

**Saskatchewan
Co-operative Producers
Limited**

**Twenty-First
ANNUAL
REPORT**

Annual Meetings of growers will be held at all points in the Province in the next two months. It will be of value in arriving at a proper understanding of the present policies of your organization if you will take this Report with you when attending your annual meeting.

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SASKATCHEWAN
1945**

McGILL UNIVERSITY



**SASKATCHEWAN CO-OPERATIVE
PRODUCERS LIMITED**

Directors' Report

Regina, Saskatchewan,
6th November, 1945.

IN MEMORIAM

This year Saskatchewan Co-operative Producers Limited has completed twenty-one years of co-operative service to the farmers of Saskatchewan.

As the years roll by, it is inevitable that there should pass from our midst some of those pioneers who laboured to place the co-operative movement on the strong and sure foundation it enjoys today.

It is with deep regret that your Board of Directors places on record the great loss sustained in the passing of several men who played an active part in the earlier days of this organization and who continued to maintain a keen interest in its welfare to the very end. These include Mr. Alex. Murray, of Young, who served as delegate for many years in District 13, Sub-district 2, and also represented the district on the Board of Directors; Mr. Gus Vanberg, of Gravelbourg, who represented District 5, Sub-district 2, for a number of years and who attended the last annual meeting; Mr. J. J. Adams, of Kindersley, who acted as a delegate in District 11 in the earlier days of the organization and who in more recent times made an important contribution to the organization of Canadian Co-operative Implements Limited; Mr. J. K. Johnston, of Kamsack, who was a delegate in District 8 for several years.

In addition to these elected representatives of the organization, the organization has also suffered the loss of a number of senior employees who have passed away since the time of the last annual meeting. These include Mr. F. N. McLaren, Manager of Saskatchewan Pool Terminals Limited since 1926; Mr. James Murray who had been with the Pool's Inspection Department for many years and who was well known to many delegates and Pool elevator agents as a result of his work in the country; and Mr. R. B. Evans who joined the staff in March, 1924, in the early organization days of the Pool and who in recent years was in charge of the Country Organization Department.

Each of these men in his own way made an important contribution to the welfare and progress of this organization. To each of them:

"Life's race well run,
Life's work well done,
Life's victory won,
Now cometh rest.

* * *

In submitting this Report to the Twenty-first Annual Meeting of the delegates of Saskatchewan Co-operative Producers Limited, your Board of Directors has tried to give a complete review of the operations of the organization for the year ended 31st July, 1945.

Over the years, this Report outlines the operations of the parent body but also of all subsidiaries and branches.

Consolidated Balance Sheet

A copy of the Consolidated Balance Sheet (Statement No. 1) is attached to this Report. 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, 1945. The usual explanatory notes on the principal items of the Consolidated Balance Sheet are appended.

At the end of the fiscal year, 31st July, 1945, current assets for the whole organization amounted to \$40,282,354.82 and current liabilities to \$17,845,754.41. The difference between these two items, \$22,436,600.41 represents the current position of the organization.

Provision is made in the Consolidated Balance Sheet for a contingent liability in respect of buildings and work under construction estimated at \$400,000.00. After making provision for this item, the balance of \$22,036,600.41 remains available for working capital for the season 1945-1946. This compares with working capital position a year ago of \$19,944,731.47, an increase of \$2,091,868.94.

No provision has been made for any liability which may arise in respect of income or excess profits taxes on this year's or the prior years' earnings.

Consolidated Capital Statement

Attached to this Report is a copy of the Consolidated Capital Statement which sets out in detail the current financial position of the organization as at 31st July, 1945.

