....	295,997	74.37	313,254	69.91	62.93	28.62
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Handled Co-operatively.....	145,428		161,483			
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Percentage of Provincial

Deliveries.....	36.54		36.04			
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Percentage of Yard

Deliveries.....	—		—			
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Sheep and Lambs**Direct to Yards—**

Truck and Rail.....	93,017	69.04	65,621	72.02	29.38	28.63
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Direct to Plants—

Truck and Rail.....	41,619	30.89	25,463	27.95	70.04	71.14
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Direct on Export.....	99	.07	32	.03	.58	.23
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Total Deliveries.....	134,735		91,116			
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Truck Shipments to Yards.....	20,753	55.5	14,514	57.24	48.85	21.53
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Truck Shipments to Plants.....	16,642	45.5	10,841	42.76	51.15	78.47
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Total Truck Shipments.....	37,395	27.73	25,355	27.84	34.79	63.08
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Rail Shipments to Yards.....	72,264	74.31	51,107	77.75	19.16	41.
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Rail Shipments to Plants.....	24,977	25.69	14,622	22.25	80.84	59.
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Total Rail Shipments.....	97,241	72.20	65,729	72.16	64.63	36.69
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Handled Co-operatively.....	52,618		41,339			
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Percentage of Provincial

Deliveries.....	39.05		45.37			
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Percentage of Yard

Deliveries.....	56.5		63.			
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The following statement shows the volume and percentage of provincial deliveries handled through co-operative channels:

Cattle and Calves	1945-1946	1946-1947	1947-1948
Provincial Deliveries.....	600,073	527,915	470,082
Handled Co-operatively.....	192,728	185,532	180,290
Percentage of Co-operative			
Handlings.....	32.12	35.14	38.35

Hogs

Provincial Deliveries.....	622,757	398,001	448,070
Handled Co-operatively.....	195,746	145,428	161,483
Percentage of Co-operative			
Handlings.....	31.43	36.54	36.04

Sheep and Lambs

Provincial Deliveries.....	155,960	134,735	91,116
Handled Co-operatively.....	50,895	52,618	41,339
Percentage of Co-operative			
Handlings.....	32.63	39.05	45.37

Public Market, Swift Current

During the year under review the construction of our yard at Swift Current was completed and the yard opened for business on 23rd August. As this opening took place at the peak of harvest operations, the volume handled so far has not been heavy. It has however been found possible to establish prices for livestock at Swift Current equally as good as could be received on any of our provincial markets. The larger packing companies are buying off this market at the present time and several carloads have been sold to American buyers, as well as a number of stocker and feeder cattle to the local trade.

We are also in a position to take advantage of the Western trade in stockers and feeders to Alberta, as well as of cheaper cattle to the West Coast trade when this becomes advantageous. These outlets have provided the basis for a good market at this point.

The construction of the Yorkton yard is well under way. It is not possible at this time to give any definite date when the yard will be completed as there is some delay in the construction of the spur track and sewer and water lines due to the scarcity of materials required.

Co-operative Packing Plant

No further action has been taken by your Board in connection with the establishment of a co-operative packing plant or plants. During the current year an inter-provincial committee was set up to undertake a complete survey of the possibilities of a co-operative packing plant. Research work is being carried on by the Department of Co-operatives and a member of your Board is Chairman of this committee.

Canadian Livestock Co-operative (Western) Limited

Canadian Livestock Co-operative (Western) Limited is an inter-provincial co-operative livestock selling agency operating at St. Boniface, Manitoba. The balance sheet of this organization (Statement No. 18) shows the financial position of the organization as at 31st July 1948. Total operating revenue for the year amounted to \$172,761.41, while total operating expenses for the same period were \$114,740.95, leaving an operating surplus before provision for income tax of \$58,020.46. After provision for income tax amounting to \$519.69, the balance of \$57,500.77 was allocated as follows:

(a) Members' Equity (revolving fund basis).....			\$ 1,475.93
Alberta Livestock Co-operative Limited.....	.822%	\$ 12.13	
Manitoba Co-operative Livestock Producers Limited.....	30.349%	447.93	
Saskatchewan Co-operative Livestock Producers Limited....	68.829%	1,015.87	
	100.000%	\$ 1,475.93	
(b) Available for distribution on the basis of revenue contributed to the Sales Agency during the year			
Alberta Livestock Co-operative Limited.....	.822%	\$ 460.52	
Manitoba Co-operative Livestock Producers Limited.....	30.349%	17,002.98	
Saskatchewan Co-operative Livestock Producers Limited....	68.829%	38,561.34	
	100.000%	56,024.84	
			<u>\$57,500.77</u>

During the year under review Canadian Livestock Co-operative (Western) Limited handled 7,347.2 cars. The following statement shows distribution of these cars between the three provinces involved:

	No. of Cars	Percentage of Total
Alberta Livestock Co-operative Limited.....	64.3	.875
Manitoba Co-operative Livestock Producers Limited.....	2,250.5	30.631
Saskatchewan Co-operative Livestock Producers Limited.....	5,032.4	68.494
	<u>7,347.2</u>	<u>100.000%</u>

The above figures are computed on the basis of 25 cattle, 80 hogs or 100 sheep per car.

Canadian Co-operative Wheat Producers Limited

As in former years the report of Canadian Co-operative Wheat Producers Limited as presented to its shareholders

is included in and forms part of this report. This report contains a very comprehensive survey of agricultural developments both national and international during the past year and is well worthy of careful study by delegates and Pool members.

Canadian Pool Agencies Limited

The report of the directors of Canadian Pool Agencies Limited to the annual meeting of shareholders is also attached to the report. The Balance Sheet for the year ended 31st July 1948 and the Statement of Income and Expenses and Patrons' Equity are also attached as Statements Nos. 11, 12 and 13.

Pool Insurance Company

The fiscal year of Pool Insurance Company ends 31st December. The report of the operations of this inter-provincial organization for the year 1947, together with the Balance Sheet and Statement of Income and Expenditures are included and form part of this report.

The Manager of Pool Insurance Company, who is also Manager of Canadian Pool Agencies Limited, will be in attendance at the meeting and be in a position to submit information on the current year's progress.

Publicity

The activities of the Publicity Department are reviewed below under major headings. As in former years, emphasis has been placed upon the importance of the application of co-operative principles in the handling and marketing of agricultural crops and as a way of life.

Radio

Radio broadcasting was continued during the 1947-1948 season by the Publicity Department with hockey as the main vehicle. Tuesday night talks over CKCK were continued through the year up to 13th April, when it became necessary to relinquish the fifteen minutes immediately following the national news summary. Consequently, throughout the balance of the year, the Sunday broadcast of news was the only feature on the air.

As has been the practice throughout the years, the bulk of the broadcasting was carried on during the winter months. Subject matter covered included talks on Crop Conditions; Soil Conservation; Food Shortages; World Agricultural Development; The 1929 Market Crash; International Federation of Agricultural Producers; The Cost of Bread; Rye and Rye Bread Prices; The Pooling Principle of National Wheat Policy; International Agricultural Co-operation; General Livestock Marketing; Hog Marketing; The Geneva Trade Conference; Canada's Trade Restriction Policy; The Annual Meeting of Delegates; Wheat Pool Policy; Export Wheat Market; Grain Prices; Livestock Production; Marketing and Price Policy; International Wheat Conference; Trade Treaties; Stabilized Marketing as Opposed to Speculative Marketing; Economic Freedom; Dollar Restrictions in the United Kingdom; Booms and Busts; United Kingdom Food Requirements and Price Stabilization.

In addition guest speakers appeared on Pool broadcasts, including Dr. L. A. Wheeler, Washington, D.C., Chairman of the International Wheat Council, and heads of other Pool organizations.

Inter-period talks on the hockey broadcasts were carried on stations CKRM, CHAB, CJGX and CKBI.

Most of these stations stepped up their power to 5,000 watts during the year. This has increased the range of the stations affected, and has made it possible now to achieve full coverage of the province with less stations.

Advertising

With a circulation approaching the 150,000 mark, The Western Producer continues as the main outlet for Pool advertising. The weekly papers in Saskatchewan, with a joint circulation approaching the 100,000 mark, are also widely used. A number of other publications, some with circulation largely limited to Saskatchewan, and some with circulation in Eastern Canada are selected for special advertising releases.

Advertising is placed in a number of non-English language newspapers with both Saskatchewan and outside circulation. The selection of papers is aimed at reaching all the major language groups in the province.

The placing of joint advertising in The Western Producer, sponsored by the Pool Organizations of Manitoba, Saskatchewan and Alberta was continued.

Good public relations have been maintained with the Saskatchewan Division of the Canadian Weekly Newspapers Association, the radio stations, and the agricultural press, both inside and outside Saskatchewan.

Calendars

With the exception of the fact that we are still using only six pages on the Pool calendar pad instead of twelve, all war-time paper limitations for calendars have been removed. We are back to the position where we can now service our entire membership with enough extras remaining for distribution to outside sources.

Demand for calendars is still strong, the latest request having come from the pilots of Saskatchewan's Air Ambulance Service who use them for navigation purposes.

The current year's calendar is slightly larger than those of former years, being approximately one inch deeper and a quarter of an inch wider. By making this slight increase in the over-all size of the calendar it was possible to increase both dimensions of the map by more than an inch. These factors plus adoption of improved lithographing techniques have resulted in a substantial improvement in the legibility of the calendar, estimated by the art department of the firm which printed the calendar at from 25 to 35 percent.

Exhibitions

The Saskatchewan Wheat Pool maintained contact with its members and the general public through exhibits and rest booths at all major agricultural fairs in the province.

An exhibit was displayed at the Class B fairs at Moose Jaw, Estevan, Weyburn, Yorkton, Melfort, Lloydminster, North Battleford and Prince Albert. Rest booths and exhibits were featured at the Class A fairs at Regina and Saskatoon.

The Department also co-operated with elevator agents in placing floats in parades at a number of sports days advertising the Pool Organization and its services.

Research

Research work, including close examinations of freight rate structures and statistical surveys on marketing and price trends on grain and livestock, were carried on in the Department as a part of the routine work.

Library

For the twelve-month period ended 31st July 1948, 8,329 books were mailed out from the Wheat Pool Library. This represents an increase of 171 over the previous year. Increased library facilities provided under the government library program have lessened the demand for Pool library services, particularly in some areas. However, the number of active borrowers is being well maintained. At 31st July 1948 the number of active borrowers stood at 1,925, of which 1,817 were Pool members and 108 agents.

Attached to this report is a table covering operations of the library for the year under review (Statement No. 8).

Crop Report

The Saskatchewan Wheat Pool Crop Report is steadily gaining in prestige and is in greater demand each year. The reports are published in *The Western Producer* weekly during the growing season and a weekly summary release by Canadian Press is widely quoted in daily newspapers all across Canada.

The crop reports are in strong demand outside the Pool Organization. Requests for crop reports come from as far afield as the British Isles, Belgium, The Netherlands, and from many parts of the United States. The publication of this report each week in *The Western Producer*, along with reports from Alberta and Manitoba gives this paper a crop reporting feature that is not duplicated anywhere in Canada.

Junior Co-operative Activities

Variety Testing

The Co-operative Variety Testing Project continues to be an important factor in determining the varieties of grain recommended by the Saskatchewan Cereal Variety Committee to be grown in the different zones of the province.

The Cereal Variety Committee is composed of cerealists and other experts on cereal crop problems in Saskatchewan. It meets each year in December to draw up recommendations for the coming year on the basis of all available accurate comparative tests. In recent years the results of the Pool's Junior Co-operative Variety Testing Project have provided an increasingly important source of information to this committee.

In addition to the Saskatchewan Committee the results of the tests are also available to the Associate Committees on Grain Research and Plant Breeding. These committees are composed of the leading plant breeders and cerealists in Canada. They meet in February each year and prepare recommendations for or against licensing new varieties. These committees also find the information secured as a result of these tests of very considerable value in arriving at their decisions.

During the past season 314 Wheat Pool variety tests were conducted throughout the province. As in former years, the project was planned and carried out under the supervision of Dr. J. B. Harrington, Professor of Field Husbandry at the University of Saskatchewan. The individual tests were supervised by Junior Co-operators who were carefully selected for the work by Wheat Pool delegates.

A package of seed and a set of instructions for laying out the test were supplied to each co-operator. The duties

of the co-operator included seeding the grain, completing detailed reports on the progress of each variety during the growing season, harvesting the crop and packing it for shipment.

In order to supplement the information obtained in 1947, several of the most promising new varieties tested during the season were included in the program for 1948. In planning the wheat tests the province was divided into two sections. The dividing line runs from a point near Lloydminster through central Saskatchewan to the south-east corner of the province. The portion of the province lying to the southwest of this line comprises the brown and dark brown soils area. In this area where sawfly losses have become increasingly serious in recent years, the sawfly resistant varieties Rescue and Stewart and a new strain of Apex (Saskatchewan 2177) were tested against Thatcher. Rescue is resistant to stem rust but susceptible to leaf rust and covered smut. Stewart is a high quality Durum variety which yielded well in tests in 1947 and is resistant to stem and leaf rust. Apex 2177 was developed by back-crossing the old Apex on to Marquis. It is resistant to stem rust but susceptible to leaf rust.

To the northeast of the dividing line mentioned above the soil is generally black, deep black or grey. In this area the varieties Apex, Redman and Saunders were tested against Thatcher. Redman and Saunders were used in tests last year. Both are early maturing, high quality, stem rust resistant varieties. In previous tests Redman has given an excellent yield performance in areas adjacent to the Manitoba boundary. Altogether 158 wheat tests were conducted throughout the province.

The barley varieties under test were Titan, Vantage, Velvon and Gem. These are all six-rowed, smooth awned feed varieties. During the past few years Titan has gained considerable popularity throughout the open plains area of Saskatchewan and is now used in these tests as the standard of comparison. Vantage, Velvon and Gem were tested for the first time last year. Vantage was originated at Brandon Experimental Station and has given good results in Manitoba tests. Velvon and Gem are new varieties developed in the United States. Gem yielded exceptionally well in Wheat Pool tests last year and further experiments may prove this variety to be of value for use under Saskatchewan conditions. The 74 barley tests conducted this year in the central, southern and western areas of the province are expected to provide information of value.

Because of its excellent performance during 1947, the rust resistant oat variety VC 30 (since licensed and named "Fortune") was included in tests again this year along with Exeter, Valor and Larain. Exeter is a well-known, late maturing, stem rust resistant variety which produces good yields in the cooler, moister regions of Saskatchewan. Valor is a very early maturing variety introduced several years ago at the University of Saskatchewan.

It will be compared mainly with Larain, a new Alberta variety which is also noted for its early maturity.

A total of 43 oat tests using these four varieties were conducted in the northern and eastern areas of the province.

A fourth project was undertaken during the past season on an experimental basis. If successful it will provide to farmers and scientists a considerable amount of much needed information regarding the comparative performance of the four major crops when grown side by side in a scientific test. One leading variety of each major crop

was selected for use in this project. The varieties chosen were Thatcher wheat, Fortune oats, Montcalm barley and Dakota flax. These varieties were grown in 39 tests throughout the north and east for the purpose of comparing the major crops on the basis of dollars-per-acre return to the farmer.

Each co-operator taking part in the variety testing project has been supplied with a rain gauge. Thus monthly records of the precipitation at each test are made available. These records are of considerable value in analysing the results of tests and it is felt that the use of rain gauges in many districts where meteorological data are not available will be of value to farmers of the community.

In addition, each co-operator received a variety test sign to be placed at the gateway of his farm.

The threshing, grading, protein testing and statistical analysis in connection with the program are now being carried out. A booklet containing the detailed results of yields, bushel weights, grades and other characteristics of the varieties in every test conducted, will be published at the earliest date possible. In addition the booklet will include an analysis of varietal performance on a regional basis.

The 70-page booklet entitled "Junior Co-operative Variety Tests 1947," containing the results of the 1947 project, was widely distributed. Copies were supplied to universities, experimental farms, departments of agriculture and thousands of farmers in Western Canada.

Besides its scientific value, the variety testing project has been an excellent educational medium for junior co-operators and farmers generally. An interest in better varieties is created through this type of work and undoubtedly some credit may be taken by the Wheat Pool Organization for the tremendously increased use being made by farmers of high quality seed of new varieties.

The excellent work done by junior co-operators during the past season merits sincere acknowledgment and thanks from the Saskatchewan Wheat Pool. Despite the fact that during the busy seasons many of these young people took their place in assisting with farming operations, they rarely neglected even the smallest tasks necessary for the success of their variety tests. The extremely unfavorable weather conditions which were experienced over large areas during the early part of the past season, combined with serious infestations by grasshoppers, resulted in the destruction of many tests. Although the loss is regrettable, junior co-operators who had their tests destroyed are reminded that in many cases their preliminary test reports and accurate rainfall records have contributed valuable information to the project.

Junior Club Movement

As in former years support of junior clubs directed by the Extension Department of the University of Saskatchewan continues to be an important project and receives strong support from Pool delegates, agents, committees and field staff in all parts of the province.

While the Extension Department of the University is responsible for this work there is an excellent working arrangement with the Pool Organization in this development. In addition to the close co-operation developed in the organization and operation of these clubs, the usual grant of \$7,500.00 was made to the University of Saskatchewan as recommended by the delegates at the last

annual meeting. This assistance has been gratefully acknowledged by the university authorities.

The following statement sets out in some detail the activities of the junior grain clubs in 1948:

Variety Grown		No. of Clubs	Members	Acres	Approximate Yield (Bushels)
Wheat	Thatcher.....	40	598	1,196	40,000
	Rescue.....	9	125	250	6,250
	Redman.....	5	84	168	5,000
	Apex.....	1	12	24	400
Total.....		55	819	1,638	51,650
Oats	Exeter.....	4	56	112	7,000
	Victory.....	4	52	104	7,000
	Ajax.....	3	38	76	4,000
	Vanguard...	1	23	46	2,500
	Garry.....	1	15	30	1,500
Total.....		13	184	368	22,000
Barley	Montcalm..	6	84	168	6,500
	Plush.....	3	53	106	4,500
Total.....		9	137	274	11,000
Contract Barley					
Montcalm.....		10	180	1,800	90,000
Flax					
Royal.....		1	15	30	300
Potato Clubs					
Irish Cobbler.....		1	15		
Netted Gem.....		2	34	5	500
Total.....		3	49	5	500
TOTALS.....		91	1,384	4,115	175,450

In reporting on the work of the year, Professor Gordon, Assistant Director of the Extension Department, points out that there has been a slight decrease in grain clubs this year, from 95 a year ago to 91 for the year under review. Again the most popular type of club was that growing wheat. Fifty-five out of 91 clubs grew wheat and 40 grew Thatcher wheat, indicating the popularity of that variety. The sawfly resistant Rescue wheat was grown by nine clubs, mostly in the southwest corner of the province and Redman was grown by five clubs in the eastern part of the province. Of the total number of 91 clubs in operation this season, 48 were sponsored by Saskatchewan Wheat Pool committees.

Through the junior grain clubs there has been produced over the years a large quantity of excellent seed from registered stock which is used on the home farms of the club members. This practical accomplishment of the seed clubs has undoubtedly been worthwhile. However, in addition to the production of good seed the clubs also carry on active educational work among the club members particularly in regard to seed production, weed control, soil conservation, as well as control of insect pests and crop diseases.

Through these club activities it is the hope of the Extension Department that it may be able to train club members to take a responsible position in their communities as they grow older.

Livestock Clubs

The number of junior livestock clubs operating in Saskatchewan under the direction of the Extension Department again showed an increase over the previous year. In 1947, 184 junior livestock clubs were in operation, including 161 baby beef clubs. In 1948, 219 of these clubs were in operation, of which 195 were baby beef clubs.

Homecraft Clubs

The work of the Homecraft Clubs, directed by the Department of Women's Work at the University of Saskatchewan continues to render valuable service to many girls living in rural Saskatchewan.

For the last year 99 of these clubs were active, with an estimated membership of 1,244 girls.

The following schedule shows the number of various types of meetings held for these girls and their club leaders together with their attendance:

Type of Meeting	No. of Meetings	Attendance
Girls' Rallies.....	7	334
Homecraft Achievement Days.....	23	1,039
Other Homecraft Meetings.....	49	1,105
Other Meetings for Girls.....	25	681
Leaders' Conferences.....	4	33
Totals.....	108	3,192

Projects carried out by the Homecraft Clubs included the following:

Dressmaking.....	66
Home Decoration.....	12
Knitting.....	25
Homecraft Eti-Cues.....	7
Foods (Supper Club and Bakeshop).....	8
Gardening.....	9
Woodwork.....	7
Recreation Projects.....	22

There is being submitted separately to delegates a comprehensive report of the various co-operative projects carried on by the Department of Women's Work of the University and the Wheat Pool Organization prepared by Professor Bertha G. Oxner, Director of Women's Work. We commend this memorandum to the careful consideration of Wheat Pool delegates as it deals with a little-known but very worthwhile activity in which the Wheat Pool Organization plays an important part. Conversely, it will be noted that the Women's Department has also made a valuable contribution to Pool educational work, particularly with respect to co-operative schools.

Country Organization

The number of Wheat Pool committees on record as at 31st July 1948 was 1,169, which compares with 1,173 at the same date last year, a decrease of four committees. Statement No. 9 of the report shows the total number of committees functioning in the province, with the distribution by districts and sub-districts. Statement No. 10 indicates that 1,013 committees were reorganized during the year, leaving 156 committees that have not reported reorganization during the last 12 months. This position compares with 154 one year ago.

Committee Conventions

Committee conventions were held as usual during May, June and July. Attendance was good. Reports of activities of the committees during the year, presented by the secretaries, continue to be an important item on the agenda. Discussion on these reports led by the delegate is the basis for planning practical co-operative work by each committee, which is the purpose of the convention. Planning for future work is the feature which distinguishes a committee convention from any other Wheat Pool meeting and the efficiency of the planning is the measure of its success.

The director's report on policy once again centered on the problems of marketing. A general awareness of the

world economic situation was very evident. Committee men and Pool members, in general, recognize the value of stability and security. There was strong support for the United Kingdom Wheat Agreement as a means to this end. At the same time, an international wheat agreement was endorsed as being even more desirable. Pool policy in this regard received unqualified approval. Other features of the conventions included reports on junior co-operative activities in the sub-districts, co-operative guilds and other farm women's organizations, discussion on livestock marketing, operations of Saskatchewan Pool Elevators Limited, co-operative education and general organization work.

During the year under review, 126 conventions were held, of these 89 were single sub-district meetings, 34 were joint conventions of two sub-districts, while three included committees from three sub-districts. Total attendance was approximately 7,400, an average of 59 at each convention. This compares with 127 conventions and an average attendance of 61 last year.

The minutes of committee conventions continue to improve. They now form a valuable section of the permanent records of this department.

Committee Program

Eight committee programs were issued during the year by the Country Organization Department. Copies were mailed to the chairman and secretary of each committee, to Wheat Pool delegates, to Pool Elevator agents, district representatives, travelling superintendents and other country workers, as well as to key men in all departments of the organization. Seventy-five copies of each issue were mailed on request to the Winnipeg Region of the Saskatchewan Wheat Pool Employees' Association. The material is in good demand and appears to meet a need for accurate information compiled in readable form.

The following is a list of the titles:

1. The Importance of Deliveries to Pool Elevators
2. Election of Wheat Pool Delegates
3. Hold Fast to Your Dreams
4. Highlights of the Twenty-third Annual Meeting
5. Get the Facts
6. The Stakes are High
7. Team Work
8. Facts are Stubborn Things

Visual Education

The program of visual education was expanded during the year. Sound motion picture equipment was increased from 10 to 16 units. Each unit includes a 16mm sound projector of the most modern type, a portable 110 volt A.C. generator, together with a portable glass bead screen and all auxiliary equipment.

One hundred and twenty-six sound films, many of them in Technicolor, were added to the department library, which now includes films on the subjects of co-operation, agriculture, health, soil and water conservation; as well as news reels, travelogues and comics.

With this new equipment it is possible to take a well-balanced visual program to rural audiences anywhere in the province. This is a very effective method of securing good attendance at meetings where Pool information can be presented, and there has been a considerable increase in the number of picture show meetings held during the past year.

Films from the National Film Board continue to be available on a loan basis. Generous assistance also came

from the Audio-Visual Branch of the Department of Education and from the National Film Society.

A very satisfactory film strip was produced last year from Kodachrome slides. However, the cost was too great to make it a practical feature. The possibilities in this field are inviting and when the technique has improved and costs have levelled off it is quite probable that Kodachrome film strip may become a valuable visual aid.

Co-operative Schools and Rallies

Co-operative schools and rallies continue to be an effective medium in reaching rural youth and are becoming an increasingly important phase of our educational work. The agenda of these schools usually includes lectures on citizenship, principles of democracy, principles of co-operation and some aspect of home economics. The department has enjoyed active co-operation and assistance from high school principals, agricultural representatives and from the Women's Department of the University of Saskatchewan.

The annual series of regional co-operative schools was carried through in a most satisfactory manner. Schools were held during the first two weeks in July at Prince Albert, Saskatoon, Regina and Swift Current. The general pattern was similar to that of other years with the same sponsoring organizations, namely, Extension Department of the University of Saskatchewan, Saskatchewan Federated Co-operatives Limited, Department of Co-operation, Women's Co-operative Guild, Adult Education Division, Co-operative Union of Saskatchewan, the Experimental Station at Swift Current and the Saskatchewan Wheat Pool.

Wheat Pool field men were responsible for securing students and arranging transportation. They served on the working committee at each school and also taught many lessons in the classroom.

The co-operative canteen was again a successful feature of the schools, organized and managed entirely by the students with a board of directors, manager, auditor, distribution of surplus earnings, annual report and all the regular business methods of a co-operative. It proved to be a practical lesson, probably the most effective of the course.

Attendance at the four schools was 345. The average age was 19 years and average education grade 10.

Dominion-Provincial Youth Training

The Wheat Pool again sponsored and assisted in organizing three co-educational agricultural courses conducted by the University of Saskatchewan under the Dominion-Provincial Youth Training Program.

These were residential schools of six weeks' duration, held at Kenosee Lake Chalet, North Battleford and Prince Albert. The course provided practical training for boys in farm mechanics, field husbandry, animal husbandry, etc., together with home economics for the girls, and training in citizenship and community planning for both boys and girls. Supervised recreation was provided. Co-operative lectures were part of the regular curriculum. Subjects for these lectures were chosen and speakers arranged for by our field men. Plans are already under way to hold four of these courses during the coming fall and winter, the fourth to be located at Canora.

Agents' Study Groups

A further study was prepared for the Agents' Study Group Program, entitled "The Search for Security." The material was introduced at a series of sectional meetings of agents and will be studied more intensively at group meetings. About half the group meetings for this series have already been held.

Co-operative Associations

During the year, 1st August 1947 to 31st July 1948, 71 new co-operatives were incorporated in the province and one company set up under other legislation was registered as a co-operative, making 72 new associations.

During the same period 17 associations were dissolved, leaving a net gain of 55.

The number of co-operative associations of all types operating in Saskatchewan at 31st July 1948, was 1,199, made up as follows:

Under the Co-operative Associations Act.....	941
Under the Co-operative Marketing Act.....	32
Under the Credit Union Act.....	205
Under Special Legislation.....	18
Under Dominion Legislation.....	3
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	1,199

Membership

For the year under review 6,609 applications for shares were received; 3,999 were transfers in blank and 2,610 new shares were allotted. In addition, during July 862 applications for shares were received of which 838 were allotted new shares and 24 were transferred.

The following statement shows the number of applications received since February 1934, when the policy of accepting new members by way of application for share was initiated:

Year Ended	Applications	Total Shares Issued
31st July, 1934.....	515	104,354
31st July, 1935.....	695	104,942
31st July, 1936.....	869	105,717
31st July, 1937.....	1,016	106,640
31st July, 1938.....	370	106,889
31st July, 1939.....	887	107,492
31st July, 1940.....	3,477	110,715
31st July, 1941.....	3,040	113,139
31st July, 1942.....	5,616	117,935
31st July, 1943.....	5,946	121,742
31st July, 1944.....	7,704	127,058
31st July, 1945.....	6,304	129,412
31st July, 1946.....	5,484	129,412
31st July, 1947.....	8,529	130,688
31st July, 1948.....	6,609	133,298

As the membership of the organization increases the problem of keeping an accurate record of addresses of Pool members becomes more acute. As indicating the extent of this problem it may be noted that the department in charge of the membership register made 10,497 changes of address during the year under review. Throughout the year advice was received of the death of 1,216 members.

Industrial Development

Vegetable Oil Plant

In the year under review the vegetable oil plant at Saskatoon completed its first full year of operations.

In the course of the year the plant operated for 289 days. During this period the quantity of flax processed totalled 446,107 bushels, an average of about 1,540 bushels a day. Total linseed oil recoveries amounted to 962,106

gallons. Seven thousand, seven hundred and eighty-five tons of oilcake meal were also produced.

As already indicated in the review of the financial position of Saskatchewan Co-operative Producers Limited, the net earnings of the vegetable oil plant for the year ended 31st July 1948 amounted to \$75,069.88, after allowing for depreciation on building and machinery and equipment, etc., amounting to \$25,706.85. The total value of linseed oil sold amounted to \$1,943,580.42. The cost of oil manufactured, less stocks on hand, plus the value of oil inventoried carried forward from last season, amounts in total to \$1,779,092.43, leaving a gross surplus on sales of \$164,487.99. After deducting selling and administrative expenses, including rent, depreciation on office furniture, etc., the above balance of \$75,069.88 constitutes the surplus for the year.

The assets and liabilities of the plant are included in the Balance Sheet of Saskatchewan Co-operative Producers Limited.

While the vegetable oil plant was built primarily to serve the domestic market, a substantial part of the production of oil and a smaller percentage of oilcake meal was exported. Of the total of 4,106 tons of linseed oil sold during the year, 1,455 tons, representing 35.44% of the production was sold in the domestic market. The balance of 2,651 tons, equal to 64.56% of the total production was sold for export to the following countries:

South Africa.....	696 tons
Portugal.....	110 tons
Poland.....	220 tons
Bi-zonal Germany.....	183 tons
Switzerland.....	560 tons
United Kingdom.....	882 tons
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	2,651 tons

In the case of oilcake meal 6,207 tons, equal to 80.46% of the total production was sold in the domestic market. A total of 1,507 tons, equal to 19.54% of the total production entered the export market. Countries of destination were as follows:

Holland.....	1,160 tons
U.S.A.....	347 tons
	<hr/>
	1,507 tons

Since the end of the fiscal year your Board has approved the construction of a refining unit at the oil plant at an estimated cost of \$100,000.00. This extension has been undertaken to enable the plant to increase the volume of its domestic sales of linseed oil. Hitherto the domestic sales of the plant have been limited to raw linseed oil, whereas a large part of the domestic demand calls for refined oil.

Flour Mill

Due mainly to continued shortages of material and equipment the flour mill and grain storage at Saskatoon has not yet been brought into operation. Earlier in the year it had been hoped that the mill would come into operation in August or September in time to participate in the fall domestic trade. However, delays in securing essential equipment—particularly electrical equipment—have caused further postponement. Delivery dates for all necessary equipment have now been set.

The 500,000 bushel grain storage is complete and ready to go into operation. It is doubtful, however, if the mill will be brought into actual operation before the beginning of the new year.

When completed, your Board is satisfied that the product of the mill will be of the highest quality it is possible to produce. Because of the time of year at which it is anticipated the mill will come into operation, it is planned that the early production of the plant will be for the export market, with limited quantities being available for the domestic market.

Interprovincial Co-operatives Limited will act as the sales agency for the mill in the distribution of flour and other mill products in the same way as it acts as sales agent for the vegetable oil plant. Every effort will be made to build up the largest possible domestic distribution of the production of the mill.

With the certain knowledge that no better flour can be produced than that bearing the "Co-op" brand which will be turned out by the mill at Saskatoon, it is hoped that Pool members generally will insist on being supplied with the product of their own mill.

Interprovincial Co-operatives Limited will conduct an intensive campaign to have "Co-op" flour carried by every co-operative association in Saskatchewan and strong support is also assured from Alberta and Manitoba. While it may be found necessary in the early stages to mill for the export market, it must always be remembered that this development was undertaken to meet the demand of the Pool membership and essentially it has been designed and will be operated in the service of the farm homes of Saskatchewan.

Future Policy

It may be noted that a number of the recommendations approved by the delegates at the last annual meeting under the general heading of Future Policy have been accepted and in some cases the necessary action taken. These included:

1. That every effort should continue to be made to secure the completion of an international wheat agreement.

As reported elsewhere, while agreement was secured amongst 36 of the importing and exporting countries, failure of the United States' Congress to ratify the agreement prevented its being brought into operation for the current year.

2. Amendments to the Wheat Board Act to provide the Board with power to act as the sole marketing agency for all other grains in addition to wheat and flax.

As reported elsewhere, the necessary legislation was passed by the Federal Government on the understanding that this would not be proclaimed until adequate complementary legislation was passed by the three Western Provinces.

Saskatchewan passed the necessary legislation but the Legislatures of Manitoba and Alberta failed to provide the legislation required by the Federal authorities.

3. That the initial payment on wheat delivered to the Wheat Board for 1947-1948 should be increased to at least \$1.55 per bushel.
This was done.
4. That interim payments of a minimum of 20 cents per bushel should be made on deliveries of grain to the Wheat Board for the crop years 1945-1946 and 1946-1947.
These payments were made.
5. That the domestic price for wheat should be on the same basis as the price established under the Canada-United Kingdom Wheat Agreement.
This was also made effective.

International Wheat Agreement

The Report of the Directors of Canadian Co-operative Wheat Producers Limited already submitted to this

meeting has outlined the position with respect to the International Wheat Agreement.

As in previous negotiations your President and Secretary were in attendance at the International Wheat Conference held in Washington last January and February, when it was found possible to complete an agreement which received the approval of representatives of the 36 countries in attendance.

It was understood at the time the agreement was signed by the representatives of the participating countries that in many cases this agreement would require ratification by the legislative bodies of these countries. It was a matter of deep regret that the United States' Senate Committee failed to report the agreement to the Senate before that body adjourned. Without United States' participation there could be no international wheat agreement.

At a meeting of the International Wheat Council held early in July 1948, steps were taken to provide that the whole matter could again be reviewed and that if it was the desire of the participating countries that a further effort should be made to bring about international agreement in the marketing of wheat, steps would be taken to convene another international wheat conference, probably in January of 1949.

Canada-United Kingdom Wheat Agreement

The Canada-United Kingdom Wheat Agreement remains in force for the crop seasons 1948-1949 and 1949-1950. As Pool delegates are aware, a price of \$2.00, basis Fort William-Port Arthur was established for the 140 million bushels to be purchased by Great Britain during the crop season 1948-1949. The agreement provides that the price to be effective for the 140 million bushels to be purchased by the United Kingdom in the crop year 1949-1950 will be decided not later than 31st December 1948. It is understood that preliminary negotiations have already taken place in this connection.

Coarse Grains Marketing

As already indicated, during the year under review, an amendment to the Wheat Board Act was passed at Ottawa authorizing the Governor-in-Council by regulation to extend to oats and barley the regulations now applicable to the marketing of wheat. At the same time the Minister of Trade and Commerce announced that it would be necessary to secure complementary legislation from each of the three Prairie Legislatures before the amendment would be proclaimed. The Central Report outlines in some detail the various steps taken in an effort to secure the implementing of the Federal legislation.

The Legislature of Saskatchewan passed legislation which was satisfactory to the Federal authorities. The Legislatures of Alberta and Manitoba adjourned their 1948 sessions without passing the necessary legislation. At a later date the Premier of Alberta indicated that he was prepared to call a special session of the Alberta Legislature to pass the necessary legislation provided he was assured that the farm organizations in Alberta were in support of this development and provided the Government of Manitoba would take similar action.

As the Government of Manitoba was definitely of the opinion that complementary legislation was not necessary, no action was taken by that body and hence a special session in Alberta was not convened.

It is anticipated that action will be initiated by the farm organizations of the three Prairie Provinces in an

effort to secure the marketing of all coarse grains through the Wheat Board for the next crop year.

General

Your Board believes that greater security can be established for the farm homes of Western Canada through a system of stable prices at levels fair to the producer and to the consumer than can be secured in any other way.

The effect of market gyrations, particularly in the price of wheat, during the between-the-wars period is well known to the men and women who have lived on Western farms over these years.

The following figures show the average price realized by Saskatchewan farmers for wheat delivered in each of the crop years 1930-1931 to 1942-1943 inclusive. On 28th September 1943 the futures market was closed:

Crop Year	Average Farm Price—Sask.
1930-1931.....	47.0
1931-1932.....	38.0
1932-1933.....	35.0
1933-1934.....	47.0
1934-1935.....	61.0
1935-1936.....	60.0
1936-1937.....	92.0
1937-1938.....	105.0
1938-1939.....	58.0
1939-1940.....	54.0
1940-1941.....	58.0
1941-1942.....	59.0
1942-1943.....	77.0

These figures were compiled by the Dominion Bureau of Statistics.

It will be noted that only in one out of the thirteen years for which figures are quoted did Saskatchewan farmers realize more than \$1.00 a bushel for their wheat. That was in the year 1937-1938 when there was an almost complete crop failure in this province.

To complete the picture the following figures show the average farm price realized for wheat in the Province of Saskatchewan for the crop years 1943-1944 to 1947-1948 inclusive when all wheat was marketed through the Wheat Board. These figures include participation payments made to date:

Crop Year	Average Farm Price—Sask.
1943-1944.....	114.0
1944-1945.....	125.0
1945-1946.....	136.0
1946-1947.....	134.0
1947-1948.....	135.0

Pool members will recall that on a black day in December 1932, December wheat was quoted at 38 cents a bushel, which meant a return to the farmer in northwestern Saskatchewan selling wheat that day of somewhere around 20 cents a bushel.

The highest future price quoted during the entire period 1930 to 1943 was on 17th July 1937, when a price of \$1.57 a bushel was quoted. This was the year of crop failure.

It may be that there are a substantial number of younger men farming in this province today to whom the story of price fluctuations and impossibly low prices is something out of a dim and distant past and in the light of propaganda being widely distributed during the past year or eighteen months there may be a feeling that while these conditions existed 12 or 15 years ago they cannot happen today.

In this connection it will be recalled rye has been marketed under the open market system throughout all

the war years. The story of rye prices during the past six months shows what can really happen today. That story is set out in the following chart:

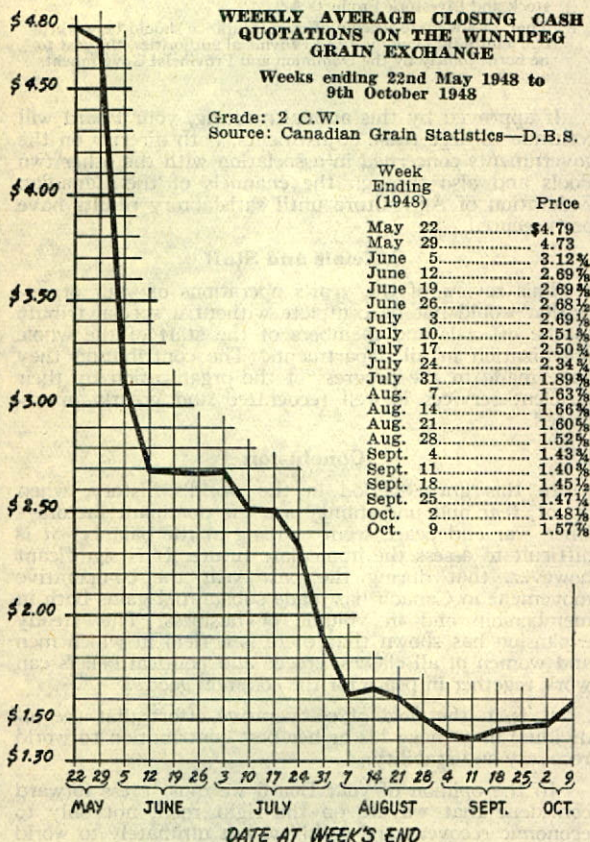
RYE PRICES

WEEKLY AVERAGE CLOSING CASH QUOTATIONS ON THE WINNIPEG GRAIN EXCHANGE

Weeks ending 22nd May 1948 to
9th October 1948

Grade: 2 C.W.

Source: Canadian Grain Statistics—D.B.S.



So long as only a handful of rye was available for trading and speculative purposes, high prices were maintained. However, as soon as the acreage of rye was increased and the possibilities of a surplus developed, the old story of sharply falling prices was repeated.

In view of these circumstances your Board believes:

1. That the need for international agreement in the marketing of wheat is even more urgent today than at any time in recent years.
2. That the Canadian Government should continue to provide aggressive leadership in an effort to secure an international wheat agreement to become effective on 1st August 1949.
3. That in the event of its being found impossible to conclude an international agreement, every effort should be made to extend the life of the present Canada-United Kingdom Wheat Agreement.
4. That in the event of failure to secure international agreement, additional bi-lateral agreements covering specified quantities of wheat at prices fair to the producer and to the consumer should be negotiated with those countries which are regular importers of Canadian wheat.
5. That a joint effort should be made to secure the proclamation of the amendment to the Wheat Board Act so that the Wheat Board would be the sole marketing agency for coarse grains effective 1st August 1949.

6. That the Dominion Government should undertake to secure the extension of existing bacon, beef and other food contracts with the United Kingdom as an effective means of establishing stable prices on these commodities.
7. That continued support should be forthcoming to the request of the Canadian Federation of Agriculture for the establishment of a board of livestock commissioners to administer the Livestock and Livestock Products Act.
8. That an adequate scheme of crop insurance should be worked out jointly by Dominion and Provincial authorities, the cost to be borne jointly by the Dominion and Provincial Governments and producers.

If approved by this annual meeting, your Board will continue to urge these adjustments, both directly on the governments concerned in association with the other two Pools and also through the channels of the Canadian Federation of Agriculture until satisfactory results have been secured.

Officials and Staff

This review of the year's operations of your organization would not be complete without a special tribute to the officials and members of the staff of the whole organization in all departments. The contribution they have made to the progress of the organization by their efficient services is well recognized and greatly appreciated.

Conclusion

In this grave period in the world's history, when doubt, fear and uncertainty are the dominant factors—when war and peace seem to hang in the balance—it is difficult to assess the immediate future. It is significant however, that during the past year the co-operative movement in Canada has made substantial gains both in membership and in volume of business. This steady expansion has shown that there is a field in which men and women of all classes, creeds and political beliefs can work together in peace for the common good.

It is in the field of co-operative effort that the individual may make his or her best contribution to world recovery and stability.

In the opinion of your Board we must press forward confident that we are on the right road, not only to economic recovery and stability, but ultimately to world peace.

Respectfully submitted,

MARSH ADAMS
A. F. SPROULE
J. W. ORR
JAS. McCALLUM
T. G. BOBIER
R. A. ROBINSON
JOHN N. BURRILL
W. J. BALL
ALBERT GREENFIELD
GEO. M. EMMONS
L. W. ELLIOTT
JOHN A. FOX
WM. CUMMINS
W. M. ROSS
A. W. FRIESEN
JOHN H. WESSON

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 Main Street
WINNIPEG

24th September 1948.

To the Shareholders,
Saskatchewan Co-operative Producers Limited,
Regina, Saskatchewan.

We have examined the books and accounts of Saskatchewan Co-operative Producers Limited, Modern Press Limited, Saskatchewan Co-operative Livestock Producers Limited, Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year ended 31st July 1948, and have reported in statutory form on the Balance Sheets of these Companies.

The amount shown under Deferred Charges as "Overpayment 1929-1930 Pool" is intended to be amortized over future years as conditions warrant or allow.

Under the terms of the Retirement Annuity Plan there is a liability of undetermined amount in respect of employees engaged prior to 1st August 1939; in the past year the fourth payment was made to the Dominion Government Annuities Branch in respect of the estimated total liability amortized over ten years.

The standard profits used for Modern Press Limited and Saskatchewan Co-operative Livestock Producers Limited in the computation of excess profits taxes have not yet been approved by the Board of Referees.

We have obtained all the information and explanations we have required and, in our opinion, subject to the foregoing, the appended Balance Sheet is properly drawn up so as to present in consolidated form a true and correct view of the state of the organization's affairs as at 31st July 1948, according to the best of our information and the explanations given, and as shown by the books of the various Companies; and, in our opinion, all the transactions of the Companies that have come to our notice have been within the objects and powers of the Companies.

GEORGE A. TOUCHE & CO.,

Chartered Accountants,

Auditors.

**SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED
MODERN PRESS LIMITED
SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED
and
SASKATCHEWAN POOL TERMINALS LIMITED
CONSOLIDATED BALANCE SHEET AT 31st JULY 1948**

STATEMENT No. 1

ASSETS

Cash and Securities

Cash in Banks.....	\$ 8,406,745.76
Cash Funds—Payors.....	831,724.00
Province of Saskatchewan Bonds, at Cost.....	25,000.00

\$ 9,263,469.76

Accounts Receivable—Current	825,746.69
Stocks of Grain (as certified by responsible officials).....	9,168,879.47
Stock in Trade (as certified by responsible officials).....	261,989.93
Manufacturing Supplies (as certified by responsible officials).....	26,116.22
Prepaid Taxes, Insurance and Other Expenses	220,160.60

Total Current Assets.....\$19,766,362.67

Accounts Receivable—Deferred

Province of Saskatchewan Sinking Fund Interest Account.....	\$1,415,780.76
Province of Saskatchewan Sinking Fund Discount and Premium Account.....	944,992.87

\$2,360,773.63

LIABILITIES AND CAPITAL

Cheques, Vouchers, etc., Outstanding

Cheques and Money Orders.....	\$ 3,915,132.28
Grain Drafts, Cash Tickets, etc.....	4,454,908.03
Outstanding Certificates.....	6,780.77

\$ 8,376,821.08

Accounts Payable—Current

Province of Saskatchewan re 1929-1930 Pool Overpayment Principal.....	\$ 931,539.61
Accrued Interest.....	71,929.86

\$1,003,469.47

Reserve for Income and Excess Profits Taxes

Sundry.....	463,978.22
	3,053,910.07

\$ 4,521,357.76

Total Current Liabilities.....