As indicated above the increase in working capital of \$2,091,868.94 is accounted for as follows:

Surplus Earnings:

Saskatchewan Co-operative Producers Limited.....	\$ 804,698.94
Modern Press Limited.....	78,467.03
Saskatchewan Co-operative Livestock Producers Limited.....	33,628.12
Saskatchewan Pool Elevators Limited.....	2,383,682.75

Liquidation of Capital:

Depreciation on Fixed Assets.....	1,173,202.20
Write-off on Temporary Storage Bins.....	2,100.00
New Capital Subscribed.....	2,354.00
Decrease in Deferred Growers' Accounts Receivable.....	3,709.71
Decrease in Stocks of Repair Parts.....	17,166.18
Surplus Capital of Saskatchewan Co-operative Livestock Producers Limited acquired 1st June, 1944, but not included in last year's statement.....	146,818.35
	<u>\$4,645,827.28</u>

Less

Additions to Plant Values of Fixed Assets and Temporary Storage Bins, including balance of approved Programme of Capital Expenditures.....	\$666,734.51
Additions to Investments.....	11,714.33
Addition to Canadian Livestock Co-operative (Western) Limited Equity Account....	2,850.44
Payment of Principal to Province of Saskatchewan re 1929-1930 Pool Overpayment....	804,698.94
Additional Payments of Excess Charges Refunds for prior seasons.....	38,257.52
Purchase of Reserve Certificates in Respect of Excess Charges Refund—Season 1943-1944.....	663,846.60
Payment of 3% Dividend on Elevator Deductions.....	365,856.00
	<u>2,553,958.34</u>
	<u>\$2,091,868.94</u>

All capital expenditures approved to date are provided for in the above statement with the exception of the new printing press for which an order was placed by Modern Press Limited some time ago.

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

Statement No. 3 shows in detail the composition of surplus capital as at 31st July, 1945. The various items are largely self-explanatory. The portion of the commercial reserve fund, now in liquid form, amounts to \$6,238,170.73, a decrease from the previous year of \$255,628.39 which is fully accounted for by the provision made for capital expenditures in connection with the proposed industrial development programme. Elevator deductions amounting to \$2,265,764.57 are also in liquid form, an increase of \$788,424.51 over the previous year. The liquidation of these amounts has been accomplished through provision for depreciation on fixed assets less expenditures for new additions to the plant accounts.

The reserve accounts of the various subsidiary companies, and the balances in excess charges refund accounts (seasons 1943-1944 and 1944-1945) are fully liquid.

The equity account of the old membership of Saskatchewan Co-operative Livestock Producers Limited, amounting to \$186,362.69, is liquid to the extent of \$135,994.26, the balance being invested in fixed assets, etc. An additional investment, either in the form of capital stock or a capital loan, will be necessary before the latter amount can be liquidated.

Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1945

Statement No. 4 shows balance of assets, direct liabilities and growers' equity of \$27,963,826.88, which amount represents the equity of the members and patron members in the assets of the organization, based upon book values. In comparison with the amount shown at 31st July, 1944, this represents an increase of \$2,529,947.34, accounted for as follows:

Surplus Earnings:

Saskatchewan Co-operative Producers Limited.....	\$ 804,698.94
Modern Press Limited.....	78,467.03
Saskatchewan Co-operative Livestock Producers Limited.....	33,628.12
Saskatchewan Pool Elevators Limited.....	2,383,682.75
New Capital Subscribed.....	2,354.00
Increase in Province of Saskatchewan—Sinking Fund Interest Account.....	108,713.93
Assets of Saskatchewan Co-operative Livestock Producers Limited, acquired 1st June, 1944, but not included in last year's Statement.....	186,362.69
	\$3,597,907.46

Less:

Additional Payments of Excess Charges Refunds for prior Seasons.....	\$ 38,257.52
Purchase of Certificates in Respect of Excess Charges Refund—Season 1943-1944.....	663,846.60
Payment of 3% Dividend on Elevator Deductions.....	365,856.00
	\$1,067,960.12
	\$2,529,947.34

The growers' equity of \$27,963,826.88 represents 83.368% of the book value of the Company's assets as compared with 79.937% last year, an increase of 3.431%. These percentage figures merely indicate the extent to which the assets of the organization are unencumbered by direct liabilities to other than members and patron members, exclusive of any liability which may exist for income and excess profits taxes.

The direct investment of the shareholders in the assets of the organization consists of capital (membership

fee) \$129,412.00, elevator deductions \$12,188,060.07, and commercial reserve \$6,567,851.17, a total of \$18,885,323.24. In order to ascertain the book value of this investment, it is necessary to deduct from the growers' equity of \$27,963,826.68 the following items, the distribution of which will be made on a patronage or other basis and not on a basis of the members' direct investment in the organization, viz.:

Livestock Pool:

Equity Account—Old Membership.....	\$ 186,362.69
Transit Compensation Reserve Fund.....	9,382.79
Undivided Surplus Account.....	24,245.33

Pool Elevators:

Undivided Surplus Account.....	1,511,357.75
Excess Charges Refund—Season 1943-1944.....	5,213,484.85
Excess Charges Refund—Season 1944-1945.....	2,017,826.75
Total.....	\$8,962,660.16

Excluding the above items, the growers' equity would amount to \$19,001,166.52, which is equal to 100.613% of the total amount subscribed by shareholders in the form of capital, elevator deductions and commercial reserve.

The book value of the shareholders' direct investment, therefore, is equal to 100.613 cents for each dollar of face value, before provision for any liability which may arise in respect of income or excess profits taxes on this year's or prior years' earnings in excess of the amount retained to meet such liability. This compares with a book value of 95.361 cents on the dollar at 31st July, 1944, an increase of 5.252 cents.

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

Statement No. 5 has been prepared to show the payments made to the Province of Saskatchewan in connection with the 1929-1930 Pool Overpayment Liability, up to and including 15th September, 1945. The statement also shows 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 the statement that the amount involved in the liquidation of the original indebtedness on the basis of amortized payments of principal and interest at 5%, as set out in the Agreement, amounts to \$22,101,297.58. Of this amount \$8,349,297.58 applies as interest and \$13,752,000.00 as principal. Over 70% of the amount of \$22,101,297.58 has been paid to date. The remaining payments to be made amount to \$6,575,023.36, of which \$996,110.55 will consist of interest, leaving a balance of \$5,578,912.81 to be applied as principal payment in full settlement of the liability.

Saskatchewan Co-operative Producers Limited

A complete copy of the Financial Statements of Saskatchewan Co-operative Producers Limited, together with 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, 1945, appears as Statement 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. Total current assets as at 31st

July, 1945, are shown at \$8,431,855.48 and current liabilities at \$1,975,259.81. The difference between these two items, \$6,456,595.67, represents the current position of the parent company.

There is provision in the Balance Sheet for a contingent liability amounting to \$270,000.00 in connection with the construction of the vegetable oil plant at Saskatoon. After making provision for this item, the balance of \$6,186,595.67 represents the amount available as working capital for the organization.

Income and Expenses

Income for the year ended 31st July, 1945, amounted to \$1,229,192.98, details of which are shown in Statement 11, Page 12, of the Auditors' Report.

Operating expenses, details of which are shown in Statement 11a, Page 13, of the Auditors' Report, amount to \$424,494.04, leaving a surplus of income over expense of \$804,698.94.

Included in the income of the Company is an item of \$758,866.90, representing a share of earnings of Saskatchewan Pool Elevators Limited, being the balance required for the season under review to meet the instalment of principal due to the Province of Saskatchewan on 15th September, 1945, in respect of the 1929-1930 Pool Overpayment Liability, after taking into account the surplus of \$45,832.04 which resulted from the ordinary operations of the Company.

Excluding the item of \$758,866.90, the ordinary income of the Company during the past season amounted to \$470,326.08 as compared with \$429,374.60 a year ago, an increase of \$40,951.48. Total expenses amounted to \$424,494.04.

It will be noted that the ordinary income of the Company during the past season was sufficient to meet the expenses of operation and leave a surplus of \$45,832.04. This compares with surplus on ordinary operations of \$16,420.22 in the previous year, an increase of \$29,411.82.

Provision has been made for full depreciation on fixed assets.

Saskatchewan Pool Elevators Limited

The Financial Statements and Auditors' Report of Saskatchewan Pool Elevators Limited, submitted separately to the delegates, show in detail the operations of the past season and the financial position of the Company as at 31st July, 1945.