\$12,898,178.84

Deferred Liability

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	2,915,258.73
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Deferred Credit to Reserve

Refundable Portion of Excess Profits Taxes.....	83,316.18
---	-----------

Elevator Deductions.....

12,188,060.07

Growers' Accounts.....	10,884.35
Canadian Livestock Co-operative (Western) Ltd.....	21,046.57
Pool Elevator Corporation.....	384,000.00
Scott Publishing Company Incorporated.....	9,598.50
Refundable Portion of Excess Profits Taxes.....	83,316.18
	<u>2,869,619.23</u>

Investments and Memberships, at Cost, Less Reserve (Including Amount Paid on Pool Insurance Company Shares, on which there is an Uncalled Balance of \$32,500.00).....	195,560.81
---	------------

Fixed Assets (Less Reserves for Depreciation)

Country Elevators and Coal Sheds.....	\$3,952,207.14
Terminal Elevators.....	3,221,343.71
Land, Buildings & Machinery, Regina & Saskatoon.....	1,242,977.71
Agents' Residences.....	659,713.71
Work Under Construction.....	5,238,414.47
Sites—Terminal Elevators, etc.....	259,926.04
Stock Yards, Assembly Yards and Equipment.....	25,505.05
Warehouses—Regina and Port Arthur.....	29,576.60
Office Furniture and Fixtures.....	85,750.87
Automobiles and Sundry Equipment.....	156,884.55
	<u>14,872,299.85</u>

Deferred Charges

Overpayment 1929-1930 Pool—Company's Share, Less Reductions.....	\$ 554,485.10
Stocks of Repair Parts and Supplies.....	199,200.43
Temporary Storage Bins.....	2,100.00
	<u>755,785.53</u>
	<u><u>\$38,459,628.09</u></u>

Commercial Reserve	6,567,851.17
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Capital	133,298.00
----------------------	------------

Reserves

Modern Press Limited.....	\$ 116,254.63
Saskatchewan Co-operative Livestock Producers Limited..	64,032.74
Saskatchewan Pool Elevators Limited.....	3,493,377.73
	<u>3,673,665.10</u>

Contingent Liabilities

In respect of Buildings and Work Under Construction and Machinery Under Purchase—Estimated.....	<u><u>\$3,203,000.00</u></u>
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Approved on Behalf of the Board
J. H. WESSON, *Director*
A. F. SPROULE, *Director*

\$38,459,628.09

This is the Balance Sheet referred to in our Report of 24th September 1948.

GEORGE A. TOUCHE & CO., Chartered Accountants, Auditors.

CONSOLIDATED BALANCE SHEET

The following explanations may be of value in considering this statement:

ASSETS

CASH AND SECURITIES

Province of Saskatchewan Bonds—\$25,000.00: This amount represents Province of Saskatchewan Industrial Development 3% Debentures due 1st February 1955, valued at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$825,746.69: This item is comprised principally of accrued handling charges on grain in store country and terminal elevators, trade accounts, sundry loans, advances, freight, sales of grain, etc.

Stocks of Grain—Less Stored Grain—\$9,168,879.47: This amount represents the value of grain on hand in various positions at 31st July 1948, less the liability for stored grain. Values of open market grains have been based upon Winnipeg market cash closing prices at 31st July 1948, or upon open sales contracts where applicable, after allowing, where necessary, for freight and other charges.

Values of wheat and flax deliverable to the Canadian Wheat Board have been based upon Wheat Board prices, less freight where necessary.

Stock in Trade—\$261,989.93: This item includes the value of job stock and newsprint on hand at Modern Press Limited, Saskatoon, and oil, meal and flax, on hand at the Vegetable Oil Plant, Saskatoon, at 31st July 1948.

Manufacturing Supplies—\$26,116.22: This amount represents the cost of drums, sacks, fuel, grease and oil, on hand at the Vegetable Oil Plant, Saskatoon, at 31st July 1948.

Prepaid Taxes, Insurance and Other Expenses—\$220,160.60: This amount represents prepayment of various items chargeable to the operations of the succeeding year.

ACCOUNTS RECEIVABLE—DEFERRED:

Province of Saskatchewan—Sinking Fund Interest Account—\$1,415,780.76: Under the terms of the Supplementary Agreement with the Province of Saskatchewan, dated 17th March 1933, any payments made by the Company in excess of moneys expended by the Province in respect of the 1929-1930 Pool Overpayment Account, will accrue to the benefit of the organization, to be taken into consideration in the final accounting in respect of the liability referred to. As the rate of interest paid by the Company to the Province, namely 5%, is in excess of that paid by the Province on the 4½% Debentures, 1951, such excess payments have been made and are reflected in the Sinking Fund Interest Account.

Province of Saskatchewan Sinking Fund—Discount and Premium Account—\$944,992.87: During the years in which the Province of Saskatchewan 4½% Debentures, 1951, Sinking Fund Account has been in operation, there has accumulated the sum of \$944,992.87 as a result of net discount on investments made by the trustees of the fund. This accumulation represents the purchase of Province of Saskatchewan Sinking Fund 4½% Debentures, 1951, at less than par value to a total of \$941,950.55, and other issues at less than par value to a total of \$3,042.32. The above amounts may be reduced by a probable U.S. premium payable at maturity on bonds still in the hands of the public at due date, and the probability of the other issues held being at less than cost at due date of the 1951 bonds.

The cost of administering the fund from the time of issue of the bonds to maturity will also be chargeable against the surplus in the fund.

Growers' Accounts—\$10,884.35: Items comprising this amount are as follows:

Advances Against Reserves.....	\$ 1,161.57
Seed Grain Advances Against Reserves.....	9,722.78
	<u>\$10,884.35</u>

Canadian Livestock Co-operative (Western) Limited—\$21,046.57: This represents the Saskatchewan Co-operative Livestock Producers Limited portion of undistributed surplus earnings of Canadian Livestock Co-operative (Western) Limited, set aside in Equity Account during Seasons 1937-1938 to 1947-1948, inclusive.

Pool Elevator Corporation, Buffalo—\$384,000.00: This amount represents the balance owing on the sale of the Buffalo Terminal and is repayable in thirty (30) semi-annual payments of \$12,500.00 each in U.S. funds, due 1st February and 1st August 1950 to 1964 inclusive, and a final payment of \$9,000.00 due 1st February 1965, with interest at the rate of 4½%.

Refundable Portion of Excess Profits Taxes—\$83,316.18: Items comprising this amount are made up as follows:

\$ 4,177.55—This is the estimated refundable savings' portion of the Excess Profits Taxes for Season 1944-1945 repayable to Modern Press Limited.

\$79,138.63—This is the refundable savings' portion of the Excess Profits Taxes levied by the Dominion of Canada for 1942-1943 repayable to Saskatchewan Pool Elevators Limited.

Scott Publishing Company, Incorporated—\$9,598.50: This represents the balance owing to Modern Press Limited on sale of the old newspaper press.

Investments and Memberships—\$195,560.81: This amount represents investment in shares and memberships at cost, less a reserve of \$50,000.00 which was set aside from surplus income of Saskatchewan Co-operative Producers Limited in Season 1936-1937 to provide against loss in the Company's investment in Canadian Co-operative Wheat Producers Limited. Details of the investments and memberships are as follows:

Canadian Co-operative Wheat Producers Limited (500 shares of \$100.00 each).....	\$ 50,000.00
Canadian Pool Agencies Limited (667 shares of \$10.00 each).....	6,670.00
Pool Insurance Company (1,250 shares of \$100.00 each).....	\$125,000.00
Premium of \$12.00 per share.....	15,000.00
	<u>\$140,000.00</u>
Less: Unpaid thereon.....	32,500.00
	<u>107,500.00</u>
Canadian Livestock Co-operative (Western) Limited (8 shares of \$1.00 each).....	8.00
Saskatchewan Co-operative Credit Society Limited (2,950 shares of \$10.00 each).....	29,500.00
Saskatchewan Federated Co-operatives Limited.....	146.52
Local Co-operative Associations—Sundry Shares.....	4,019.29
Rural Telephone Companies—Sundry shares.....	1,517.00
Winnipeg Grain and Produce Exchange Clearing Association Limited (10 shares).....	12,250.00
Lake Shippers' Clearance Association—1 membership.....	3,000.00
Winnipeg Grain Exchange—6 memberships.....	30,950.00
	<u>\$245,560.81</u>
Less: Reserve.....	50,000.00
	<u><u>\$195,560.81</u></u>

FIXED ASSETS:

Country Elevators and Coal Sheds—\$3,952,207.14: Included in this amount are the following items:

	Plant Value	Depreciation	Net Value
Country Elevators.....	\$17,297,911.09	\$13,359,736.33	\$ 3,938,174.76
Coal Sheds.....	18,899.38	4,867.00	14,032.38
	<u>\$17,316,810.47</u>	<u>\$13,364,603.33</u>	<u>\$ 3,952,207.14</u>

Terminal Elevators—\$3,221,343.71: The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net Value
Terminal No. 4.....	\$ 3,174,314.27	\$ 1,881,508.59	\$ 1,292,805.68
Terminal No. 7.....	4,110,790.38	2,182,252.35	1,928,538.03
	<u>\$ 7,285,104.65</u>	<u>\$ 4,063,760.94</u>	<u>\$ 3,221,343.71</u>

The above values are exclusive of sites, which are shown under the heading of "Sites—Terminals, Elevators, etc."

Land, Buildings and Machinery—Regina and Saskatoon—\$1,242,977.71: This includes the following items:

	Plant Value	Depreciation	Net Value
Regina			
Head Office Building..\$	282,566.98	\$ 124,840.37	\$ 157,726.61
Site.....	25,397.75	—	25,397.75
Equipment.....	52,171.52	5,746.37	46,425.15
Saskatoon			
Modern Press Building	403,798.66	7,803.85	395,994.81
Site.....	12,725.00	—	12,725.00
Machinery and Equip- ment.....	355,674.15	59,798.60	295,875.55
Vegetable Oil Plant Building.....	116,077.99	3,675.57	112,402.42
Machinery and Equip- ment.....	223,624.70	33,485.28	190,139.42
Site.....	6,291.00	—	6,291.00
	<u>\$ 1,478,327.75</u>	<u>\$ 235,350.04</u>	<u>\$ 1,242,977.71</u>

Agents' Residences—\$659,713.71: Included in this asset are six hundred and eight (608) Agents' Residences valued at \$1,225,013.13, against which there is a reserve for depreciation amounting to \$565,299.42.

Work Under Construction—\$5,238,414.47: This represents the cost of machinery and work in progress as at 31st July 1948, on the Flour Mill and Grain Storage, Terminal No. 4B, Storage Annex Terminal No. 7, Stock Yards, Lombard Building and sundry construction and replacement work in country elevator and terminal departments.

Sites—Terminal Elevators, etc.—\$259,926.04: The following is a summary of the sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 4B.....	35,524.46
Terminal No. 7.....	80,678.30
Elevator Sites.....	1,046.25
Cottage Sites.....	51,055.03
Regina Warehouse Site.....	622.00
	<u>\$259,926.04</u>

Stock Yards and Equipment—\$25,505.05: This includes the following items:

	Plant Value	De- preciation	Net Value
Stock Yards.....	\$26,035.46	\$ 8,817.65	\$17,217.81
Assembly Yards.....	2,668.92	566.91	2,102.01
Country Scales and Sheds.....	5,258.07	1,742.43	3,515.64
Tattoo Equipment.....	7,582.81	4,913.22	2,669.59
	<u>\$41,545.26</u>	<u>\$16,040.21</u>	<u>\$25,505.05</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$554,485.10.
The following is a summary of this account:

Balance at 31st July 1947.....	\$2,546,929.71
Deductions:	
Increase in Province of Saskatchewan 4½% Debentures, 1951, Sinking Fund Interest Account	
Balance at 31st July 1948.....	\$1,415,780.76
Balance at 31st July 1947.....	1,299,868.63
Increase.....	\$ 115,912.13
Surplus Income 1947-1948.....	883,297.65
Transferred from Depreciation Reserve Account.....	48,241.96
Discount and Premiums on Investments	944,992.87
	<u>1,992,444.61</u>
	<u>\$ 554,485.10</u>

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$6,780.77: This represents the amount due on Growers' Certificates covering deliveries to the various seasons' Wheat and Coarse Grains Pools, which have not been presented to Head Office for payment.

ACCOUNTS PAYABLE—CURRENT:

Province of Saskatchewan—\$1,003,469.47: This amount represents the principal payment due 15th September 1948, together with interest accrued to 31st July 1948, on the total liability to the Province in respect of the 1929-1930 Pool Overpayment.

Reserve for Income and Excess Profits Taxes—\$463,978.22: This represents provision for Income and Excess Profits Taxes, less payments made to 31st July 1948.

Sundry—\$3,053,910.07: This amount consists principally of accrued expenses, trade accounts and loan accounts.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$2,915,258.73: This represents the balance owing on the above account after completing payment of the 1948 instalment of principal which is provided for under the heading "Accounts Payable—Current."

In accordance with terms of our agreement, the amount of \$2,915,258.73 is to be repaid with interest at 5% per annum in three annual payments, the first payment of principal falling due 15th September, 1949.

Deferred Credit to Reserve Account, Per Contra—\$83,316.18: This represents the refundable savings portion of Excess Profits Taxes and will be credited to Reserve Account on receipt of payment.

CAPITAL, RESERVES, ETC.

Elevator Deductions—\$12,188,060.07; Commercial Reserve—\$6,567,851.17: Funds in respect of Elevator Deductions are invested in Saskatchewan Pool Elevators Limited, and in respect of Commercial Reserve in the remaining investments, loans, fixed assets, etc.

Capital—\$133,298.00: This amount includes new capital subscribed during the year to the extent of \$2,610.00.

RESERVE ACCOUNTS:

Modern Press Limited—\$116,254.63: The following is a summary of this account:

Balance as at 31st July 1947.....	\$ 195,914.43
Transferred from Depreciation Reserve Account.....	6,811.37
	<u>\$ 202,725.80</u>
Deduct:	
Income and Excess Profits Taxes—	
Seasons 1942-1943 to 1944-1945.....	\$ 61,854.27
Less: Income and Excess Profits Taxes,	
Season 1946-1947 refundable.....	14,729.87
	<u>47,124.40</u>
	\$ 155,601.40
Loss for Season 1947-1948.....	39,346.77
	<u>\$ 116,254.63</u>

Saskatchewan Co-operative Livestock Producers Limited—\$64,032.74: The following is a summary of this account:

Balance as at 31st July 1947.....	\$ 36,227.09
Transferred from Producers' Equity—	
Old Membership Account.....	5,208.18
Transfer of Balance of Excess Charges Refund—	
Season 1945-1946.....	471.42
Surplus for the year ended 31st July 1948.....	22,126.05
	<u>\$ 64,032.74</u>

Saskatchewan Pool Elevators Limited—\$3,493,377.73: The following is a summary of this account:

Balance as at 31st July 1947.....	\$3,106,541.70
Transferred from Depreciation Reserve	
Accounts.....	\$311,657.59
Balance of Excess Charges Refund—	
Season 1945-1946.....	1,463.73
Balance of Excess Charges Refund—	
Season 1946-1947.....	819.77
	<u>313,941.09</u>
	\$3,420,482.79

Deduct:**Adjustments of Excess Charges Refunds**

Season 1942-1943.....	\$ 37.63
Season 1943-1944.....	120.78
Season 1944-1945.....	104.06
	<u>262.47</u>

	\$3,420,220.32
Transferred from Surplus Earnings.....	73,157.41
	<u>\$3,493,377.73</u>

SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED

MODERN PRESS LIMITED

SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED

SASKATCHEWAN POOL ELEVATORS LIMITED

and

SASKATCHEWAN POOL TERMINALS LIMITED

CONSOLIDATED CAPITAL STATEMENT As At 31st July 1948

STATEMENT No. 2

Capital Receipts

Capital.....	\$ 133,298.00
Commercial Reserve.....	6,567,851.17
Elevator Deductions.....	12,188,060.07
Reserve Accounts—Subsidiary Companies.....	3,673,665.10
Deferred Loans Outstanding.....	2,915,258.73
Refundable Portion of Excess Profits Taxes.....	83,316.18
	<hr/>
	\$25,561,449.25

Capital Expenditures

Fixed and Sundry Assets

Fixed Assets (Less Reserve for Depreciation).....	\$14,872,299.85
Investments and Memberships (Less Reserve).....	195,560.81

Deferred Accounts

Accounts Receivable—Deferred.....	2,869,619.23
Deferred Charges.....	755,785.53

Approved Programme of Building and

Work Under Construction

(Estimated Expenditures)

Vegetable Oil Plant.....	\$ 11,500.00
Flour Mill and Grain Storage.....	2,682,107.13
Stock Yards—Swift Current and Yorkton.....	77,544.57
Head Office Building, Alterations, etc.....	7,291.11
Country Elevators, Agents' Residences, etc.....	821,063.21
Terminals.....	4,841,908.45
	<hr/>
	\$ 8,441,414.47

Less Paid on Account (Work Under
Construction and Machinery
Under Purchase, etc.).....

5,238,414.47

3,203,000.00

Balance—Working Capital
for Season 1948-1949.....

3,665,183.83

\$25,561,449.25

\$25,561,449.25

STATEMENT No. 2 (2)

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET as at 31st July 1948

Current Assets.....	\$19,766,362.67
Current Liabilities.....	12,898,178.84
Current Position as Per Balance Sheet.....	\$ 6,868,183.83
Less:	
Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction and Machinery Under Purchase.....	3,203,000.00
Balance—Working Capital for Season 1948-1949	\$ 3,665,183.83

**SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED
MODERN PRESS LIMITED
SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED
and
SASKATCHEWAN POOL TERMINALS LIMITED**

STATEMENT No. 3

SOURCE OF CAPITAL FUNDS, ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS AND WORKING CAPITAL, as at 31st July 1948

	Capital	Commercial Reserve	Elevator Deductions	Reserve Accounts	Refundable Portion of Excess Profits Taxes	Deferred Loans Outstanding	Total
SOURCE OF CAPITAL FUNDS							
Stock Subscriptions.....	\$ 133,298.00	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 133,298.00
Deductions from Pool Payments.....	—	6,567,851.17	12,188,060.07	—	—	—	18,755,911.24
Retained From Operations.....	—	—	—	3,673,665.10	83,316.18	—	3,756,981.28
Province of Saskatchewan—Loan.....	—	—	—	—	—	2,915,258.73	2,915,258.73
TOTAL CAPITAL RECEIPTS.....	\$ 133,298.00	\$ 6,567,851.17	\$12,188,060.07	\$ 3,673,665.10	\$ 83,316.18	\$ 2,915,258.73	\$25,561,449.25

ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS

STATEMENT No. 8—Continued

Deferred Accounts Receivable

Province of Saskatchewan—Sinking Fund Interest Account \$	—	\$ —	\$ —	\$ —	\$ —	\$ 1,415,780.76	
Province of Saskatchewan—Sinking Fund Discount and Premium Account.....	—	—	—	—	—	944,992.87	\$ 2,360,773.63
Growers' Accounts.....	—	10,884.35	—	—	—	—	10,884.35
Canadian Livestock Co-operative (Western) Limited.....	—	11,879.65	—	9,166.92	—	—	21,046.57
Pool Elevator Corporation, Buffalo.....	—	—	384,000.00	—	—	—	384,000.00
Refundable Portion of 1944 Excess Profits Taxes.....	—	—	—	—	83,316.18	—	83,316.18
Scott Publishing Company, Incorporated.....	—	9,598.50	—	—	—	—	9,598.50
Investments.....	—	29,596.00	165,964.81	—	—	—	195,560.81
Fixed Assets.....	133,298.00	3,147,597.09	11,420,284.31	171,120.45	—	—	14,872,299.85
Expenditures Approved for Completion of Programme of Building and Work Under Construction and Machinery Under Purchase (Contingent Liability).....	—	717,139.93	22,193.62	2,463,666.45	—	—	3,203,000.00

Deferred Charges

1929-1930 Pool Overpayment—Company's Share.....	—	—	—	—	—	554,485.10	554,485.10
Temporary Storage Bins—Country Elevators.....	—	—	2,100.00	—	—	—	2,100.00
Stocks of Repair Parts and Supplies.....	—	5,683.10	193,517.33	—	—	—	199,200.43

TOTAL CAPITAL EXPENDITURES	\$ 133,298.00	\$ 3,932,378.62	\$12,188,060.07	\$ 2,643,953.82	\$ 83,316.18	\$ 2,915,258.73	\$21,896,265.42
BALANCE—WORKING CAPITAL	\$ —	\$ 2,635,472.55	\$ —	\$ 1,029,711.28	\$ —	\$ —	\$ 3,665,183.83

TOTAL CURRENT ASSETS —(As Per Consolidated Balance Sheet—Statement "I").....							\$19,766,362.67
TOTAL CURRENT LIABILITIES —(As Per Consolidated Balance Sheet—Statement "I").....							12,898,178.84

BALANCE—Current Position							\$ 6,868,183.83
Less: Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction and Machinery Under Purchase.....							3,203,000.00

BALANCE—Working Capital							\$ 3,665,183.83
--------------------------------------	--	--	--	--	--	--	-----------------

STATEMENT No. 4

**SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED
MODERN PRESS LIMITED
SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS
LIMITED
SASKATCHEWAN POOL ELEVATORS LIMITED
and
SASKATCHEWAN POOL TERMINALS LIMITED**

**STATEMENT OF ASSETS, DIRECT LIABILITIES AND
GROWERS' EQUITY**

As At 31st JULY 1948

ASSETS

Fixed Assets (Less Reserve for Depreciation).....	\$14,872,299.85
Investments and Memberships (Less Reserve)	195,560.81
Accounts Receivable—Deferred.....	2,869,619.23
Stocks of Repair Parts and Supplies.....	199,200.43
Temporary Storage Bins (Less Amount Written Off).....	2,100.00
Working Capital (After Providing for Ex- penditures to Complete Programme of Building and Work Under Construction)....	3,665,183.83
Amount Provided to Complete Programme of Building and Work Under Construction	3,203,000.00
TOTAL NET ASSETS	<u>\$25,006,964.15</u>

**LIABILITIES (Exclusive of Liabilities to
Shareholders)**

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 2,915,258.73	Equity 11.658%
TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS	\$ 2,915,258.73	11.658%
BALANCE OF ASSETS OVER LIABILITIES		
Growers' Equity.....	22,091,705.42	88.342%
	<u>\$25,006,964.15</u>	<u>100.000%</u>

**STATEMENT OF PAYMENTS OF PRINCIPAL AND INTEREST MADE TO THE PROVINCE OF SASKATCHEWAN IN RESPECT OF THE
1929-1930 POOL OVERPAYMENT LIABILITY, UP TO AND INCLUDING PAYMENT MADE ON 15th SEPTEMBER 1948, ALSO
BALANCE OF REGULAR PAYMENTS TO BE MADE FROM 15th SEPTEMBER 1949, to 15th SEPTEMBER 1951**

Original Indebtedness (After Allowing for Bond Discount and 1928-1929 Pool Final Payment Loan).....\$13,752,194.98
Less: Charged to Surplus Interest Account.....194.98

\$13,752,000.00

STATEMENT OF PAYMENTS MADE

Date	Total Paid	Interest	Principal	Balance
1st October 1932.....	\$ 746,739.87	\$ 678,854.87	\$ 67,885.00	\$13,684,115.00
15th September 1933	1,099,487.84	651,401.36	448,086.48	13,236,028.52
15th September 1934	1,132,292.23	661,801.43	470,490.80	12,765,537.72
15th September 1935	1,132,292.23	638,276.89	494,015.34	12,271,522.38
15th September 1936	1,132,292.23	613,576.12	518,716.11	11,752,806.27
*15th September 1936	168,254.05	—	168,254.05	11,584,552.22
15th September 1937	1,123,879.52	579,227.60	544,651.92	11,039,900.30
15th September 1938	1,123,879.54	551,995.02	571,884.52	10,468,015.78
15th September 1939	1,123,879.52	523,400.78	600,478.74	9,867,537.04
15th September 1940	1,123,879.54	493,376.86	630,502.68	9,237,034.36
15th September 1941	1,123,879.53	461,851.72	662,027.81	8,575,006.55
15th September 1942	1,123,879.53	428,750.33	695,129.20	7,879,877.35
15th September 1943	1,123,879.53	393,993.87	729,885.66	7,149,991.69
15th September 1944	1,123,879.53	357,499.59	766,379.94	6,383,611.75
15th September 1945	1,123,879.53	319,180.59	804,698.94	5,578,912.81
15th September 1946	1,123,879.53	278,945.64	844,933.89	4,733,978.92
15th September 1947	1,123,879.53	236,698.95	887,180.58	3,846,798.34
15th September 1948	1,123,879.53	192,339.92	931,539.61	2,915,258.73
Total Paid.....	\$18,897,912.81	\$ 8,061,171.54	\$10,836,741.27	\$ —

STATEMENT OF PAYMENTS TO BE MADE

Due Date	Amount	Interest	Principal	Balance after Completing Payment
15th September 1949.....	\$ 1,123,879.53	\$ 145,762.94	\$ 978,116.59	\$ 1,937,142.14
15th September 1950.....	1,123,879.53	96,857.11	1,027,022.42	910,119.72
15th September 1951.....	955,625.71	45,505.99	910,119.72	—
Total to be Paid.....	\$ 3,203,384.77	\$ 288,126.04	\$ 2,915,258.73	\$ —

SUMMARY

	Amount	Interest	Principal
Paid to 15th September, 1948.....	\$18,897,912.81	\$ 8,061,171.54	\$10,836,741.27
Balance to 15th September 1951.....	3,203,384.77	288,126.04	2,915,258.73
Total.....	\$22,101,297.58	\$ 8,349,297.58	\$13,752,000.00

*Distribution of Contingency Reserve of Canadian Co-operative Wheat Producers Limited in Respect of the 1929-1930 Pools.

STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED AND SASKATCHEWAN POOL TERMINALS LIMITED
AS AT 31st JULY 1948

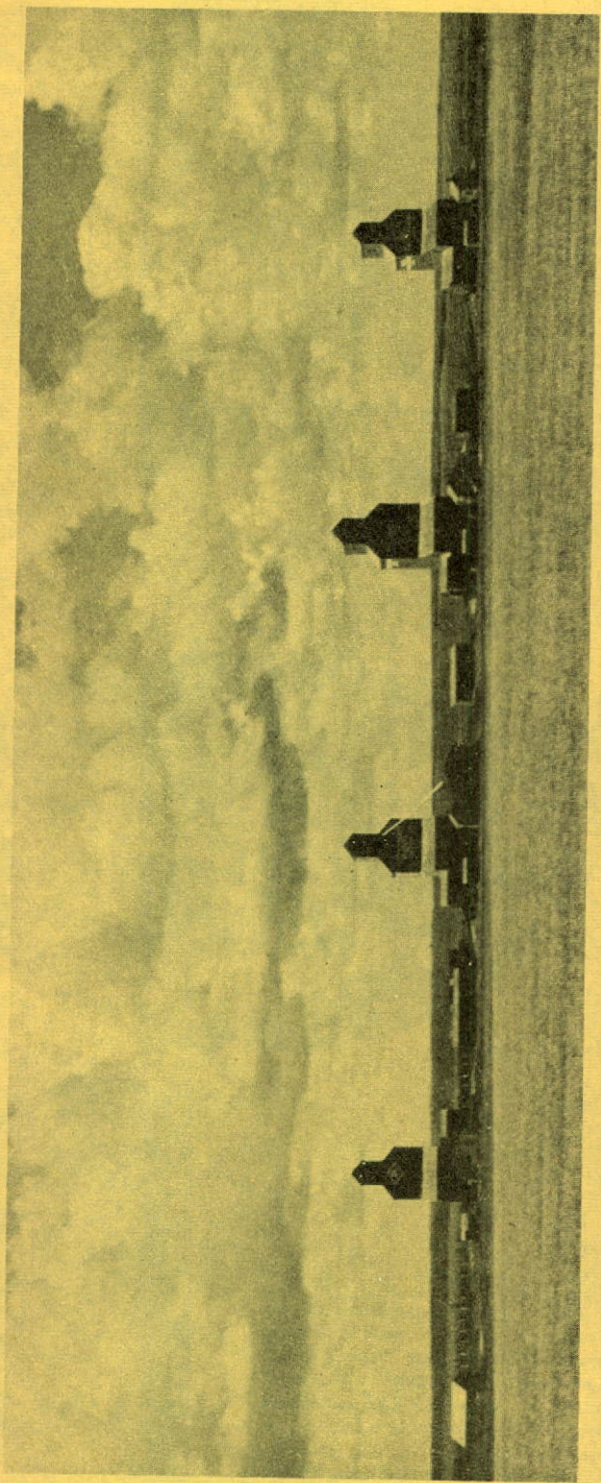
TOTAL HANDLED (ALL GRAINS)

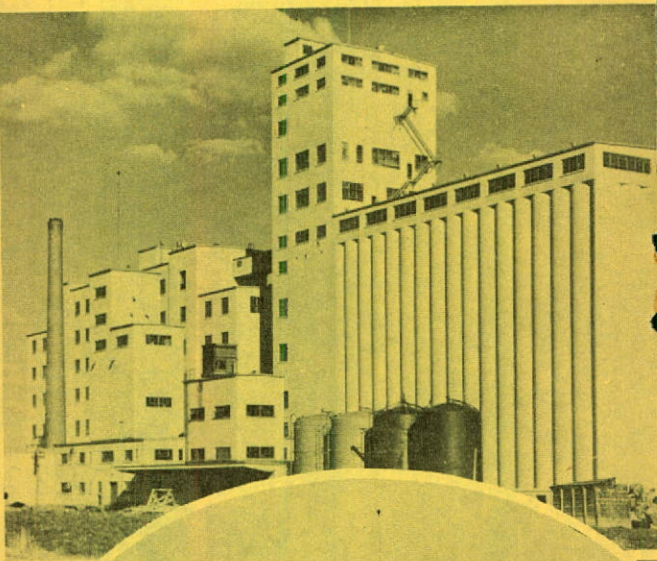
SASKATCHEWAN POOL ELEVATORS LIMITED

	Bushels 1924-1947	Bushels 1947-1948	Bushels 1924-1948
Country Elevators.....	1,897,070,563	101,575,505	1,998,646,068
Platform.....	58,281,955	52,987	58,334,942
Total.....	1,955,352,518	101,628,492	2,056,981,010
Number of Elevators Operated.....		1,101	
Average Handling Per Elevator.....		92,257	

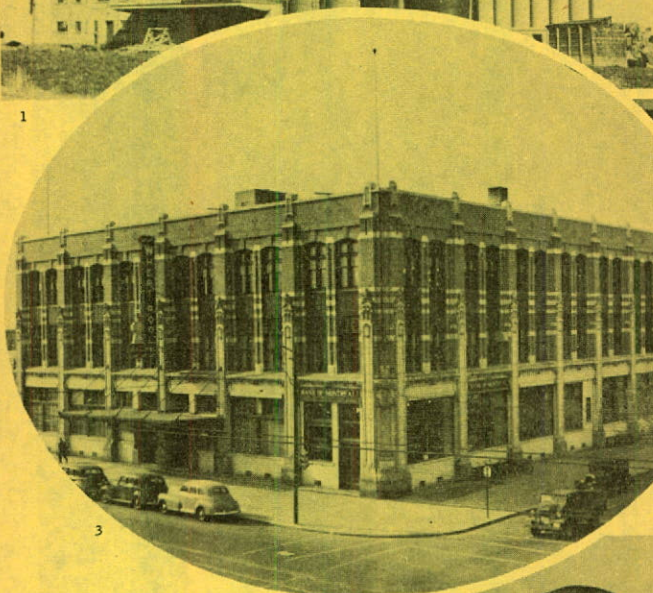
SASKATCHEWAN POOL TERMINALS LIMITED

Terminal No. 4.....	374,691,406	24,464,122	399,155,528
5.....	117,258,782	—	117,258,782
6.....	429,306,175	17,533,086	446,839,261
7.....	505,423,463	35,960,350	541,383,813
8.....	28,240,761	—	28,240,761
Total.....	1,454,920,587	77,957,558	1,532,878,145



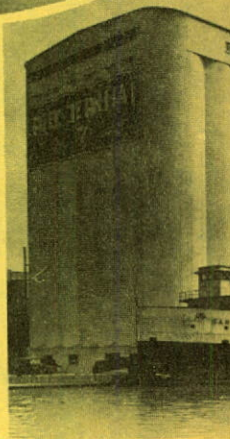


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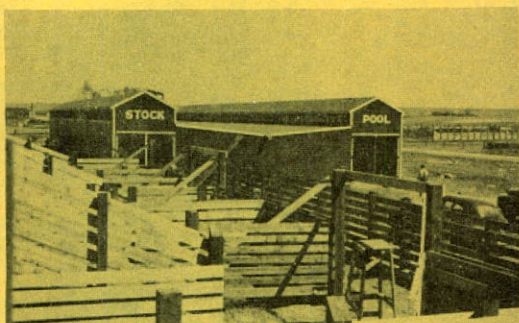


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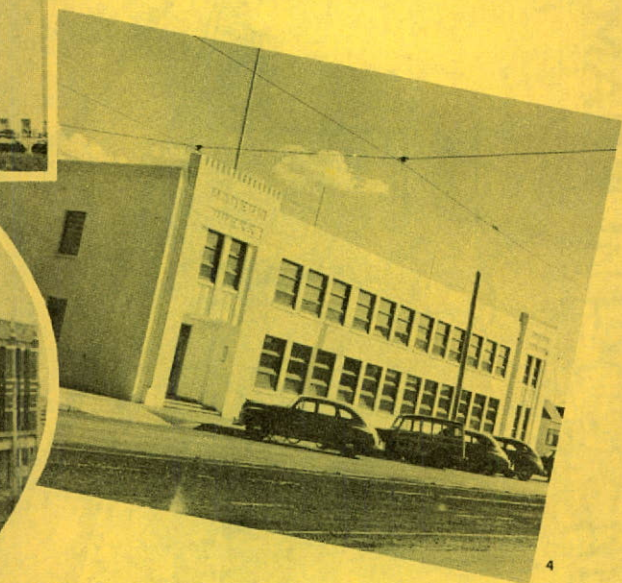
1. The new flour mill and vegetable oil plant, Saskatoon. 2. Stock yards owned by Saskatchewan Co-operative Livestock Producers Limited, Swift Current. 3. Head Office Building, Regina. 4. The new Modern Press plant at Saskatoon, home of The Western Producer. 5. Pool Terminal No. 7, largest and most up-to-date terminal the head of the lakes.



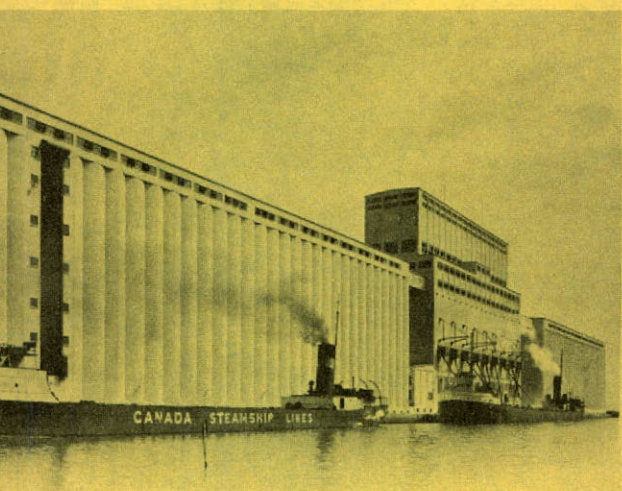
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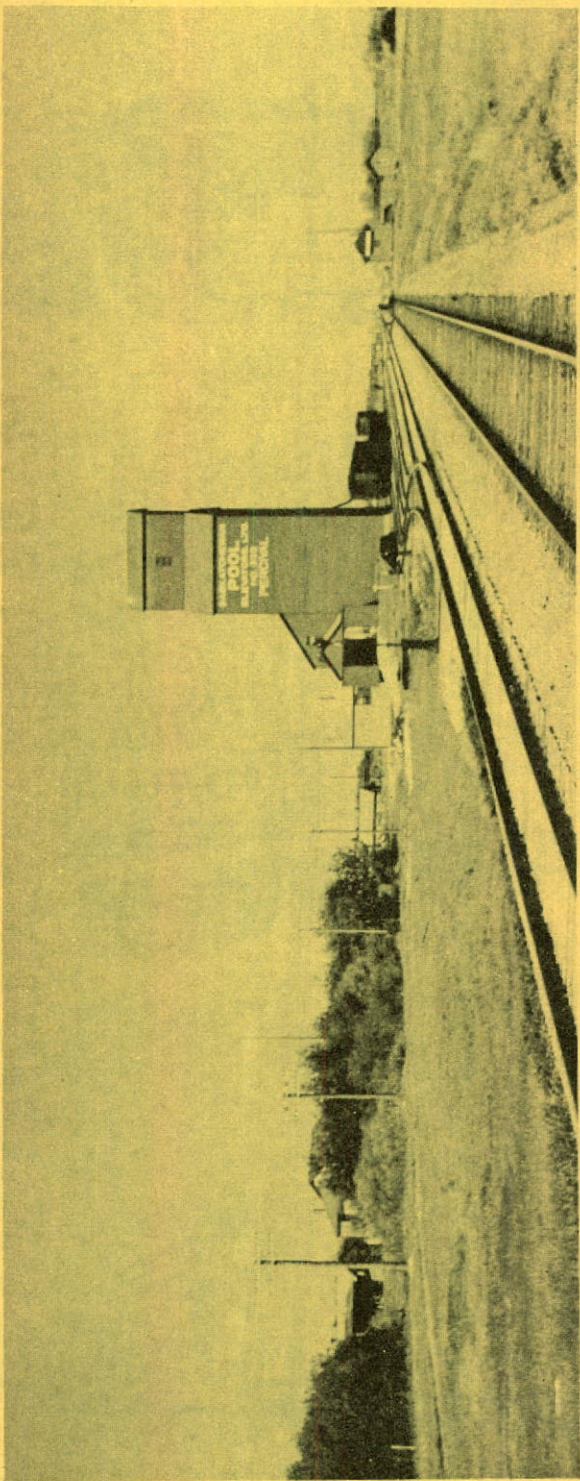


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4





WHAT **DID** HAPPEN THIS
YEAR WITH RYE, **CAN'T**
HAPPEN WITH WHEAT . . .
AS LONG AS THE WHEAT
BOARD CONTINUES AS
SOLE MARKETING
AGENCY OF THE WHEAT
CROP

Between May and October of
1948, rye prices dropped over
\$3.00 a bushel in price. This sort
of thing can only happen under
the speculative system of mar-
keting.

PREVENT
SPECULATION WITH
THE FARMER'S
GRAIN

SUPPORT
YOUR WHEAT POOL



Saskatchewan
Co-operative Producers
Limited

Head Office: REGINA

SASKATCHEWAN POOL ELEVATORS LIMITED—STATEMENT OF EARNINGS—1st AUGUST 1925 TO 31st JULY 1948

	Total 1925-1947	Sundry Adjustments	Season 1947-1948	Total 1925-1948
NET EARNINGS (After Adjusting for Dominion Income and Excess Profits Taxes).....	\$45,794,742.91	\$ —	\$ 1,397,262.20	\$47,192,005.11
DISTRIBUTION OF EARNINGS				
Excess Charges Refund:				
Paid to Growers.....	\$12,988,181.37	\$ 324.86 (C)	\$ —	\$12,988,506.23
Credits to Growers' Overpayment Accounts.....	2,559,217.44	—	—	2,559,217.44
Reserve Certificates Purchased or to be Purchased in Settlement of Credits.....	5,536,759.90	699,180.23 (A)	—	6,235,940.13
Balance of Allocation for Distribution on Deliveries for Season 1945-1946.....	1,526.12	(62.39) (C)	—	—
		(1,463.73) (B)	—	—
Allocated for Distribution on Deliveries for Season 1946-1947.....	700,000.00	(819.77) (B)	—	—
		(699,180.23) (A)	—	—
Total Excess Charges Refund	\$21,785,684.83	\$ (2,021.03)	\$ —	\$21,783,663.80
Farm Storage Paid to Growers.....	306,456.74	—	—	306,456.74
Share of Pool Expenses.....	1,643,123.03	—	133,457.10	1,776,580.13
Interest on Elevator Deductions.....	3,378,697.80	—	—	3,378,697.80
Share of Earnings to Pool re Principal Payments 1929-1930 Pool Overpayment Liability, etc.....	7,735,237.75	—	992,717.32	8,727,955.07
Interest Paid on 1929-1930 Pool Overpayment Liability.....	7,839,001.06	—	197,930.37	8,036,931.43
Reserve Account.....	3,106,541.70	2,283.50 (B)	73,157.41	3,493,377.73
		(262.47) (C)	—	—
		311,657.59 (D)	—	—
Total	\$45,794,742.91	\$ 311,657.59	\$ 1,397,262.20	\$47,503,662.70

STATEMENT No. 7—Continued

Net Earnings (as above).....	\$47,503,662.70
Depreciation Reserve as at 31st July, 1948.....	18,210,284.95
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August 1926 to 31st August 1933, in respect of the Purchase of the Assets of the Latter Company).....	2,150,331.29
TOTAL OPERATING EARNINGS—1st August 1925 to 31st July 1948.....	\$67,864,278.94

Note—Brackets Denote Figures in Red.

Sundry adjustments shown in the second column comprise the following:

- (A) Distribution of Excess Charges Refund 1946-1947 set aside for the purchase of Reserve Certificates amounting to \$699,180.23.
- (B) Balance of Excess Charges Refund, Season 1945-1946 and 1946-1947, amounting to \$2,283.50 transferred to Reserve Account.
- (C) Adjustment of Excess Charges Refund for Seasons 1942-1943 to 1945-1946, inclusive, amounting to \$324.86, of which \$262.47 was charged to Reserve Account and \$62.39 to the Balance Remaining from the 1945-1946 allocation.
- (D) Adjustment of Depreciation Reserve Accounts in order to conform with rates allowed by the Department of National Revenue.

LIBRARY RECORD FOR 1947-48

	Books Mailed	Books Returned	Requests		Postage
			Books	Catalogues	
1947					
August.....	492	545	16	4	\$ 26.92
September.....	533	527	34	11	30.74
October.....	572	570	30	18	33.04
November.....	592	570	60	25	31.48
December.....	647	658	50	51	39.61
1948					
January.....	856	792	111	87	43.89
February.....	945	824	198	129	52.44
March.....	1,136	1,060	122	89	49.16
April.....	883	808	47	20	46.76
May.....	679	686	23	7	28.23
June.....	580	601	14	5	28.97
July.....	466	486	12	7	29.46
Totals.....	8,389	8,127	717	453	\$440.70

Number of Borrowers as at 31st July 1948:

Wheat Pool Members.....	1,817
Pool Elevator Agents.....	108
Total.....	1,925

STATEMENT No. 9**WHEAT POOL COMMITTEES
1947-1948****TOTAL NUMBER OF COMMITTEES**

Sub-district	1	2	3	4	5	6	7	8	9	10	11	T'tl
District 1.....	3	4	7	10	7	7	8	11	6	8	—	71
District 2.....	5	4	5	8	3	5	9	8	12	5	—	64
District 3.....	3	4	3	4	6	3	3	5	3	7	—	41
District 4.....	3	8	9	5	5	2	4	7	3	6	—	52
District 5.....	9	2	5	8	7	3	6	10	9	5	—	64
District 6.....	9	10	7	8	9	12	11	7	7	8	—	88
District 7.....	8	5	5	5	7	8	6	5	7	4	7	67
District 8.....	8	9	10	9	8	8	6	7	5	3	3	76
District 9.....	6	7	5	8	3	9	6	7	6	6	—	63
District 10.....	6	6	4	8	14	8	4	7	4	9	—	70
District 11.....	9	11	12	5	5	7	12	7	10	9	—	87
District 12.....	10	7	9	7	6	6	7	8	11	8	—	79
District 13.....	9	12	4	10	9	7	12	7	9	11	7	97
District 14.....	5	7	7	13	4	6	8	12	7	9	6	84
District 15.....	9	8	9	8	8	5	8	5	7	8	5	80
District 16.....	7	8	9	7	5	11	5	9	7	8	10	86

1,169**STATEMENT No. 10****COMMITTEES REORGANIZED**

Sub-district	1	2	3	4	5	6	7	8	9	10	11	T'tl.
District 1.....	3	4	7	10	7	6	7	10	6	7	—	67
District 2.....	4	3	4	7	3	5	8	8	12	5	—	59
District 3.....	3	4	3	4	5	2	3	5	3	7	—	39
District 4.....	3	7	8	4	4	1	4	6	3	6	—	46
District 5.....	6	7	5	6	6	3	5	9	8	5	—	60
District 6.....	5	8	6	5	7	11	11	7	7	8	—	75
District 7.....	8	5	4	3	6	8	6	5	6	4	7	62
District 8.....	8	6	9	9	8	6	5	6	5	3	3	68
District 9.....	6	7	4	6	3	9	6	7	5	6	—	59
District 10.....	6	4	3	7	13	8	4	6	3	9	—	63
District 11.....	5	4	10	5	3	1	7	5	6	6	—	52
District 12.....	9	6	9	7	5	5	7	7	7	8	—	70
District 13.....	7	11	4	10	5	4	5	5	8	9	7	75
District 14.....	5	7	6	13	3	6	7	12	6	9	6	80
District 15.....	9	6	8	7	5	4	7	5	7	7	3	68
District 16.....	7	6	6	6	2	11	5	7	6	7	7	70

1,013

CANADIAN POOL AGENCIES LIMITED, WINNIPEG, MANITOBA

BALANCE SHEET AS AT 31st JULY 1948

ASSETS

Agency Assets.....		\$26,246.05
Cash in Agency Bank Accounts.....	\$ 7,807.64	
Accounts Receivable.....	18,438.41	
	<u>\$26,246.05</u>	

Shareholders' and Patrons' Assets.....		99,398.88
Cash.....	15,434.67	
In General Bank Accounts.....	\$15,364.67	
On Hand.....	70.00	
	<u>\$15,434.67</u>	
Accounts Receivable.....	48,177.43	
Commissions—Per Contra.....	11,140.31	
Loan Accounts—Secured.....	22,246.16	
Pool Insurance Company.....	14,143.04	
Miscellaneous.....	647.92	
	<u>\$48,177.43</u>	

LIABILITIES

Agency Liabilities.....		\$ 26,246.05
Accounts Payable.....	\$15,105.74	
Commissions Payable—Per Contra.....	11,140.31	
	<u>\$26,246.05</u>	

Shareholders' Liabilities and Reserves.....		79,398.88
Miscellaneous Accounts Payable.....	1,234.73	
Reserve for Income Tax.....	873.60	
Patronage Dividend Payable—Exhibit B.....	57,290.55	
General Reserve Against Unearned Income and Investments.....	20,000.00	
Allocated as Follows:		
Alberta Wheat Pool.....	\$ 5,568.12	
Manitoba Pool Elevators.....	3,146.82	
Saskatchewan Co-operative Producers Ltd.	11,285.06	
	<u>\$20,000.00</u>	
	<u>\$79,398.88</u>	

Investments—At Cost	35,086.78
\$35,000.00 Dominion of Canada Bonds 3½% Maturing June 1, 1966.....	\$35,086.78
(Quoted Value 31st July, 1948— \$35,831.25)	
Membership Deposits	200.00
Insurance Agents' Associations.....	\$ 200.00
Furniture and Fixtures	500.00
Cost.....	6,816.77
Less: Depreciation Reserve.....	6,316.77
	<u>\$ 500.00</u>
	<u>\$99,398.88</u>

\$125,644.93

Capital Stock	20,000.00
Authorized.....	\$20,000.00
Issued and Fully Paid (2,000 Shares of \$10.00 each).....	\$20,000.00

Signed on Behalf of the Board:
JOHN H. WESSON, *Director*
W. J. PARKER, *Director*

\$125,644.93

AUDITORS' REPORT

We have audited the Accounts of Canadian Pool Agencies Limited for the year ended 31st July 1948, and have received all the Information and Explanations we have required. Bank balances have been confirmed by certificate direct from the Company's bankers. Accounts receivable and payable have been confirmed by circularization. Dominion of Canada Bonds held for investment were produced for examination.