It will be noted from the Balance Sheet that current assets amounted to \$37,349,755.20 and current liabilities to \$21,704,767.93. The difference between these two items, \$15,644,987.27, represents the current position of the Company. After deducting a further item of \$130,000.00, the balance of \$15,514,987.27 represents the working capital position of the Company for the current year. This compares with \$13,405,756.25 for the previous year, an increase of \$2,109,231.02.

Details of elevator earnings are shown in Statement 11, Page 39, of the Auditors' Report, and details of expenses are shown in Statement 11a, Page 40, of the Auditors' Report. These statements show a total operating revenue of \$9,687,844.57, with operating expenses of \$6,694,160.72. The difference between these two items, \$2,984,683.85, represents operating earnings for the year.

After deducting depreciation amounting to \$840,649.64, details of which are shown in Statement 11a, Page

40, of the Auditors' Report, the net earnings of the Country Elevator Department are shown at \$2,144,034.21.

Saskatchewan Pool Terminals Limited

The Balance Sheet of Saskatchewan Pool Terminals Limited appears as Statement 1, Page 48, of the Auditors' Report. Statement of Earnings and Expenses for this subsidiary for the year ended 31st July, 1945, is shown as Statement 11, Page 49, of the Auditors' Report. Total operating revenue amounted to \$3,945,071.34, with operating expenses of \$2,354,564.56, leaving operating earnings of \$1,590,506.78 before providing for depreciation. After deducting depreciation on buildings and equipment amounting to \$252,380.29, and including net earnings from temporary storage annexes of \$133,015.40, the net earnings of Saskatchewan Pool Terminals Limited amounted to \$1,471,141.89 as compared with \$1,448,808.41 in the previous year.

Buffalo Terminal

Statement of Earnings and Expenses for the Buffalo Terminal Department is shown as Statement 4, Page 42, of the Auditors' Report. This shows total revenue from all sources of \$74,833.35, made up of rental received under the terms of the lease \$73,333.35 and miscellaneous earnings of \$1,500.00.

Operating expenses, including an item of \$34,061.49 paid as rental to Saskatchewan Pool Elevators Limited, amount to \$66,002.67, leaving an excess of operating earnings over expenses of \$8,830.68 before providing for depreciation. After providing for depreciation on buildings and equipment amounting to \$53,856.16, loss for the year is established at \$45,025.48.

During the year under review the Buffalo terminal elevator was disposed of, the sale being effective August 1, 1945. Particulars of the sale will be submitted to delegates during the meeting.

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

Statement 3, Page 41, 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 amounted to \$13,907,602.24, with operating expenses of \$9,190,565.53, leaving operating earnings of \$4,717,036.71. After deducting depreciation of \$1,146,886.09, the net earnings from the year's operations amount to \$3,570,150.62.

The following summary shows the position for the year ended 31st July, 1945:

Net Earnings as above.....	\$3,570,150.62
Add: Gain on Realization of Assets.....	8,453.27
	<hr/> \$3,578,603.89
Deduct:	
Proportion of Pool Expenses.....	\$112,044.41
Interest on 1929-1930 Pool Overpayment	
Liability.....	324,009.83
	<hr/> \$ 436,054.24
Surplus for Year.....	<hr/> \$3,142,549.65

After deducting payment of \$758,866.90 to Saskatchewan Co-operative Producers Limited, the balance of \$2,383,682.75 represents the surplus for the year after meeting all charges and providing for full depreciation on fixed assets at the regular rates.

It should be noted that no provision is made for the payment of Dominion income or excess profits taxes which may be levied against the Company.

Statement of Earnings

Attached to this Report is Statement of Earnings (No. 7) covering the entire period of operations of the Company from 1st August, 1925, to 31st July, 1945, together with details of the distribution of these earnings.