We certify that, in our opinion, the above Balance Sheet and related Statements are properly drawn so as to exhibit, respectively, a true and correct view of the financial position of Canadian Pool Agencies Limited as at 31st July 1948, and the results of operating for the year ended that date, according to the best of our information, the explanations given to us, and as shown by the records of the Company. All transactions coming under our notice have been within the powers and objects of the Company to the best of our information and belief.

Winnipeg, Manitoba, 4th October 1948.

MILLAR, MacDONALD & CO., *Chartered Accountants.*

EXHIBIT B**STATEMENT No. 12****CANADIAN POOL AGENCIES LIMITED
WINNIPEG, MANITOBA****SUMMARY OF SURPLUS ACCOUNT****For the Year Ended 31st July 1948**

	<i>Debit</i>	<i>Credit</i>
Surplus for the Year Ended 31st July 1948, Per Exhibit C.....		\$58,164.15
Reserve for Income Tax for Year 1947-48.....\$	873.60	
Patronage Dividend for the Year 1947-48, Exhibit A.....	57,290.55	
Alberta Wheat Pool.....	\$12,323.97	
Manitoba Pool Elevators.....	11,243.51	
Saskatchewan Pool Elevators Limited.....	25,427.71	
Saskatchewan Pool Terminals Limited.....	4,390.95	
Saskatchewan Co-operative Producers Limited.....	2,869.71	
Saskatchewan Co-operative Livestock Producers Limited.....	763.89	
Modern Press Limited.....	270.81	
	<u>\$57,290.55</u>	
	<u><u>\$58,164.15</u></u>	<u><u>\$58,164.15</u></u>

CANADIAN POOL AGENCIES LIMITED

Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURES

For the Year Ended 31st July 1948

Income:

Commissions.....	\$68,157.32
Fire.....	\$30,466.21
Bonds.....	21,114.04
Lake Marine and Outturn.....	6,474.84
Ocean Marine.....	513.03
Automobile.....	3,100.98
Accident and Sickness.....	216.02
Liability.....	372.22
Use and Occupancy.....	920.12
Robbery and Burglary.....	448.37
Forgery.....	71.25
Floater.....	296.15
Inland Transportation.....	22.87
Sprinkler Leakage.....	40.76
Steam Boiler.....	113.52
Hail.....	16.25
Plate Glass.....	16.58
Contingent.....	3,906.69
Overriding.....	150.00

68,259.90
 Less: Brokerage Paid..... 102.58

\$68,157.32

Other Income..... 2,048.86

Interest and Exchange..... 911.36
 Interest on Investments..... 1,137.50

\$ 2,048.86

Total Income for Year..... 70,206.18

Expenses..... 12,042.03

Salaries..... 8,323.75
 Directors' Fees and Expenses..... 403.77
 Rent and Light..... 828.42
 Telephone and Telegraph..... 175.37
 Printing and Stationery..... 637.46
 Postage and Excise..... 157.21
 Taxes and Licenses..... 187.90
 Travelling Expense..... 242.03
 Legal and Audit..... 448.10
 Depreciation..... 70.85
 Insurance..... 45.31
 Annuity Expense..... 216.00
 Miscellaneous..... 605.86

12,342.03

Deduct: Recovery from Interprovincial
 Pool..... 300.00

\$12,042.03

Balance—Surplus for Year Ended 31st July 1948

Carried to Exhibit B..... \$58,164.15

EXHIBIT A

STATEMENT No. 14

POOL INSURANCE COMPANY
 601 Lombard Building, Winnipeg, Manitoba

BALANCE SHEET AS AT 31st DECEMBER 1947

ASSETS

Cash in Bank.....		\$234,002.89
In Bank of Montreal—Current Account.....	\$ 65,476.79	
—Savings Account.....	168,526.10	
	<u>\$234,002.89</u>	
Accounts Receivable.....		46,495.76
Canadian Pool Agencies Limited.....	\$ 45,945.28	
Advances to Inspection Staff.....	499.54	
Miscellaneous.....	50.94	
	<u>\$ 46,495.76</u>	

LIABILITIES

Current Liabilities.....		\$243,215.70
Accounts Payable.....	\$ 71,884.06	
Fire Losses in Process.....	7,675.36	
Taxes Accrued.....	2,983.93	
Dividends Payable as per Exhibit B.....	160,672.35	
	<u>\$243,215.70</u>	
Reserve for Unearned Income.....		72,007.19
Unexpired Portion of Premium Income.....	\$ 29,407.23	
Unexpired Portion of Reinsurance Commissions.....	44,814.75	
	<u>74,221.98</u>	

Investments—at Cost	252,681.25
Par Value	
Dominion of Canada Bonds:	
Sixth Victory Loan.....3% due 1960.....	\$107,500.00
Eighth Victory Loan.....3% due 1963.....	87,500.00
Ninth Victory Loan.....3% due 1966.....	55,000.00
	<u>\$250,000.00</u>
Market Value	<u>\$261,071.87</u>
Interest Accrued Thereon	1,475.00
Automobiles	4,500.00
	<u>\$539,154.90</u>

Less: Commission Paid on Business Not Yet Taken into Income	2,214.79
	<u>72,007.19</u>
Capital Stock	185,000.00
Authorized—5,000 Shares at \$100.00.....	\$500,000.00
Subscribed—2,500 Shares at \$100.00.....	<u>\$250,000.00</u>
Paid Up Thereon.....	<u>\$185,000.00</u>
Capital Surplus	38,932.01
Premium at 12% on Capital Stock.....	\$ 30,000.00
Surplus Realized on Investments Sold.....	8,932.01
	<u>\$ 38,932.01</u>
	<u>\$539,154.90</u>

Approved on Behalf of the Board,
 JOHN H. WESSON, *Director*.
 W. J. PARKER, *Director*.

AUDITORS' CERTIFICATE

In our opinion the Balance Sheet of Pool Insurance Company as at 31st December 1947, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, the explanations given to us, and as shown by the books of the Company. All transactions coming within our notice were, in our opinion, within the powers and objects of the Company.

Winnipeg, Manitoba,
 21st February 1948.

(Signed) MILLAR, MACDONALD & CO.,
Chartered Accountants.

POOL INSURANCE COMPANY

601 Lombard Building, Winnipeg, Manitoba

SUMMARY OF SHAREHOLDERS' AND PATRONS' EQUITY ACCOUNT

For the Year Ended 31st December 1947

	Debit	Credit
Balance at Credit 31st December 1946.....		\$110,392.30
Distributed During 1947.....	\$110,392.30	
Shareholders' Dividend, Year 1946:		
Alberta Wheat Pool.....\$.55	
Manitoba Pool Elevators....	.37	
Saskatchewan Pool Elevators Limited.....	.93	
Patrons' Dividend:		
Alberta Wheat Pool.....	12,919.73	
Alberta Pool Elevators Limited.....	18,602.98	
Alberta Wheat Pool and Alberta Pool Elevators Limited.....	93.95	
Manitoba Pool Elevators....	17,623.45	
Saskatchewan Pool Elevators Limited.....	61,140.34	
Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited.....	6.00	
Saskatchewan Co-operative Producers Limited.....	4.00	
	<u>\$110,392.30</u>	
	110,392.30	110,392.30
Surplus for the Year 1947—Exhibit C.....		160,672.35
Allocated Payable as Follows:		
Shareholders' Dividend.....	1.85	
Alberta Wheat Pool.....\$.55	
Manitoba Pool Elevators....	.37	
Saskatchewan Pool Elevators Limited.....	.93	
	<u>\$ 1.85</u>	
Patrons' Dividend.....	160,670.50	
Alberta Wheat Pool.....\$	23,242.40	
Alberta Pool Elevators Limited.....	25,862.68	
Alberta Wheat Pool and Alberta Pool Elevators Limited.....	144.41	
Manitoba Pool Elevators....	22,788.23	
Saskatchewan Pool Elevators Limited.....	88,071.46	
Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited.....	6.99	
Saskatchewan Co-operative Producers Limited.....	479.80	
Saskatchewan Co-operative Livestock Producers Limited.....	74.53	
	<u>\$160,670.50</u>	
	271,064.65	271,064.65

EXHIBIT C

STATEMENT No. 16

POOL INSURANCE COMPANY

601 Lombard Building, Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st December 1947

Premiums on Business Written in 1947.....	\$436,193.66	
Less: Ceded to Other Companies.....	368,825.47	
		\$ 67,368.19
Add: Decrease in Unearned Premium Reserve		1,615.00
Premiums Earned in 1947.....		68,983.19
Deduct: Losses and Adjustment Expense.....	\$160,759.63	
Less: Reinsurance Recoveries.....	135,842.14	
		24,917.49
Net Underwriting Income.....		44,065.70
Add: Commissions on Reinsurance Placed with Other Companies (earned portion only).....		143,996.26
Special Allowance by Lloyds in Lieu of Taxes.....		6,508.68
Inspection Fees on Elevators in British Columbia.....		93.32
Miscellaneous.....		100.88
Total Income Before Commissions Paid.....		194,764.84
Deduct: Commissions Paid (on earned pre- miums only).....		1,443.54
Balance Available for Expenses and to Shareholders and Patrons.....		193,321.30
Deduct: Expenses		
Taxes, Licenses and Association Dues \$	8,227.41	
Inspection Service		
Salaries.....	\$ 10,960.00	
Board and Lodging...	2,756.53	
Transportation.....	3,740.51	
Annuities and Group Insurance.....	573.36	
Insurance.....	446.08	
Printing, Postage and Miscellaneous.....	542.54	
		19,019.02
Administration		
Salaries.....	\$ 9,644.52	
Rent and Light.....	808.09	
Directors' Fees and Expenses.....	664.63	
Travelling Expense...	224.27	
Printing, Postage and Stationery.....	188.54	
Telephone and Tele- graph.....	149.50	
Legal and Audit.....	670.70	
Annuities, Group and Unemp. Insurance..	258.06	
Miscellaneous.....	629.79	
		13,238.10
		40,484.53
Add: Interest Earned.....		152,836.77
		7,835.58
Balance—Surplus for the Year 1947		
Carried to Exhibit B.....		\$160,672.35

STATEMENT No. 17

SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS
LIMITED

COMPARATIVE STATEMENT OF HANDLINGS

Seasons 1947-1948 and 1946-1947

	Season 1947-1948	Season 1946-1947	Increase (Decrease)
Prince Albert Division:			
Cattle.....	15,669	13,465	2,204
Calves.....	2,109	1,849	260
Hogs.....	24,408	24,521	(113)
Sheep.....	4,083	4,864	(781)
Regina Division:			
Cattle.....	23,189	26,080	(2,891)
Calves.....	2,386	3,269	(883)
Hogs.....	14,873	12,259	2,614
Sheep.....	3,152	7,852	(4,700)
Saskatoon Division:			
Cattle.....	20,278	19,506	772
Calves.....	3,293	2,899	394
Hogs.....	16,429	15,556	873
Sheep.....	2,243	2,385	(142)
Moose Jaw Division:			
Cattle.....	14,503	16,979	(2,476)
Calves.....	3,146	2,874	272
Hogs.....	13,540	10,606	2,934
Sheep.....	12,886	10,206	2,680
St. Boniface Division:			
Cattle.....	32,731	33,738	(1,007)
Calves.....	16,757	17,353	(596)
Hogs.....	58,071	56,591	1,480
Sheep.....	8,876	13,448	(4,572)
Total—Divisions:			
Cattle.....	106,370	109,768	(3,398)
Calves.....	27,691	28,244	(553)
Hogs.....	127,321	119,533	7,788
Sheep.....	31,240	38,755	(7,515)
Saskatchewan Handlings at Win- nipeg (other than Saskatchewan Co-operative Livestock Producers Limited)			
Cattle.....	37,435	38,995	(1,560)
Calves.....	8,794	8,525	269
Hogs.....	34,162	25,895	8,267
Sheep.....	10,099	13,863	(3,764)
Total Handlings:			
Cattle.....	143,805	148,763	(4,958)
Calves.....	36,485	36,769	(284)
Hogs.....	161,483	145,428	16,055
Sheep.....	41,339	52,618	(11,279)

When It Comes Time

TO DELIVER YOUR
PRODUCTS

.....ASK YOURSELF

- ★ Which elevator is owned and controlled by farmers—*co-operatively*?
- ★ Which livestock marketing service operates *only* in the interests of the producer?
- ★ Who would listen to the farmer if he did not speak with a united voice through his *own* organizations?

GET BEHIND YOUR
OWN
CO-OPERATIVE POOL
ORGANIZATION



Saskatchewan
Co-operative Producers
Limited

Head Office: REGINA

EXHIBIT A

CANADIAN LIVESTOCK CO-OPERATIVE (WESTERN) LIMITED

STATEMENT No. 18

BALANCE SHEET

As at 31st July, 1948

ASSETS

Current Assets:

Cash in The Royal Bank of Canada.....\$25,723.74

Accounts Receivable—Schedule 1.....\$ 2,590.85

Less: Reserve for Doubtful Accounts.....100.00

2,490.85

Dominion of Canada Bonds—at Cost.....\$20,000.00

(Market Value \$20,150.00)

Accrued Interest Thereon.....300.00

Due from Trust Account.....

20,300.00

20,836.55

\$ 69,351.14

Trust Assets:

Sales Accounts Receivable.....\$77,845.31

Inventories:

Livestock—at Market.....\$ 154.58

Feed —At Cost.....1,117.20

1,271.78

79,117.09

LIABILITIES

Current Liabilities:

Accounts Payable.....\$ 1,061.29

Accrued Salaries.....6,446.72

Surplus Payable.....24,574.84

Provision for Income Taxes.....357.72

\$ 32,440.57

Trust Liabilities:

Bank Overdraft.....\$50,513.75

Due to Local Associations.....507.82

Producers' Livestock Pooling Fund.....2,147.71

Transit Compensation Fund.....4,025.62

Exchange on Outstanding Cheques.....1,085.64

Due to General Account.....20,836.55

79,117.09

General Reserve.....

4,949.06

Loans From Members.....

1,475.93

Members' Equity.....\$37,049.01

Memberships Issued—(24).....24.00

37,073.01

Other Assets

Winnipeg Livestock Exchange Memberships—(5).....		450.00
Office Furniture and Equipment.....	\$ 8,561.98	
Less: Reserve for Depreciation.....	4,425.40	
	<hr/>	4,136.58
Automobile.....	\$ 1,645.30	
Less: Reserve for Depreciation.....	562.13	
	<hr/>	1,083.17
Prepaid Operating Expenses.....		917.68
		<hr/>
		<u>\$155,055.66</u>

\$155,055.66

Approved on Behalf of the Board,

(Signed) L. W. ELLIOTT, *Director*.(Signed) W. F. MCGREGOR, *Director*.

This is the Balance Sheet referred to in our Report of this date attached hereto.

(Signed) MILLAR, MacDONALD & CO., *Chartered Accountants*.

Winnipeg, Manitoba.

23rd August 1948.

Canadian Co-operative Wheat Producers Limited

DIRECTORS' REPORT 1947-1948

To the Shareholders,

Canadian Co-operative Wheat Producers Limited,
Winnipeg, Manitoba.

Gentlemen:

While statesmen of the nations are still struggling painfully to lay the foundations of peace, it is our unpleasant task to record some recessions from what *The Manchester Guardian* called the "few practical expressions of the brave hopes that comforted the United Nations in war" in connection especially with the fight against hunger.

International Wheat Agreement

It is with feelings of profound regret and deep disappointment that your board records the failure of the United States Senate to ratify the International Wheat Agreement, thus preventing the Agreement from coming into effect for the crop season 1948-49.

While of the thirty-six nations which signed the Agreement some had not ratified on the date set for ratification in the Agreement, namely, 1st July, there was every indication that practically all whose ratification was delayed would ratify in accordance with Section 2 of Article 20 of the Agreement, provided the Agreement was ratified by the United States. After 1st July, however, a number of importing countries, including the United Kingdom, withdrew and Canada and Australia also withdrew.

President Truman had called a special session of the Senate for 26th July and there appeared to be an opportunity even at that late date to obtain ratification. Farmers' organizations in the United States made urgent representations for consideration of the Agreement in accordance with their support of the Agreement in the International Federation of Agricultural Producers, but without avail: the Agreement was not considered.

On 7th August, Chairman Vandenberg of the Senate Foreign Relations Committee, announced through the press that by a vote of 15-0 the Committee took steps for revival of the Agreement "because of the Committee's earnest belief that the principle of surplus marketing by international agreement is sound and because it wishes to encourage this objective." The chief reason for non-ratification at that time, the Senator said, was the withdrawal of the United Kingdom, Australia, New Zealand and some other countries. The Committee, it was later announced, would call a meeting of the Preparatory Committee of the International Wheat Council before the next session of Congress to prepare another agreement to come into effect in 1949. The United States, Canada, Australia, the United Kingdom, and other seven countries are members of the Preparatory Committee.

In our report last year we gave a summary review of the efforts continuing for over twenty years, to get an international wheat marketing agreement, the marketing by agreements of that character of agricultural commodities the production of which always tended to run into surpluses, having the recommendations of international economic conferences and the support of eminent

economists. It is unfortunate that we have now to add to that historical review the failure of another effort, and one which came near to crowning with success efforts in which farmers from almost every country in the world participated. Despite this most recent failure additional support for such agreements has come from the world of practical business; the charter of the recently formed International Trade Organization gives considerable space to the consideration of inter-governmental commodity agreements and supports such agreements on the following among other grounds:

Alleviation of serious economic disturbances due to maladjustment of supply with demand;

To moderate pronounced fluctuations in the price of a primary commodity with a view to achieving a reasonable degree of stability on a basis of prices fair to consumers and remunerative to efficient producers;

To develop natural resources and protect them from unnecessary exhaustion;

To provide for the expansion of the production of a primary commodity where this can be accomplished with advantage to consumers and producers.

While, therefore, the failure to give effect to the current draft wheat agreement is disappointing to the organized farmers of the world and the co-operating importing countries, it need not be altogether discouraging. When the great business interests of the world see in international commodity agreements instruments to facilitate production and consumption and a means of stabilizing prices and conducing thus to the welfare of both producers and consumers, there is hope that they will soon bring statesmen to see the same thing.

We now, however, must face a changed situation. "If negotiations were to be reopened next spring," *The Economist*, of London, comments, "the revised schedule of prices might well be fifty cents lower." That may be taken as an indication of what a new agreement implies.

However, Mr. Cairns, still hopeful, has remained as secretary of the Wheat Council in a voluntary capacity until 31st May 1949, and is doing his best to sustain or recreate an interest in the thirty-six signatory countries for an agreement in 1949. He is still of the opinion not only that world conditions and the commitments of governments make an agreement necessary but that it can be negotiated and made effective. Our part should be to redouble our efforts in support of Mr. Cairns with the object of concluding an agreement for the 1949-50 crop.

Food and Agriculture Organization

The World Food Council, created by the Food and Agriculture Organization at Geneva in September 1947, and which consists of eighteen national members, held its first meeting in Washington, 4th-11th November 1947. Representatives of all member governments were present. Two vice-chairmen were elected—N. E. Dodd of the United States, and Tanguy Prigent of France. Chairman of the Council is Viscount Bruce of Melbourne. Both Sir John Boyd Orr and the Chairman laid emphasis upon the supreme necessity for co-operation among the nations on a world food plan. The Council appointed seven standing committees on departments of food, agriculture, forestry and fishing.

The International Emergency Food Council was dissolved on 31st December 1947, and its control committee on 1st January 1948, became the International Emergency Food Committee of the FAO Council. Ten commodity committees operate in this committee.

On 17th-21st February 1948, seventeen FAO European national committees met in Rome with Sir John Boyd Orr in attendance. The dominant note of the meeting was the vital need of speeding up production in Europe. Greater co-operation between eastern and western Europe was also stressed, and the FAO was recommended to establish a strong regional office for Europe in Rome.

On 12th January, Mr. Noble Clark was appointed Deputy Director-General for five months, receiving leave for that time from the University of Wisconsin where he occupied the post of director of the university's agricultural experiment station. Mr. Clark has had a wide experience in connection with scientific agriculture.

The Second Session of the Council of FAO was held in Washington in April. On 14th April, Mr. Norris E. Dodd was appointed Director-General of FAO in succession to Sir John Boyd Orr, who was appointed Director-General at the first FAO conference held in Quebec in October 1945.

In the light of the present-day situation Sir John's valedictory remarks are of significance. He said, among other things:

I warned the FAO conference at Quebec that it would be a miracle if FAO succeeded but that as we live in an age of miracles we must try because there was no other hope for humanity—if FAO failed the world would drift into chaos . . . The miracle is taking place! . . . If FAO had done nothing else but warn governments and get the International Emergency Food Council started it was well worth all the money that was spent on it.

He referred to plans for the Middle East and the large number of technicians now working in under-developed and war devastated countries, "all," he said, "planning for the greatest movement that will make for peace." Sir John has retired to his farm in Scotland.