Distribution of Surplus

Careful consideration has been given by your Board to the distribution of this year's surplus amounting to \$2,383,682.75. In view of all conditions, the Board has decided that this surplus should be allocated as follows:

- | | |
|--|-----------------------|
| (1) For transfer to Undivided Surplus to provide a dividend of 30c per share upon the shares of the Company issued and outstanding to shareholders of record the 31st July, 1946, or such earlier date as may be decided in the discretion of the Board..... | \$ 365,856.00 |
| (2) For transfer to Excess Charges Refund, Season 1944-45, as a refund of excess charges on deliveries of grain by Pool members to Saskatchewan Pool Elevators Limited during Season 1944-1945, the sum of..... | \$2,017,826.75 |
| | <u>\$2,383,682.75</u> |

The amount of \$2,017,826.75 to be distributed in the following manner:

- A refund at the rate of 3/4th of a cent per bushel on wheat and flax and 1/2 cent per bushel on oats, barley and rye, to be used for the purchase of deductions for transfer on the books of Saskatchewan Co-operative Producers Limited to the credit of the members entitled thereto; and
- the balance of the amount which is not required for the purpose set out in Paragraph (a) above to be distributed as an additional refund to members at rates to be determined by the Board, provided that the rate on wheat and flax shall exceed the rate on oats, barley and rye by 50%; the time, form and manner of this distribution to be in the discretion of the Board and subject to the condition that it may be used for the payment of any income or excess profits taxes which may be levied against the Company.

Elevator Capacity

During the year under review the Company acquired eleven elevators at a cost of \$98,025.00—five of these elevators were acquired at single elevator points, four at points where there was one competitor, and two at other points. One elevator was lost by fire and not rebuilt. There was a net increase of ten in Pool country elevators at year end, bringing the number now owned and operated by the Company to 1,135. The rated storage capacity of Pool country elevators, as at 31st July, 1945, is as follows:

Country Elevators and Permanent Annexes	38,255,800 bushels
Temporary Bins.....	26,204,000 bushels
Total Country Storage Space.....	<u>64,459,800 bushels</u>

Grain Handlings

During the year under review the volume of grain handled through Pool country elevators exceeded that of any other year since the inception of the organization. Deliveries to Pool country elevators last season amounted to 159,817,323 bushels as compared with 140,759,410 bushels the previous season.

The following figures provide an interesting comparison of handlings, shipments and quantities carried in store, of all grains in country elevators during the past two years:

Country Elevator Department:	(Bushels)		Increase (Decrease)
	1944-1945	1943-1944	
Total Handled Through Elevators.....	159,817,323	140,759,411	19,057,912
Total Handled over Platform.....	113,472	171,208	(57,736)
Total Receipts.....	159,930,795	140,930,619	19,000,176
Balance in Store—Carried forward from Previous Season....	36,765,492	54,594,440	(17,828,948)
Receipts—Country Elevators.....	159,817,323	140,759,411	19,057,912
Total.....	196,582,815	195,353,851	1,228,964
Shipments—Country Elevators.....	183,162,292	158,588,359	24,573,933
Balance in Store at End of Season.....	13,420,523	36,765,492	(23,344,969)
Average Carried in Store During Season:			
Wheat.....	29,758,979	38,354,279	(8,595,300)
Other Grains.....	5,624,590	8,408,083	(2,783,493)
Total—All Grains.....	35,383,569	46,762,362	(11,378,793)

The average volume of grain handled per elevator amounted to 141,057 bushels as compared with an average per elevator of 129,256 bushels a year ago. These handlings represent 46.73% of all grain delivered in the province as compared with 42.84% a year ago.

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

It will be recalled that about the middle of November, 1944, car supply became more plentiful than was the case in the early part of the season and the space in country elevators showed some improvement.

It may be of interest to note that up to 16th November, 1944, the Pool percentage of receipts was 42.62%, but from that date to 26th July, 1945, the percentage increased to 49.88%. The total percentage was increased from 42.62% on 16th November to 46.73% by the end of the year.

As indicated in last year's Report, the substantial percentage increase in receipts when cars were available is evidence of the way Pool members are prepared to support their own organization. Pool elevator shipments, as indicated, were also the largest ever experienced by the organization.