Mr. Dodd, the new Director, was Under-Secretary of State for Agriculture of the United States, and he received the appointment by acclamation. He has been with FAO since 1946 and has headed delegations from the United States to FAO conferences. Like his predecessor he has long been a practical farmer and owns and operates a 2,000 acre farm in an irrigated area of Oregon. He is a strong supporter of the FAO philosophy. Sir Herbert Broadley, Deputy Secretary, United Kingdom Ministry of Food, was appointed Deputy Director-General of FAO, replacing Mr. Noble Clark who had been appointed in January for five months.

Appraising the world food situation it was generally agreed that the world's food supplies were far below needs and the Council saw nothing in the next three years to indicate that food production would be above the pre-war average. Even at that time two-thirds of the world's population was underfed and world population was increasing from 20 to 25 million each year, and there are no new areas to bring into cultivation.

There are now fifty-seven nations members of FAO. It may be noted that of the thirty-six nations which signed the International Wheat Agreement, thirty-four are members of FAO.

The Cereals Committee of the International Emergency Food Committee met in Ottawa on 11th August to consider the distribution of bread grains and coarse grains for the period July-December 1948, and the situation with regard to the 1948-49 cereal year.

The I.F.A.P.

The second annual conference of the International Federation of Agricultural Producers was held in Paris,

France, 19th-29th May. The conference was attended by 100 delegates and 25 observers and advisers from 18 member countries, and 26 observers from 13 non-member countries. The delegates were received by the President of the French Republic.

The Canadian delegation was made up as follows: H. H. Hannam, President of the Canadian Federation of Agriculture; J. H. Wesson, President, Saskatchewan Co-operative Producers Limited; Roy Marler, President, Alberta Federation of Agriculture; Geo. N. McConnell, Vice-President, Manitoba Pool Elevators; R. W. Morrison, Vice-President, Ontario Federation of Agriculture; R. Martin, Secretary, Co-operative Federee de Quebec; T. Belzile, Secretary, l'union Catholique des Cultivateurs, Quebec. The Minister of Agriculture for New Brunswick and the Deputy Minister of Agriculture for Ontario accompanied the delegation as observers.

The conference agreed to support the operations of the European Recovery Program as they affected European agriculture; approved the organization of customs unions as outlined in the charter of the International Trade Organization; expressed strong support of the International Wheat Agreement and recommended similar agreements for other agricultural products; urged close collaboration with the Food and Agriculture Organization, and discussed a number of other matters affecting the organization and world agriculture.

Sir John Boyd Orr addressed the conference and warned the delegates against a belief that a few bumper crops would end the world food shortage let alone make possible the abundance which had been looked for when the war ended.

James Turner, United Kingdom, was re-elected president of the organization; H. D. Louwes, Holland, P. Martin, France, and H. H. Hannam, Canada, were re-elected vice-presidents.

Two tours of French farms were arranged for the delegates, one of the wheat growing and livestock areas of the north; the other of the vineyards and light crop areas of the south.

On 1st August 1948, the organization opened a European office in Paris; an office is also maintained in Washington, U.S.A.

A committee has recently been appointed on European Economic Recovery, to watch the interests of agriculture under European Recovery Program. The committee consists of one member from each country whose government is a member of the organization for European Economic Co-operation.

The 1949 I.F.A.P. conference is scheduled to be held in Canada at Ontario Agricultural College, Guelph, 29th May, for ten days. It is proposed to arrange a tour across Canada for the visiting delegates.

International Conference of Young Farmers

It may be of interest to record here the first International Conference of Young Farmers which was held in London, 15th June 1948. Twenty-five delegates from sixteen countries which included Australia, New Zealand and Canada, attended the conference and discussed questions of work and welfare on farms. Mr. James Turner, President of the I.F.A.P. addressed the conference. He described it as "a counterpart of the I.F.A.P."

Interprovincial Pool Meetings

The customary meeting of the boards of the three Wheat Pools prior to the annual meeting of the Western Agricultural Conference, was held in Winnipeg, 19th-20th January 1948. The meeting discussed the International Wheat Agreement; ways and means of meeting the persistent attacks upon the co-operative movement; the marketing of coarse grains by the Wheat Board and clarification of the legal aspect of the question; the domestic selling price of wheat; interim payments by the Wheat Board; co-operatives and the Income Tax Act. Mr. MacLeod reported on meetings in the United States of the American Farm Bureau Federation, the American Institute of Co-operation, and the National Council of Farmers' Co-operatives. Resolutions passed by this meeting were brought before the Western Agricultural Conference for preparation for inclusion in the resolutions to go to the annual meeting of the Canadian Federation of Agriculture.

The three boards met again on 26th-27th April in Regina. This meeting directed that a letter be sent to Rt. Hon. C. D. Howe urging that the price to be paid to the producer should be set as suggested by the Canadian Federation of Agriculture "at not less than the level paid by the United Kingdom under the terms of the Wheat Agreement." The meeting also agreed that each of the Pools should give suitable recognition to those employees who had been at least twenty-five years in their service. It was directed that a synopsis of the feeding tests reports of Dr. Crampton be prepared, and after approval by Dr. Crampton, be printed and distributed to Pool members. It was also agreed to continue these tests.

This meeting was attended by W. C. MacNamara, C. B. Davidson, and N. W. Leslie of the Canadian Wheat Board, who gave information relative to the current situation in the marketing of coarse grains in the United States and some phases of the International Wheat Agreement. Following the discussion with the members of the Wheat Board the meeting passed a resolution requesting amendment of the Wheat Board Act to provide that the Board shall act as the sole marketing agency for all other grains in addition to wheat, and that it be provided that the Board shall be an agency operating primarily for the benefit and in the interests of grain producers.

The third meeting of the three boards was held in Calgary 15th-16th July. The major matters discussed at this meeting were elevator tariffs, the International Wheat Agreement and the marketing of coarse grains.

In connection with the International Wheat Agreement Mr. Robertson reported that as at 6th July, of the thirty-three signatories to the Agreement representing importing countries, fifteen countries had ratified the Agreement, eleven had signified intention to ratify and seven had not ratified. Four of the importing countries which had ratified had withdrawn, and six had recommended that the Agreement be inoperative. Of the three exporting signatories, namely, Canada, Australia and the United States, Canada and Australia had ratified but the United States had not. Australia, in view of the failure of the United States to ratify, had withdrawn, and Canada had recommended that the Agreement be inoperative.

The International Wheat Council, in a thoroughly representative meeting on 6th July, Mr. Robertson said, had reappointed the Preparatory Committee to keep under consideration an agreement for 1949. It was agreed to maintain contact with farmer organizations in the United States in connection with the agreement.

With regard to the price of wheat for domestic consumption it was agreed that Rt. Hon. C. D. Howe be reminded of the request of the Canadian Federation of Agriculture and the Pools that the sale price of domestic wheat be not less than the price paid by Great Britain under the Canada-U.K. Wheat Agreement. It was agreed to urge that an adjustment be made in prices for domestic wheat retroactive to 1st August 1945, to equal the price paid by the United Kingdom during this period.

The meeting passed a request to the Board of Grain Commissioners for the installation of automatic sampling equipment in all licensed grain terminals in the Western Inspection Division where inspection certificates are issued for grain unloaded therein.

The meeting discussed at length the marketing of coarse grains, the action of the C.F.A. and the Pools on the matter, the introduction of Bill No. 135, the controversy over provincial complementary legislation and other features of the question. It was agreed that the efforts to have the board system of marketing for coarse grains be continued. It was also agreed to press for repeal of the provision in the Income Tax Act assessing co-operatives on three percent of the capital employed for minimum tax purposes.

Central Board

Your board during the year gave special attention to the progress of the negotiations in connection with the International Wheat Agreement and emphasized to the Dominion Government the necessity for protection for the Canadian producer in the matter of price as provided in the Canada-U.K. Wheat Agreement.

The board also gave close attention to the question of price and marketing of coarse grains, especially removal of the restrictions upon exports to the United States; the opening of the U.S. market to Canadian livestock was also given attention.

Two changes were made on the board during the year, A. F. Sproule, Saskatchewan, succeeding the late A. D. Young, and W. J. Blair, Alberta, succeeding G. G. Coote.

The Canadian Wheat Board became owner of the old Wheat Pool Building, Winnipeg, on 31st August 1946, and the three Wheat Pools had perforce to acquire other quarters. They purchased what was known as the Lombard Building, a block away from the old building, but owing to rental restrictions which delayed evacuation by existing tenants and the necessity for internal remodelling, the transfer of the staffs was not completed until August this year. The building has been renamed Wheat Pool Building; the old building is now the Canadian Wheat Board Building.

The Canadian Wheat Board

The report of the Canadian Wheat Board for the crop year 1946-47 was tabled in the House of Commons on 23rd March 1948. During the year reviewed the Board received from producers 335,154,160 bushels of wheat; stocks on hand at 31st July 1947, were 45,962,819 bushels. Exports during the year, including flour, were 242.8 million bushels, as against 340.1 million in the preceding year. Exports went to 75 countries.

On the 1945-49 pool the Board reported the following sales: 208,013,075 bushels at \$1.55 a bushel prior to the Canada-U.K. Wheat Agreement; 169,008,750 bushels at \$1.55 to the United Kingdom under agreement; 77,851,283 bushels at various Class II prices; 75,562,606 bushels in the domestic market at \$1.25 and \$1.55 a bushel. The total wheat acquired for the pool was 576,398,606 bushels at

a total cost of \$756,763,785.00. Proceeds of sales and inventories totalled \$929,244,667.00, leaving a gross surplus of \$172,480,882.00. After deducting all expenses and adjustments, including \$249,659.00 on the 1945 crop ten cent adjustment payment, the net surplus in the pool account as at 31st July 1947, stood at \$158,217,367.00.

Equalization fees collected in 1946-47 were as follows: Oats \$10,971,544.00 advance payments to producers \$7,227,342.00, balance of \$3,741,425.00 due to producers not paid out as at 31st July 1947, but which has presumably been paid out during the 1947-48 crop year; barley, \$6,776,842.00 advance payment to producers \$7,958,661.00 plus \$5,305,776.00 as barley adjustment payment of ten cents a bushel, which left \$6,603,613.00 to be paid by the Dominion Government to the Wheat Board.

The following changes in the administration of the Board have been made: Effective 1st July 1948, Dr. T. W. Grindley was appointed a commissioner of the Board in succession to Mr. F. L. M. Arnold who retired in April. Dr. Grindley was appointed secretary to the Board in 1938 after serving for two years as secretary of the Royal Grain Inquiry Commission (Turgeon Commission).

C. B. Davidson was appointed to succeed Dr. Grindley as secretary of the Board, effective 5th August 1948.

Western Agricultural Conference

The annual meeting of the Western Agricultural Conference was held in Winnipeg, 21st-23rd January 1948, and was attended by delegates from Manitoba Federation of Agriculture and Co-operation, Saskatchewan Federation of Agriculture, Alberta Federation of Agriculture, and United Grain Growers. For the first time since the formation of the Conference in 1935, British Columbia was unable to be represented because of conflicting meetings.

The Conference considered a constitution drafted in accordance with the instructions of the previous meeting; with some amendments the draft constitution was adopted.

The resolutions committee reported a total of sixty resolutions to come before the meeting after consolidation, and of these forty-five were dealt with and the remaining fifteen were referred to the C.F.A. annual meeting at Brockville.

The following officers were elected: President, C. E. Wood, Manitoba; Vice-presidents, Geo. Wright, Saskatchewan, R. C. Marler, Alberta, J. R. J. Stirling, British Columbia. These four constitute an executive committee of the Conference.

The Conference also elected Mrs. H. McRae, Manitoba, as its representative to the Canadian Association of Consumers.

Canadian Federation of Agriculture

The twelfth annual meeting of the Canadian Federation of Agriculture was held at Brockville, Ontario, 26th-30th January, and was attended by representatives of farmer organizations from every province in the Dominion. Rt. Hon. J. G. Gardiner addressed an open session of the meeting and spoke on the stabilization of agriculture. A strong protest was made against the importation or the manufacture of oleomargarine while the usual support of marketing legislation and stabilization measures featured the proceedings. A large number of resolutions on agricultural policy were adopted and these were subsequently embodied in the annual presentation to the government.

The secretary's report reviewed activities of the organization during 1947, including relations with the

International Federation of Agricultural Producers and the Food and Agriculture Organization. Representations were made to the government in connection with feed grain, dairy produce, and a vigorous protest was filed against an increase in freight rates. The report referred to the enlargement of the National Agricultural Advisory Committee to the Minister of Agriculture, of which Mr. Hannam, President of the C.F.A., has been chairman since its inception in 1943. The Committee now has eight representatives of the producers. The Federation also participated in the Dominion-Provincial Agricultural Conference. A number of other activities connected with agriculture engaged the attention of the Federation during the year.

A semi-annual meeting of the Federation was held at Kentville, Nova Scotia, 27th-29th July, in co-operation with the Nova Scotia Farmers' Association. There was a large attendance of directors from all provinces, and visitors from the Maritime provinces attended the public session on 28th July.

The dairy industry, cream producers' marketing scheme in Ontario, income tax problems, and other matters affecting agriculture were discussed.

It was announced at this meeting that H. H. Hannam had been appointed Canadian representative on the co-operative committee of the International Federation of Agricultural Producers.

A delegation from the C.F.A. met ten members of the Cabinet on 26th February 1948, and presented a memorandum containing recommendations based on resolutions passed by the annual meeting, together with references to features in the current economic and social affairs which affect Canadian agriculture.

The recommendations included the following:

The establishment of international commodity marketing agreements and more especially, an international wheat agreement; Dominion marketing legislation to supplement existing provincial marketing acts;

The Canadian Wheat Board to become sole marketing agency for all grains;

The Agricultural Prices Support Act to be made permanent legislation with floor prices for all agricultural products;

The stabilization of prices of feed grain, including mill feed and protein concentrates;

The establishment of a Board of Livestock Commissioners to supervise the industry;

Opening of the United States market for cattle at the earliest possible moment, token shipments to be permitted immediately;

Retention of the policy of freight assistance on feed grains;

Establishment of a domestic price for wheat at a level not less than that in the Canada-U.K. Wheat Agreement;

Extension of the scope of the Prairie Farm Rehabilitation Act "to include all activities in all provinces which can improve land and water use;"

The memorandum endorsed and included resolutions from the annual meeting of the Dairy Farmers of Canada, which included:

Prohibition of the import, manufacture and sale of margarine in Canada;

An advertising campaign by the Department of Agriculture to acquaint the general public with the value in the national economy of the dairy industry.

In connection with the income tax it was recommended:

That the government appoint a Board of Review having farmer representation to pass upon all cases where farmers had been taxed on the basis of net worth;

That the regulation requiring farmers to deduct taxes from wages of seasonal employees be abolished;

That the official assessment for income tax be made within twelve months from the date of filing;

That exemption for single persons be \$1,200 and for married persons \$2,400.

The memorandum among other things also dealt with health and medical services; building supplies; repair parts for agricultural implements; and recommended that the old age pension be increased to \$50 a month.

Marketing Coarse Grains

Ever since the establishment of the Canadian Wheat Board in 1935 the Wheat Pools have urged that the Board market coarse grains as well as wheat. In July 1936, representatives of the Wheat Pools met the Wheat Committee of the Dominion Cabinet and the recommendations they made with regard to grain policy included the following:

That the provisions of the Canadian Wheat Board Act be made applicable to oats, barley, rye and flax by the Governor-in-Council as provided for in Section 14 of the Act.

The recommendation was repeated in July 1943, after the Wheat Board was given full control of the marketing of wheat.

From that day up to the present either directly or through the Canadian Federation of Agriculture, the Pools have pressed for the inclusion of coarse grains in the operations of the Wheat Board.

At the annual meeting of the Canadian Federation of Agriculture at Brockville, 26th January 1948, the subject was fully discussed and the following resolution was passed:

That the Wheat Board Act be amended to provide that the Board shall act as the sole marketing agency for all other grains in addition to wheat;

That such legislation be based upon the principle that the Wheat Board shall be an agency operating primarily for the benefit and in the interests of grain producers;

That the purpose of such amending legislation shall be to enable the Board to stabilize grain prices—and prevent short-term fluctuations;

That it be provided, always, that the Board's domestic operating and selling policy shall carry out the spirit and intent of a general agricultural policy that shall effect a proper relation between grain and livestock prices—as determined by the Federal Department of Agriculture and the Canadian Federation of Agriculture.

This resolution was contained in the recommendations presented to the government by the Federation on 26th February.

On 27th February 1948, Rt. Hon. C. D. Howe, Minister of Trade and Commerce, introduced in the House of Commons a bill to amend the Canadian Wheat Board Act, the amendments including a section "to empower the governor-in-council, by regulation, to extend to oats and barley, the regulations now applicable to wheat." The Minister stated that there was doubt as to whether the constitutional power of the Dominion Parliament would of itself provide effective control of coarse grains and so he proposed to ask complementary legislation in the prairie provinces.

The legislature of Saskatchewan passed the complementary legislation. Manitoba and Alberta were not convinced such legislation was necessary.

Meetings were held by the Pools and by the prairie provincial Federations of Agriculture and with the Premiers of Alberta and Manitoba taking part, but without a settlement of the matter being reached.

On 18th June, representatives of the Canadian Federation of Agriculture, with the Premier and Attorney General of Alberta, Rt. Hon. C. D. Howe, Minister of Trade and Commerce, and other ministers, met for the purpose of getting a clarification of the situation with regard to the amendments to the Wheat Board Act on the marketing

of coarse grains. Mr. Howe stated that he required complementary provincial legislation before 1st August. He also requested the C.F.A. to submit to the government a formula for determining the price of coarse grains from time to time and to accept the responsibility for the prices. The reply of the Federation was that it understood it was to act in an advisory capacity only.

At the annual meeting of the Manitoba Federation of Agriculture and Co-operation on 22nd June, Premier Garson, of Manitoba, defended his attitude and the meeting passed two resolutions, one asking that the Wheat Board be the sole marketing agency for all grains, the other declaring that "Bill No. 135 fails to meet the farmers' demands for a marketing board for coarse grains" and asking for a board "to market oats and barley in the producers' interests." As prorogation of parliament was at hand nothing more was done in connection with the Act this year.

The Act to amend the Wheat Board Act was given royal assent on 24th March, but the section empowering the governor-in-council to extend the operations of the Wheat Board to coarse grains remains inoperative.

Government Policy

On 23rd March 1948, Rt. Hon. C. D. Howe announced that the Canadian Wheat Board would be instructed to support a price of \$4.00 a bushel for the top grade of flaxseed effective 1st August 1948, and that on the same date the price of \$5.00 a bushel would be discontinued. The \$4.00 price was authorized by order-in-council 31st July.

On 24th March, Mr. Howe announced an increase of 20 cents a bushel in the initial payment for wheat retroactive to 1st August 1945, and effective on 1st April. The increase raised the initial payment from \$1.35 a bushel to \$1.55, basis No. 1 Northern, head of the lakes or Vancouver.

On 8th April, Rt. Hon. J. G. Gardiner announced extension of the period for payment of freight assistance on feed grains from the prairie provinces to the east and to British Columbia from 31st July 1948, to 31st July 1949.

On 9th July, Rt. Hon. C. D. Howe announced a payment to producers of five cents a bushel on oats, and eleven cents a bushel on barley, on deliveries of those grains between 1st August and 21st October 1947, when price ceilings were removed.

On 31st July, Mr. Howe announced a drawback of 45 cents a bushel on wheat and wheat products in domestic consumption for the purpose of preventing a rise in the price of bread following the increase of the price under the Canada-U.K. Wheat Agreement from \$1.55 to \$2.00 a bushel, plus carrying charges, effective 1st August 1948. The Wheat Board increased the price of feed wheat by 46½ cents a bushel.

On 1st August the equalization fees on oats and barley were abolished. These fees were established in 1943; collections were made as export permits were issued and paid out to farmers, less operating costs.

On 2nd August the Wheat Board announced continuation of supporting prices for oats and barley, basis No. 1 Feed Oats 61½ cents a bushel; barley No. 1 Feed, 90 cents.

On 13th August Rt. Hon. J. G. Gardiner announced that, effective 16th August, export permits for oats and barley would be freely issued.

On 16th August the export controls on beef cattle, calves, beef and veal, were removed by the Dominion Government after being in effect since June 1942.

On 19th August price ceilings on bread and flour which had been removed on 15th September 1947, were reimposed by the Prices Board at prices prevailing on 31st July 1948.

Legislation

The Farm Improvements Loans Act 1944, providing government guarantees to banks on loans for farm improvements, expired 29th February 1948, and was extended for another three years.

The Agricultural Products Act 1947, authorizing the Dominion Government to enter into bulk purchasing contracts, expired in March and was extended to 31st March 1949.

The Canadian Wheat Board Act 1935 was amended to make provision for increasing the initial payment to producers. Provision was also made to give the Board control of interprovincial movements of wheat products. Power was also given the Board to market oats, oat products, barley and barley products.

The Agricultural Prices Support Act 1944 expired on 31st March and was renewed for an indefinite period.

The Income Tax Act was amended to provide that farmers and fishermen may average their income for tax purposes over a period of five years instead of three, in accordance with rules laid down in the Act.

On 19th March Hon J. J. McCann, Minister of National Revenue, announced in the House of Commons that "those farmers who report their income for 1947 on a cash basis need not complete the farmer's net worth statement section of the return." This change had been urged by the Canadian Federation of Agriculture.

Co-operatives and Income Tax

A delegation consisting of co-operative officials met the Dominion Cabinet on 20th April 1948, and submitted the following requests for amendment of the Income Tax Act:

That the income of businesses which operate in the prescribed and conventional manner of co-operatives be exempt from income tax;

That such businesses pay income tax only on reserves in excess of an amount deemed necessary by the Minister and on any surplus arising from business with non-members;

That no co-operative pay taxes on the instalment basis as at present prescribed because of the impossibility of estimating taxable income in advance of the annual meeting;

That all student co-operatives, housing co-operatives, medical and hospital co-operatives, and co-operative telephone and electric power systems be exempt from income tax;

That Dominion legislation be enacted to provide for Dominion incorporation of co-operatives which wish to operate on an inter-provincial basis.

The delegation emphasized the injustice of the provision in the present act for a minimum tax on co-operatives assessed on three percent of the capital and particularly urged repeal of that section of the act.

The delegation also asked that the National Housing Act be amended to enable co-operative housing groups to receive the advantages offered in the act to limited dividend housing corporations.

On 15th June another delegation of co-operative officials met members of the Cabinet, including the Prime Minister, and repeated the requests made on 20th April, but laid

particular stress upon the following as of immediate importance:

- 1.—Repeal of the three percent assessment on capital employed for minimum tax purposes.
- 2.—Clarification of the manner in which patronage dividends may be paid out exempt from tax.
- 3.—The need for limited tax-free contingency reserves.

The government was impressed with the case as presented by the delegation and subsequently the Finance Minister, Hon. D. C. Abbott, proposed an amendment to the act in accordance with the request for clarification of the situation with regard to tax exempt patronage dividends, an amendment which was strongly opposed in committee by private business interests.

Eventually the Income Tax Act was amended in the following manner:

To permit a new co-operative to have up to 10 percent of its membership and shareholders consist of other than individuals, that is, of groups or organizations, without impairing its privilege of exemption from income tax during the first three years of operation;

To provide that the special 15 percent tax on income paid to persons outside Canada be applied also on patronage dividends paid to non-residents where the dividends constitute income;

To enable co-operatives to retain without tax as loan from members or as payment for shares an amount of patronage dividend covered by an issue of certificates of indebtedness as authorized by provincial statute, or a by-law of the company, or on the authority of the member.

It is provided that where there is such a retention of patronage dividend the member is deemed to have received payment and must account for it in his income tax return for that year as though he had actually received it, provided of course, it would normally be taxable.

The three percent assessment on capital for minimum tax purposes remains in the act.

1947-48 Crop

February revised estimates of the Dominion Bureau of Statistics maintain the area seeded to wheat in the prairie provinces for the 1947-48 crop season at 23,357,000 acres, against 23,731,000 acres in 1946.

The February revised estimate of production of wheat in the prairie provinces for 1947-48 reduces the second estimate by over ten million bushels to 319,000,000 bushels as against the revised estimate of 393,000,000 for 1946-47.

By provinces the February revised estimate for wheat is as follows (preceding year in brackets): Manitoba 2,497,000 acres (2,522,000), production 43,000,000 bushels (58,000,000); Saskatchewan 14,226,000 acres (14,226,000), production 173,000,000 bushels (208,000,000); Alberta 6,634,000 (6,983,000), production 103,000,000 bushels (127,000,000).

The area seeded to oats in the prairie provinces decreased from 8,522,000 in 1946 to 7,898,000 in 1947 and production correspondingly fell from 247,000,000 bushels to 194,000,000. Barley acreage increased from 5,797,000 acres to 7,035,000, but production declined from 134,000,000 bushels to 131,000,000. The acreage under rye increased from 641,000 to 1,072,000 and production from 7,278,000 to 11,630,000 bushels. Flaxseed also showed an increase from 821,000 acres to 1,513,000 and production an increase from 6,208,000 to 11,550,000 bushels.

The overall production of wheat in Canada in 1947 was 397,695,000 bushels as against 340,758,000 bushels in 1946.

Exports

Exports of Canadian wheat during 1947-48 amounted to 136,897,000 bushels, a decrease of 23,439,000 from the 160,336,000 bushels exported in 1946, according to figures released by the Dominion Bureau of Statistics.

The United Kingdom took 123,974,000 bushels. Wheat flour exports were also lower being 13,906,000 barrels as compared with 17,660,000 in 1946-47. The United Kingdom took 8,553,000 barrels.

Freight Assistance

The Bureau of Statistics reports that shipments of wheat into feed deficient areas of eastern Canada and British Columbia during the crop year 1947-48 reached a total of 20,915,974 bushels as against 25,470,406 bushels in the previous year. Of this total 17,370,289 (19,757,961) went east and 3,545,685 (4,111,243) bushels were shipped to British Columbia. Freight assistance was also paid on 701,035 tons of mill feeds as against 871,756 tons in the 1946-47 crop year.

Carryover

The Dominion Bureau of Statistics reported a carryover of wheat in all positions, including grain carried in the United States, of 75,993,435 bushels as at 31st July 1948, as against 87,366,657 bushels a year ago, a reduction of 11,373,222 bushels.

Carryover of coarse grains was as follows (1947 carry-over in brackets): Oats 47,217,971 bushels (69,650,055); barley 31,068,010 bushels (29,112,331); rye 727,460 bushels (758,172); flaxseed 3,296,343 bushels (799,929).

Stocks on farms in the three prairie provinces are estimated as follows: Wheat 38,000,000 bushels (24,487,000); oats 32,000,000 bushels (39,812,000); barley 17,000,000 (15,453,000); rye 275,000 bushels (212,000); flaxseed 295,000 bushels (436,000).

Stocks of wheat in the four principal exporting countries at 1st July 1948, were estimated by the U.S. Department of Agriculture at 535 million bushels as against 385 million in 1947, 387 million in 1946 and 1,164 million in 1944.

1948-49 Crop

The second estimate (14th September 1948) of the 1948-49 wheat crop in the prairie provinces by the Dominion Bureau of Statistics gives a seeded area of 23,045,000 acres as against 23,357,000 acres in the preceding year. Production is estimated at 358,000,000 bushels as against 319,000,000 for 1947. By provinces the estimate is as follows (previous year in brackets): Manitoba 2,397,000 acres (2,497,000), production 57,000,000 bushels (43,000,000); Saskatchewan 14,389,000 acres (14,226,000), production 184,000,000 bushels (173,000,000); Alberta 6,259,000 acres (6,634,000), production 117,000,000 bushels (103,000,000).

The area seeded to oats in the prairie provinces shows an increase from 7,535,000 acres to 7,898,000 and production increased from 194,000,000 bushels to 225,000,000. Barley acreage shows a decline from 7,035,000 to 6,082,000, but production shows an increase from 131,000,000 bushels to 144,000,000. Rye acreage increased from 1,072,000 to 1,965,000 and production increased from 11,630,000 bushels to 23,600,000. Flaxseed acreage shows an increase from 1,513,000 to 1,868,000 and production an increase from 11,550,000 bushels to 17,000,000.

Handling Charges

For the crop year beginning 1st August 1948, the Board of Grain Commissioners announced the following

maximum elevator charges: Wheat, barley, rye and corn increased from 1 7/8 cents per bushel to 2 1/2 cents; oats from 1 3/8 cents to 1 7/8 cents a bushel; flaxseed from 3 1/2 cents to 4 1/2 cents a bushel.

Storage charges in all elevators increased from 1/30 cent per bushel to 1/25 cent.

These increased charges were set to meet the heavy increase in the cost of operating elevators and handling grain.

The Board on 26th April authorized an increase of maximum freight rates on the Great Lakes and the St. Lawrence River ranging from 1/2 cent to 3/4 cent a bushel.

On 1st October the Board announced a further increase in the maximum rates on grain shipped from Port Arthur to Georgian Bay ports, Goderich, Sarnia and Walkerville of one-half cent on wheat, rye, barley and oats, making the rates 4 1/2 cents on wheat and rye, 4 1/4 cents on barley and 4 cents on oats.

Cash Income

The Dominion Bureau of Statistics estimates the cash income from the sale of farm products in the Dominion in 1947 at \$1,990,619,000.00, which compares with \$1,752,682,000.00 in 1946. Supplementary payments under the Wheat Acreage Reduction Act, the Prairie Farm Assistance Act and the Prairie Farm Income Act totalled \$11,576,000.00 against \$16,950,000.00 in 1946. Net farm income including the supplementary payments amounted to \$1,259,711,000.00 in 1947, as compared with \$1,160,755,000.00 in the previous year, an increase of eight percent. The provinces of Nova Scotia and British Columbia showed a slight decline in 1947; the other seven provinces were well on the prosperous side.

For the prairie provinces the Bureau reports the following cash income including supplementary payments (previous year in brackets): Manitoba \$185,899,000.00 (\$170,854,000.00); Saskatchewan \$443,942,000.00 (\$411,643,000.00); Alberta \$347,212,000.00 (\$289,488,000.00). Supplementary payments were as follows: Manitoba \$6,000.00 (\$31,000.00); Saskatchewan \$9,838,000.00 (\$12,461,000.00); Alberta \$1,732,000.00 (\$4,458,000.00).

From 1939 to 1947 the amount paid to prairie farmers as supplementary payments under the above mentioned three acts is approximately \$177,000,000.00.

Cash income of the farmers of the prairie provinces for the first six months of 1948 was as follows (corresponding period, revised, in brackets): Manitoba \$73,115,000.00 (\$54,675,000.00); Saskatchewan \$179,275,000.00 (\$123,800,000.00); Alberta \$166,044,000.00 (\$122,268,000.00). These figures include the following supplementary payments: Manitoba \$477,000.00 (\$6,000.00); Saskatchewan \$11,986,000.00 (\$8,432,000.00); Alberta \$2,897,000.00 (\$1,484,000.00).

The increase of 1948 over 1947 for this period is largely attributable to the following substantial payments by the Wheat Board: Wheat adjusting and participation payments \$125,025,000.00; adjusting payments on flaxseed \$4,684,000.00; final equalization payments on oats \$3,762,000.00.

Subsidies

Preliminary estimates show a total of \$57,360,000.00 paid out by the Dominion Government in 1947 in subsidies on nineteen items connected with agriculture, mainly for the purpose of maintaining consumer price ceilings, which compares with \$76,220,715.00 paid out in 1946 on the same commodities and services. Distribution in the prairie

provinces was as follows: Manitoba, eight items \$1,355,000.00 (\$3,282,607.00); Saskatchewan, eight items \$2,143,000.00 (\$4,049,596.00); Alberta, nine items, \$3,415,000.00 (\$4,955,446.00); undistributed \$190,000.00; total \$7,103,000.00 (\$11,287,649.00). Payments in the prairie provinces were on butterfat, milk for cheddar cheese, hog premiums, feed wheat drawback, feed oats, feed barley, concentrated milk (Alberta), wool (Saskatchewan).

Farm Prices and Costs

The index number of the Dominion Bureau of Statistics of prices received for farm products for the year 1947 (base 1935-39=100) was 203.4 as the average for all Canada, as against the revised average of 192.3 for 1946. For the prairie provinces the figures are (previous year in brackets): Manitoba 206.4 (191.9); Saskatchewan 198.4 (190.6); Alberta 207.4 (196.8). At 31st July 1948, the figures were: Manitoba 247.1 (205.4); Saskatchewan 222.9 (198.1); Alberta 242.8 (208.1); all Canada 250.8 (203.2).

As at 30th April 1948, the composite index for commodities and services used by farmers in western Canada, on the same basis, was 179.8 (155.7), both figures subject to revision; the index figures for farm family living costs at the same date was 164.0 (136.4).

The Canadian Federation of Agriculture pointed out that the basis for these indexes is the 1935-39 period and that "was a period in which farm prices were still largely on a depression period basis and the index therefore is a distorted one and does not present a proper comparative figure." The Federation suggested to the Bureau a 1926 basis for the computation; the Bureau agreed to study the matter and later reported that it was not possible to get an accurate record of farm prices as far back as 1926. These indexes therefore remain on the 1935-39 basis and are the only comparative data we possess.

P.F.A.A. Levy

Collections under the Prairie Farm Assistance Act during the crop year 1947-48 totalled \$5,116,318.20. From each province the collections were: Manitoba \$764,744.37; Saskatchewan \$2,727,187.90; Alberta \$1,624,237.42. Amounts collected since inception of the fund as at 31st July 1948, were: Manitoba \$5,229,853.30; Saskatchewan \$18,323,160.37; Alberta \$9,473,973.04; unallocated \$2,815.40; total \$33,029,802.11.

Amounts paid out during the year in each province were: Manitoba \$481,379.50; Saskatchewan \$13,322,919.00; Alberta \$3,211,726.00; total \$17,016,024.50. Amounts paid out since inception of the fund as at 24th July 1948, were: Manitoba \$2,254,917.77; Saskatchewan \$68,274,859.82; Alberta \$19,886,357.87; total \$90,416,135.46.

Co-operative Business

Co-operative business in Canada during the year 1947 is recorded by the Dominion Bureau of Statistics as follows (previous year in brackets): Number of associations 2,095 (1,953); shareholders or members 982,990 (926,863); sales of products \$578,638,214.00 (\$454,564,927.00); sales of merchandise \$127,001,488.00 (\$95,603,311.00); other income \$6,943,544.00 (\$4,161,414.00); total \$712,583,246.00 (\$554,329,652.00). Broken down into eastern, western and interprovincial groupings the figures are:

Number of associations: Western provinces 924 (907); eastern provinces 1,165 (1,040); interprovincial 6 (6).

Shareholders or members: Western provinces 780,231 (728,175); eastern provinces 163,193 (161,246); inter-provincial 39,566 (37,442).

Sales of products: Western provinces \$377,880,507.00 (\$302,374,728.00); eastern provinces \$156,519,669.00 (\$117,306,197.00); interprovincial \$44,238,038.00 (\$34,884,002.00).

Sales of merchandise: Western provinces \$50,292,887.00 (\$43,117,684.00); eastern provinces \$74,000,755.00 (\$50,136,387.00); interprovincial \$2,707,846.00 (\$2,349,240.00).

Other income: Western provinces \$3,466,241.00 (\$2,374,594.00); eastern provinces \$3,257,950.00; (\$1,767,463.00); interprovincial \$213,353.00 (\$19,357.00).

Of the total sales of products, grain and seed through ninety-six associations accounted for \$283,262,461.00; livestock through 325 associations accounts for \$91,593,252.00, and dairying through 645 associations had sales of \$83,233,972.00, a total for these three types of co-operatives of \$458,099,685.00 or 79 percent of all sales of produce.

Taking the number of occupied farms as shown in the 1946 census of the prairie provinces and the 1941 census for the rest of Canada (the latest figures available) the co-operative business per occupied farm in each province, exclusive of interprovincial business, was as follows in the order of magnitude: British Columbia \$1,767.00; Saskatchewan \$1,552.00; Alberta \$1,425.00; Manitoba \$1,014.00; Ontario \$719.00; Nova Scotia \$566.00; Quebec \$489.00; Prince Edward Island \$283.00; New Brunswick \$244.00.

Except that Nova Scotia took precedence of Quebec, the order is the same as last year. The average for all Canada, including the interprovincial business, was \$972.00.

Freight Rates

Despite vigorous protests from the four western provinces and the three maritime provinces, the Canadian Federation of Agriculture and other organizations, the request of the railways for a 30 percent increase in freight rates was met by the Board of Transport Commissioners with the concession of an increase of 21 percent on 30th March 1948, effective within three days. The increase did not apply to grain or grain products for domestic consumption moving from the prairie provinces to the head of the lakes or to Vancouver.

The protests were renewed and the seven provinces asked the Dominion Government to hold up the increase and appoint a royal commission to inquire into the question of freight rates. In reply the government stated that it was advised by the Department of Justice that the government could not give power to a royal commission to deal with freight rates as the Board of Transport Commissioners had full power in that respect under the Railway Act. It would therefore be necessary for parliament to act in the matter. Premier Garson, however, has pointed out that such royal commissions were appointed in 1918 and 1931.

In the meantime in the face of a threatened strike the railways conceded a general increase in wages of seventeen cents an hour, estimated to increase their expenditures by \$76,800,000.00 a year. Following this increase the railways on 28th July applied to the Board of Transport Commissioners for another increase in freight rates of 20 percent—15 percent immediately on competitive lines, the remaining five percent after consideration by the Board. The effect of this increase would be to raise freight rates

45 percent above the rates as at 30th March. The 15 percent increase went into effect on 15th September.

Opposition to this additional increase was added to the demand that reconsideration be given to the 21 percent increase granted in March.

On 11th September it was announced that the government would hear the appeal of the seven provinces and later set the date for the hearing at 27th-28th September. On 21st September the Board of Transport Commissioners announced that it would not hear the application of the railways for the additional 20 percent increase in rates until 11th January 1949. In the meantime the railways have applied the 15 percent increase to over four hundred commodities in westbound freight. The seven provinces are continuing the fight against these freight rate increases on the ground that the railways do not need them.

Prairie Farm Indebtedness Substantially Reduced

Total number of farm operators in the prairie provinces reporting mortgages or agreements for sale debts on buildings and land at the 1946 prairie census was 67,100 as compared with 115,906 in 1941, a decrease of 42 percent according to information issued by the Dominion Bureau of Statistics. Amount of mortgage debt on buildings and land owned by farmers fell 54 percent, while agreements for sale debt was reduced by nearly 35 percent.

The total amount of mortgage debt on buildings and land owned by farm operators in the prairie provinces decreased from \$173,102,300.00 in 1941 to \$80,444,000.00 in 1946, a reduction of 53.5 percent. Saskatchewan showed both the greatest absolute reduction (\$56,124,700.00), and the greatest percentage reduction (60.1 percent) between 1941 and 1946 in mortgage debt on farms. This compares with a reduction of \$24,368,300.00 (50.8 percent) in Alberta and \$12,165,300.00 (38.2 percent) in Manitoba.

Agreements for sale debt on buildings and land owned by farm operators in the three provinces was reduced from \$123,494,800.00, in 1941 to \$80,043,500.00 in 1946, a reduction of 34.9 percent. Saskatchewan reported a reduction of \$22,049,200.00 (35.0 percent) in this type of debt, Alberta a reduction of \$17,706,000.00 (37.1 percent) and Manitoba a reduction of \$3,696,100.00 (29.0 percent).

Scholarships

The scholarship fund of the Agricultural Institute of Canada, to which each of the three provincial Pools made a contribution, has reached its minimum objective of \$50,000.00, it has been announced by Dr. J. F. Booth, Chairman of the Institute.

Up to 20th July this year fifteen scholarships valued at \$800.00 each were awarded for advanced training in agriculture, of which five were in British Columbia, one in Alberta, three in Saskatchewan, three in Manitoba, two in Ontario and one in Quebec. A special scholarship for research in pasture and grass land was arranged with Canada Packers Limited. Altogether fifty-five scholarships have been awarded during the last three years and more scholarships will be awarded next year.

United States

The U.S. Department of Agriculture reports for 1947-48 a wheat crop of 1,285 million bushels as against last year's record crop of 1,365 million, 36 percent above the ten-year average of 943 million bushels. Spring wheat is

estimated at 303,580,000 bushels and winter wheat at 981,415,000 bushels. The year-end carryover was 195 million bushels as against 84 million last year.

Wheat disappearance in the United States in 1947-48 was the third largest on record, being 1,254 million bushels, of which 769 million was domestically utilised and 485 million bushels exported.

All feed crops in the United States are around record production and fears are being expressed of a substantial decline in price and farmers are being advised to buy feed grains on a hand to mouth basis.

The U.S. Stabilization Act of 1942 which provided for support prices for wheat and other products at 90 percent of the parity price (1909-14 base) expires at the end of this year and is being replaced by an act passed in June which continues the present price support to 30th June 1950, and after that on a revised parity basis, and adds milk, hogs, poultry, eggs and Irish potatoes to the list of supported commodities.

Price support programs for the 1948 crop have been announced and include \$2.00 a bushel for wheat as against \$1.83 for 1947.

The charter of the Commodity Credit Corporation expired on 1st July 1948, and was renewed for an indefinite period. The Corporation issues the loans under the price support program.

The U.S. Department of Agriculture recommends 71,500,000 acres under wheat for the 1948-49 crop, about eight percent less than the 1948 acreage.

Statistics issued by the Farm Credit Administration give the following information on farmer co-operatives for 1947 (previous year in brackets): Number of associations 10,125 (10,150); membership 5,436,000 (5,010,000); annual business 7,116,000,000.00 (6,070,000,000.00).

Argentina

Wheat production in Argentina in the crop season 1947-48 is officially announced as 244,843,000 bushels as against 206,314,000 for 1946. The seeded acreage is given as 13,496,000, of which 11,656,000 acres were harvested.

Existing trade agreements, it is reported, provide assured markets for 3,322,000 metric tons (1,335.4 million pounds) of agricultural commodities, mostly grains and meat.

An agreement concluded with Great Britain in February calls for 1,407,000 metric tons of grains, oil cakes, broken wheat, tallow, linseed oil and lard, and 420,000 tons of meats, to a total value of 403 million dollars. In addition Britain agrees to make a special cash payment of 40.3 million dollars to compensate Argentina for higher costs of production of commodities already sold to Great Britain. The agreement is complicated by a transaction in which Argentina takes over the assets of British owned railways.

The government of Argentina is setting aside 128,440,000 acres of state land to be colonized at a total cost of \$3,375,000.00. It is expected that 5,928,000 acres will come under the plan in 1948.

The Economic Survey, a marketing publication, estimates the current cost of producing wheat, including all costs of delivery at seaboard but with no allowance for depreciation or interest on capital, at \$1.04 a bushel, as against 53 cents in 1938-39. The current fixed price to the farmer is \$1.62 a bushel, which gives him an estimated profit of 59 cents a bushel. The price for the 1948-49 wheat

crop has not been announced but the President of the National Economic Council has stated that it will not be less than \$1.62.

Taking note of world-wide comments of exorbitant prices charged by Argentina for wheat, President Peron has issued a disclaimer. The government, he says, pays \$1.62 a bushel to the farmers for all their wheat; it sells one-half of the production to millers at 72 cents a bushel for the purpose of keeping bread at about five or six cents a pound. The exportable wheat is sold at \$4.86 a bushel and cash is received for only about one-half of it, the rest being either barter or unpaid because the importer cannot pay. He gives the actual gain by the government as \$208 million which, he says, is not exorbitant in view of the total crop and the fact that they have had to pay four times pre-war prices for agricultural machinery.

Australia

The Australian Bureau of Statistics reports a record wheat crop of 228,390,000 bushels for 1947-48 from 14,600,000 acres, as against 117,262,000 bushels in 1946-47, from 13,172,000 acres.

Seeding for the 1948-49 crop is estimated at between 12,600,000 and 13,200,000 acres which should mean a crop of about 155 million bushels.

The commission appointed by the Australian Government to inquire into the cost of producing wheat has reported a cost of approximately 96 cents a bushel including interest charges on borrowed money and interest on the farmer's capital investment. The labor of the farmer was charged at \$20.96 a week. Allowance was also made in the computation for income from side lines.

It may be noted that the commission discovered only one farmer whose sole product was wheat.

The organized wheat growers of Australia are taking to the Judicial Committee of the Privy Council an appeal against the judgments of two Australian courts in a case involving the right of the Commonwealth Government to take wheat from the 1945-46 crop into a pool not established until 1946. The government took in the wheat at approximately 83.3 cents a bushel; the shippers claimed they were entitled to the full export price at the time, namely, \$1.53.

The low court decided in favor of the government, the high court split 3-3 but gave judgment for the government by combining the two judgments making it 4-3 for the government. The producers claim that the case involves approximately \$100,000,000.00 and that is worth an appeal to the foot of the throne.

Early in August, Australian papers reported the following payments on the 1946-47 crop (Pool No. 10) and the 1947-48 crop (Pool No. 11); On the former a payment of 7.39 cents a bushel making a total payment for the pool of \$1.24 a bushel. A deduction of 14.10 cents a bushel for wheat tax in this pool is to be refunded later. This Pool contained 98,500,000 bushels of wheat of which 40,000,000 bushels were exported. The gross return was \$1.50 a bushel with 12 cents a bushel expenses.

On the No. 11 pool an advance of 32½ cents bringing payments on this pool up to \$1.37 a bushel on bulk wheat and \$1.45 a bushel on bagged wheat, was made. Further payments are to be made on this pool.

Because of the indefinite suspension of the International Wheat Agreement a wheat stabilization and marketing plan has been submitted to state governments and growers

by the Australian Government. The Commonwealth proposals are:

- (1) a guaranteed price of \$1.07½ a bushel f.o.r. ports for bulk wheat.
- (2) the guaranteed price to vary according to an index of production costs for each season.
- (3) the guarantee to apply to the wheat crop marketed through approved organizations for the period up to the end of the 1952-53 season.
- (4) the Commonwealth to guarantee the price on exports of up to 100 million bushels in any one season; the States to guarantee the price on home consumption, which would be approximately 60 million bushels annually.
- (5) a stabilization fund to be established by means of a tax on wheat exported to meet the guarantee in years of low prices.
- (6) the tax to apply when the export price is higher than the guaranteed price, and to be 50 percent of the difference between the two, but not to exceed 35 cents a bushel.
- (7) the tax to apply to the 1947-48 and later wheat crops.
- (8) no refund of tax from the fund to be made (except for the 1945-46 and 1946-47 amount already approved), except after consideration at some future date.

The State ministers agreed to recommend to their governments the passage of legislation:

- (1) to ensure the fixing of home consumption price.
- (2) to authorize an approved organization to receive wheat.
- (3) to empower direction of wheat to the Australian Wheat Board through the approved organization.
- (4) to regulate wheat growing in marginal areas.

It has been agreed between governments and producers that a central marketing authority was necessary and that it be the Australian Wheat Board. Within each state a board shall be set up to receive the wheat, composed of a majority of producers elected by ballot. Each state board will nominate representatives to the central board.

Where a state government does not desire to create a state board the Australian Wheat Board will function and grower representatives to the Wheat Board will be elected by ballot of growers conducted by the state government.

Considerable objection to the International Wheat Agreement developed in the farmers' organizations in Australia. The maximum and minimum prices, it was contended, were too low, that the Australian wheat grower stood to lose some millions of dollars on the prices set in the agreement, that the period of five years was too short, that the agreement contained no enforceable penalty for violation of its terms, that it would lead to bureaucratic control and eventually to nationalization of agricultural production.

The following appeared in *The Land* of New South Wales, in the issue of 23rd July, 1948:

When President Truman's move (to call a special meeting of the Senate) was mentioned at a meeting of the executive committee of the Farmers' and Settlers' Association in Sydney this week it was decided, on the motion of Mr. H. S. Henley, M.L.C., to send a cable to the U.S. Senate authorities protesting against adoption of the international agreement.

Another result of the suspension of the International Wheat Agreement is that Australia can complete her contracts to supply the United Kingdom with 80 million bushels of wheat at \$2.72 a bushel and India with 25 million bushels at \$2.96 a bushel instead of having to reduce these prices in accordance with the agreement to \$1.92 a bushel. It has been reported that Australian prices to non-contract countries has been reduced by 40 cents a bushel to \$2.90½.

A national referendum held in May on amendments to the constitution designed to give the Commonwealth Government permanent power to control rents and prices was defeated in all states; approximately 60 percent of the

votes were against the amendments. The Commonwealth Government immediately announced the intention to abolish controls of rent, prices and land values, to end meat and clothing rationing, and withdraw certain subsidies amounting to \$73,255,000.00. Subsidies amounting to \$56,350,000.00 are being retained on certain commodities. The state governments have been invited by the federal government to take over some of the abandoned controls.

The legislature of Queensland has enacted legislation providing for the incorporation of the Queensland-British Food Corporation, a subsidiary of the Overseas Food Corporation established in the United Kingdom last year with a capital of \$221,650,000.00 for the purpose of growing food outside the United Kingdom. The Queensland subsidiary has a capital of eight million dollars, of which \$6,440,000.00 will be furnished by the corporation and the remainder by the Queensland Government. The corporation plans to cultivate 300,000 acres for the growing of coarse grains and other animal feeding stuffs. About four hundred farm workers are to be sent out from Great Britain to work on this enterprise.

United Kingdom

The area sown to wheat in the United Kingdom in 1947 was 2,075,000 acres as against 1,982,000 acres in 1946. Production is estimated at approximately sixty million bushels, about eleven million less than 1946. For the 1948-49 crop a target of 2.5 million acres was set but owing to adverse weather conditions the actual figure is reported as 2,188,000 acres. The acreage for all grain is reported as 6,725,000, an increase of 284,000 over the 1947 estimate.

In a recent statement the Chancellor of the Exchequer estimated the following subsidies paid by the government in connection with food (in approximate Canadian funds): Imported foods 758 million dollars; feeding stuffs 264 million dollars; home grown foods 772.1 million dollars; acreage payments 70.5 million dollars; fertilizer subsidy 33.4 million dollars; total 1,899.7 million dollars.

In addition there are about a dozen other subsidies paid to agriculture to a total of \$95,789.00. It is estimated that the total amount paid out in subsidies of one kind or another during 1948 will exceed two billion dollars.

British Agricultural Policy

The British Agriculture Act passed in August 1947 states that the purpose of the act is to promote and maintain "by the provision of guaranteed prices and assured markets" for cattle, sheep, pigs, milk, eggs, wheat, barley, oats, rye, potatoes and sugar beet, "a stable and efficient agricultural industry capable of producing such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry."

In working out this policy the government maintains consultative relations with the National Farmers' Union.

As an indication of the trend of opinion in Britain toward agriculture the following announcement of the Conservative Party may be of interest:

We intend to sponsor a fully productive agriculture and will give the British farmer real confidence in the future by guaranteeing prices and markets for all the food he can produce in accordance with the rules of good husbandry, up to our overall target.

The overall target is 150 percent of 1939 production.

British Cereal Prices

British fixed cereal prices from 1st August 1948, to 30th June 1949, have been set as follows:

Millable wheat ranging from \$2.35 a bushel August and September, to \$2.60 a bushel in June 1949, an estimated average of approximately \$2.48 a bushel; non-millable wheat varying during the season from \$2.08 to \$2.33 a bushel.

Millable oats range from \$1.21 a bushel in August to \$1.31 a bushel in June 1949; feed oats range from \$1.20 a bushel to \$1.29 in the same period.

Barley for malting or human consumption is given a maximum price of \$2.60 a bushel; feed barley is fixed at \$1.25 a bushel.

Millable rye is fixed at \$2.31 a bushel; non-millable rye at a maximum of \$2.31.

Wheat and rye have also acreage bonuses of \$12.09 on a maximum of ten acres. The bonus on home-grown linseed has been increased approximately \$40 a ton bringing the standard price to \$221.65 a ton.

In 1946 the British Government appointed a special committee of five members, the chairman of which was Lord Lucas, to inquire into and report upon the working of the Agricultural Marketing Acts and make recommendations in connection with the marketing of agricultural products.

The British Marketing Act is somewhat similar to our Natural Products Marketing Act and provides for the setting up of producer controlled marketing boards upon a majority vote of producers of a commodity.

The Lucas Commission recommended in place of this system, the appointment of independent commodity commissions, one for each commodity or group of related products, the commission to take control of the product at the point where the government guaranteed price takes effect and to exercise full proprietary rights from there to the consumer; each commission to be financed from public funds. It is also recommended that for each commission an advisory committee be appointed consisting of representatives of producers, processors, wholesalers, retailers and any other interested group, and livestock and meat advisory committees should include veterinarians.

The members of the commissions, it is recommended, should be appointed jointly by the Minister of Agriculture and the Minister of Food, and these ministers would propose the necessary powers for each commission.

These commodity commissions, the report says, "will have a closer affinity to public utility corporations than to the pre-war marketing commissions" set up under the Marketing Acts.

The food situation in the United Kingdom continues very grim and the opinion of the authorities half way through 1948 is that there is no sign of ease even with the help of the Marshall plan. The national consumption per head of dairy products and grains has increased but the consumption of meat, eggs, oils and fats, sugar and vegetables is somewhat lower.

During the last twelve months trade agreements have been made with every country in the Commonwealth and British colonies, with thirteen European countries and five extra European countries including the U.S.S.R. These trade agreements as a rule provide for British exports of coal, steel, chemicals, textiles, etc., and imports of essential foods, feed and basic raw materials.

A special seven-year contract with New Zealand up to 31st July 1955, calls for New Zealand's exportable surplus of dairy produce, less quantities for destination other than Britain to be agreed upon each year. Maximum price

variation is to be agreed upon each year but not to exceed 7½ percent up or down on the previous year's price.

Food Contracts With Great Britain

The following food contracts between Great Britain and Canada have been concluded for 1948:

Bacon—eighth agreement, 1st January 1948 to 31st December 1948, 195 million pounds plus 30 million substituted for beef. The contract for 1947 was 350 million pounds but only 226 million pounds were shipped.

Beef—fourth agreement, 1st January 1948 to 31st December 1948, 50 million pounds. Thirty million pounds of this contract have been cancelled and an equivalent amount of bacon substituted. The contract for 1947 called for 120 million pounds but only 37 million pounds were shipped.

Mutton and Lamb—fourth agreement, 1st January 1948 to 31st December 1948, five million pounds. The 1947 contract called for 10 million pounds but only 3½ million were shipped.

Cheese—ninth agreement, 1st April 1948 to 31st March 1949, 50 million pounds. Last year's agreement was for 125 million pounds but only about 56½ million pounds were actually shipped.

Evaporated Milk—ninth agreement, 1st April 1948 to 31st March 1949, 600,000 cases—same as last year.

Eggs—eighth agreement, 1st February 1948 to 31st January 1949, 80,000,000 dozen.

In addition there are contracts for by-products of pork and beef, milk powder, fruit, and the Canada-U.K. Wheat Agreement which this year calls for 140 million bushels.

World Conditions

The world production of wheat in 1947 is estimated by the U.S. Department of Agriculture at 5,820,000,000 bushels as against 5,785,000,000 for 1946 and a pre-war average of 6,010,000,000 bushels.

World production for 1948 is estimated to reach 6,250,000,000 bushels, but that figure contains much guesswork.

European production for 1948 is estimated at 1,435,000,000 bushels, against 1,020,000,000 in 1946 and a pre-war average of 1,593,000,000 bushels.

Despite increasing industrial production UN point to decreasing world trade in a progress report which includes the first quarter of 1948. World production is 35 percent above 1938 but world trade is 7 percent below 1938. At the end of 1947 trade was at the 1938 level. U.S. exports have fallen considerably and it is important to remember that production in the United States is almost equal to the total production of the rest of the world.

Gross national production in the United States in 1947 is estimated at \$228.2 billion, which may be compared with 84.3 billion dollars as the average of 1921-39. U.S. exports in 1947 are estimated at 15.1 billion dollars with imports of 5.6 billion dollars, which again may be compared with exports of 3.6 billion dollars and imports of 2.9 billion dollars as the 1921-39 average. U.S. exports to Europe in 1947 are estimated at approximately 5 billion dollars and imports from Europe at 9 billion dollars. Europe's adverse balance of payments on world trade in 1947 is estimated at 7.5 billion dollars. The heavy increase in prices throughout the world has to be taken into consideration with regard to these statistics.

In Europe, outside of Germany, industrial production reached the 1938 level towards the end of 1947 but Germany still lagged far behind. Agricultural production exclusive of Germany is estimated at about 75 percent of pre-war, somewhat less than that if Germany is included.

Recent pronouncements by Sir Stafford Cripps indicate a remarkable degree of recovery in the United Kingdom, but there, as elsewhere in Europe, the dollar shortage constitutes an almost insuperable barrier to speedy recovery. The enormous productive capacity of the United States creates a large exportable surplus, but reduces the necessity for importation to a minimum and so restricts the required reciprocal trading and produces for the importing countries a formidable international indebtedness. The final outcome of the changed world economy is beyond the vision of today.

For us of the co-operative movement, however, it can be said that the method of bringing all the parts of the world into peaceful mutually useful relations must be by consent and agreement and that the problems created by universal economic expansion can be solved only by organization and co-operation. That is today clearly recognized in the charter of the International Trade Organization, which is an endeavor on the part of the world's business men and business organizations to modify the effects of uncontrolled competition in international trading and substitute to some degree conscious intelligent direction for the free play of impersonal economic forces. It is a decided gain when it is recognized that the blind decisions of the market place are no longer adequate for equitable dealing in bringing the fruits of men's labor into the service of humanity. It is moreover, by implication an acceptance of the principles which govern and guide our co-operative movement and a justification of the marketing policies advocated by the world's farm organizations as represented in the International Federation of Agricultural Producers. With that encouragement our Canadian farm organizations ought to continue to press for the International Wheat Agreement and other agricultural commodity agreements, the marketing of all grains through the Canadian Wheat Board, the enactment of federal marketing legislation and the maintenance of policies designed to give stability and security to agriculture. If it is the intention of governments to carry out faithfully the promises that have been made for the abolition of fear and want in the world, these measures are imperatively necessary.

Respectfully submitted,

JOHN H. WESSON	} <i>Executive</i>
W. J. PARKER	
BEN S. PLUMER	
THOS. G. BOBIER	
J. W. BALDWIN	
GEO. N. McCONNELL	
A. F. SPROULE	
E. H. KEITH	
W. J. BLAIR	

Canadian Pool Agencies Limited

DIRECTORS' REPORT

1948-1949

13th October 1948

To the Shareholders,

Canadian Pool Agencies Limited,
Wheat Pool Building,
Winnipeg, Manitoba.

Gentlemen:

We submit herewith, for your approval, the Twentieth Annual Report and Financial Statements of your Company for the fiscal year ended 31st July 1948, showing excess of income over expenses of \$57,290.55, after provision for Income Tax, as against the relative amount of \$37,207.07, for the previous year, thereby reflecting a net increase of \$20,083.48.

The favorable showing for the year is due to a general increase in income which is mainly attributable to income from renewals of a large portion of Terminal Building insurance, which is written for a three-year term and will accordingly not occur again for three years.

Sixteen types of insurance were handled during the year. By far the greatest income is derived from Fire Insurance; next comes Fidelity and Guarantee Bonds and Lake Marine Insurance.

Your Agency is operated on the principle of providing service to the Parent organizations and protecting their interests in the insurance field. The value of this service does not always show up in the earnings of the Company as we at all times endeavour to place the business at the lowest possible rates commensurate with security, and in this regard, we have been able to secure some rate reductions over the years.

The following comments relative to the Balance Sheet and Operating Accounts may be of interest:

BALANCE SHEET

Agency Assets and Liabilities

You will observe that the Assets included under this heading represent Trust Funds collected, or to be collected, and are offset by the amount due to the insurance companies for business written, and to Canadian Pool Agencies for commissions earned.

Shareholders' and Patrons' Assets

Accounts Receivable: Under this heading is an item of "Commissions Receivable," previously referred to as being due by the Agency Trust Funds.

Loan Accounts: With exception of three loans to finance the purchase of automobiles, the loans are made to employees of one of the Parent organizations and are fully guaranteed. Interest is thus earned on a part of our surplus funds without tying them up for any lengthy period. The Agency secures insurance on automobiles and property financed thereby, and insurance once obtained in this manner is usually renewed.

Pool Insurance Company Account: This Agency and Pool Insurance Company are operated by the same management and staff, and the salaries of the office employees are split between both organizations, as are other items of expense that are not definitely applicable to either organ-

ization. This item is the balance due from Pool Insurance Company on the inter-office account.

Investments: The amount shown under this heading represents the cost price of purchases of \$35,000.00 of Dominion of Canada Bonds, 3½% redeemable June 1966. The market value of these bonds as at the date of the Balance Sheet represented an amount of \$35,831.25 which is in excess of the cost price of the bonds. While there may be some fluctuations in the value of these bonds, it is our belief that they offer the best medium of obtaining an earning without risk of loss. We are in the satisfactory position of being able to invest slightly more than our capital and reserve the year round, and operate the Agency on current income.

Membership Deposits: This represents deposits which we are required to make to the Insurance Agents' Association as a guarantee that we will comply with their rules and regulations, and are returnable in cash should we withdraw from membership.

Furniture and Equipment: During the year some small items of equipment were purchased, which slightly increased the total cost of our equipment. However, we continue to carry this asset at the nominal sum of \$500.00 by adding to the depreciation reserve the sum of \$70.85.

Shareholders' Liabilities and Reserve

Accounts Payable: This amount represents miscellaneous accounts included in this year's expenses, but which had not actually been paid prior to year end.

Patrons' Equity: The item of \$57,290.55 represents the excess of income over expenses for the year ended 31st July 1948. This amount is available for payment as Patronage Dividends, and represents a return of 84.06% of the total commission received by your Agency. Divided on the basis of patronage each Pool will receive the dividends as shown on Surplus Account, Exhibit "B".

Reserve: This sum has been built up over a period of years to provide for the possibility of unusual cancellations; for investment losses, and any other contingencies that may arise. This reserve has remained the same for some years as it is deemed sufficient to take care of our requirements. The amount is allocated to the various shareholders according to their contribution to the reserve.

Equity to Shareholders

Capital Stock: The ownership of the Capital Stock of the Company is held by the Provincial Pool Organizations as follows:

	No. of Shares	Values
Alberta Wheat Pool.....	664	\$ 6,640.00
Manitoba Pool Elevators.....	663	6,630.00
Saskatchewan Co-operative Producers Limited.....	1	10.00
Saskatchewan Pool Elevators Limited.....	660	6,600.00
Saskatchewan Pool Terminals Limited.....	1	10.00
Saskatchewan Co-operative Livestock Producers Limited.....	1	10.00
Modern Press Limited.....	1	10.00
Directors' Qualifying Shares.....	9	90.00
	<u>2,000</u>	<u>\$20,000.00</u>

INCOME AND EXPENDITURE STATEMENT

Income: This statement sets out the original sources of commission earnings in the belief that this information may be of interest.

Expenses: The various expense items are clearly set out in the Statement and represent net figures after charging Pool Insurance Company 50% of the expenses which are equally applicable to both companies. The expenses show a net increase of \$633.37 as compared with last year's expenses.

The deduction from the total expenses of \$300.00 is an allowance from the three Provincial Pools for the handling of the Inter-Provincial Pool Account.

Respectfully submitted,

JOHN H. WESSON	} Executive
W. J. PARKER	
BEN S. PLUMER	
GEO. N. McCONNELL	
A. F. SPROULE	
THOS. G. BOBIER	
E. H. KEITH	
J. W. BALDWIN	
W. J. BLAIR	

Pool Insurance Company
DIRECTORS' REPORT
1947-1948

Winnipeg, Manitoba
24th February 1948.

To the Shareholders,

Pool Insurance Company,
Winnipeg, Manitoba.

Gentlemen:

We take pleasure in submitting herewith for your approval the Ninth Annual Report and Financial Statements covering operations of your Company for the year ended 31st December 1947.

The excess of Income over Expenditures for the year amounts to \$160,672.35 as compared with \$110,392.30 last year. After setting up the usual Capital Stock dividend as required by the Company's Charter, the balance of \$160,670.50 has been allocated to the policy-holders on the basis of their contribution to the surplus.

The total premium income amounted to \$436,193.66 as compared with \$343,061.32 last year. This higher income combined with a more favorable loss experience resulted in the improved showing. After reinsuring 85% of our liability, with the exception of dwelling risks, the net earned premium income was \$68,983.19. The net losses and adjustment expenses of \$24,917.49 produced a loss ratio of 36.12% as compared with 71.43% last year.

During the year four elevators and their contents were destroyed by fire, and is the average number per year since the Company was organized. This compares with eight total losses the previous year.

The elevators were located as follows:

In Alberta—Three Hills.

In Manitoba—Carman.

In Saskatchewan—Togo and Richard.

In addition to these total losses, twenty small losses were sustained, seventeen at elevators and three at dwellings.

The inspection of all Pool Property for the purpose of detecting and removing fire hazards and our periodic distribution of fire prevention literature is, we consider, a most important feature of our operations. However, we do depend to a large extent on the year round alertness of the elevator agents in detecting and removing fire hazards. In the face of higher loss ratios generally it cannot be stressed too often that continued vigilance is essential if we are to maintain the average loss experience. We have pleasure in expressing our appreciation of the co-operation of the agents, superintendents and managements in carrying out the recommendations and suggestions made by our inspectors.

You may be interested in the value of the property insured by your Company, which we list hereunder. Building values change from time to time and the values shown are as at 31st December 1947. The value of the grain is the daily average for the year:

Country Elevators.....	\$35,613,308.00
Grain.....	32,085,447.31
Dwellings.....	2,434,354.00
Furniture and Fixtures and Miscellaneous.....	4,493,997.36
Total Business, Three Pools.....	<u>\$74,627,106.67</u>

The records of your Company are examined annually by the Dominion Government's Insurance Department and this provides assurance to the policyholders that the operations are carried on in accordance with Government regulations and good practice.

The total revenue shown in the statement of Income and Expenditure is largely made up of the earned premiums on our percentage of the risks, plus commission earned on the reinsurance, less losses and earned commission paid to Canadian Pool Agencies Limited. In addition, the item of \$6,508.68 is the amount paid to us by Lloyd's in lieu of taxes and Underwriter's Association expenses. The miscellaneous item of \$100.88 is a dividend from Canadian Pool Agencies Limited derived from insurance premiums paid to the agency. The small item of \$93.32 represents an allowance we received to cover cost of inspections, made for the Insurance Companies which insure two elevators in British Columbia. The revenue derived from the insurance on British Columbia elevators is insufficient to warrant our taking out a license in that Province.

By far the greatest expense is in connection with the operation of the Inspection Service. This service provides inspection of each elevator approximately twice a year.

As the management and staff are employed jointly by this Company and Canadian Pool Agencies Limited, the salaries, rent, telephone and other indirect expenses are split between the two companies.

The following comments relative to the Balance Sheet may be of interest:

ASSETS

Cash on Hand and in Bank

Under this heading the total amounts at the Company's credit in the bank are shown.

Accounts Receivable

Under this heading is an amount due from Canadian Pool Agencies Limited in respect to business placed with the Company through the Agency less a balance due to the Agency on inter-office account. The item of \$499.54 represents the amount advanced to our Inspectors to cover travelling expenses.

Investments

You will notice the market value of the Company's investments exceed the ledger value by \$8,390.62.

Automobiles

The automobiles used by our fire prevention inspectors were replaced during the year. The figure of \$4,500.00 represents the ledger value of four 1947 model automobiles after charging \$507.46 as depreciation.

Accounts Payable

This item consists largely of the premiums due the reinsurance companies, and also includes some items of expense which had not been paid prior to the year end. Losses in process consist of the Company's estimated net share of losses for which adjuster's reports have not been received. The item covering taxes accrued represents War Revenue Premium Tax and Fire Prevention Taxes due respectively to the Dominion and Provincial Governments.

Reserve for Unearned Income

These reserves are calculated on the basis of one hundred percent of the unearned premiums on our own retention and one hundred percent of the unearned portion of the reinsurance commissions as at 31st December 1947.

Capital Stock

The ownership of the Capital Stock of Pool Insurance Company is held by the three Provincial Pool Organizations as follows:

	Shares	Subscribed	Paid Up	Premium Paid
Alberta Wheat Pool....	750	\$ 75,000.00	\$ 55,500.00	\$ 9,000.00
Saskatchewan Pool Elevators Limited	1250	125,000.00	92,500.00	15,000.00
Manitoba Pool Elevators.....	500	50,000.00	37,000.00	6,000.00
		<u>\$250,000.00</u>	<u>\$185,000.00</u>	<u>\$30,000.00</u>

The \$30,000.00 premium on Capital Stock referred to above, was provided to create a surplus required by the Dominion Superintendent of Insurance. According to the Insurance Act, we are required to retain a surplus at least equal to our unearned premiums before refunds of excess charges are made. This \$30,000.00 together with \$8,932.01 excess realized on Dominion of Canada Bonds sold, creates the capital surplus of \$38,932.01 as shown on the Balance Sheet.

We wish to express the thanks of the Directors for the support and co-operation given to the Company by the parent organizations, managements and staffs.

Respectfully submitted,

JOHN H. WESSON	} <i>Executive</i>
W. J. PARKER	
BEN S. PLUMER	
GEO. N. McCONNELL	
THOS. G. BOBIER	
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