It may be of interest to note that Saskatchewan Pool country elevators handled 28.02% of all grain delivered by growers in Western Canada for the last crop year, while the Pool elevator share of Western Canada shipments amounted to 27.65%. This is a substantial increase over previous years.

The following figures show the various destinations of Pool shipments:

Pool Terminals.....	135,320,079 bushels
Other Terminals.....	25,400,000
Mills.....	21,472,000
Interior Terminals.....	1,777,000
Other Points.....	2,717,499
	51,366,499 bushels
Total Unloads.....	186,686,578 bushels

With regard to the position at the Head of the Lakes, out of a total of 531,646,362 bushels unloaded during the year under review, there were unloaded at Pool Terminals, from all sources, 138,630,103 bushels, which is 26.076% compared with 24.3% for the previous year. Outward shipments were 132,734,475 bushels out of a total of 518,319,040 bushels, which is 25.609%.

Grading Statement

The Company's grading statement at the end of the fiscal year showed a net grade gain of \$25,383.97 compared with a gain of \$137,493.60 in the previous year. The average gain per car works out at 26c against \$1.71 a year ago. This is exceptionally close and would indicate good judgment on the part of agents in the grading and shipment of a tremendous quantity of grain.

Estimates of travelling superintendents on grades on stocks in store at the end of the year, in addition to government inspection on cars shipped, were used in arriving at these figures.

Stocks carried over in country elevators and temporary bins are greatly reduced from a year ago, so that any uncertainties in regard to grading when shipments are made have been appreciably lessened.

Weigh-ups

Due to stocks being substantially reduced at the year end, as compared with previous years, it has now been possible to secure weigh-ups on practically all coarse grains, but there are still 139 stations where it has not been found possible to have wheat removed from temporary bins, necessitating estimates in such cases. It is anticipated that all of this wheat will be removed from the bins and weigh-ups made during the current season.

Insurance

Our record of fire losses was very favourable for the past year. One elevator, including stocks, was destroyed by fire and minor losses were sustained at five other elevators. Property losses amounted to \$13,687.92 and grain losses to \$17,073.97, a total of \$30,761.89. The loss ratio on property was 13.77% and on grain 7.89%, or a combined ratio of 9.67%. Loss in the previous year amounted to \$190,178.17, the loss ratio being 51.34%.

Shipping and Export Department

Sales of grain in all positions for the season 1944-1945 by the export department amounted to 58,082,528 bushels as compared with 56,489,586 bushels in the previous season. The following figures show total sales of each kind of grain as compared with those of the previous year:

	1944-1945 (Bushels)	1943-1944 (Bushels)
Wheat.....	30,872,353	25,839,759
Oats.....	20,226,364	21,881,547
Barley.....	6,983,811	8,768,280
Total.....	58,082,528	56,489,586
Screenings.....	11,335 tons	26,662 tons

Churchill

There was no grain movement into or out of Churchill during the past year, stocks remaining at 1,877,737 bushels of wheat. These stocks are owned by the Canadian Wheat Board.

Saskatchewan Pool Elevators Limited stands ready to make further shipments to Churchill whenever these are required, but there is little hope of any boats loading at Churchill during the present season.

Seed Grain Distribution

During the year under review the Seed Grain Department purchased and distributed registered and certified seed grain as follows:

For Distribution in Saskatchewan.....	118,600 bushels
For Shipment to the United States.....	2,000 bushels
Total.....	120,600 bushels

This compares with total sales of 112,000 bushels a year ago.

During the season 1943-1944 some 38,400 bushels were shipped to Eastern Canada, but no sales were made to the eastern provinces during the year under review. This indicates that our Saskatchewan sales of field-inspected seed have increased by 45,000 bushels as compared with last season.

During the year the Seed Grain Department maintained close touch with the seed trade in Eastern Canada, and to a lesser degree with the seed trade in the United States. So far as we are aware practically no registered or certified seed was shipped from Saskatchewan last season, with the exception of a limited quantity of seed flax. Last spring there was a definite shortage in practically all varieties of registered and certified wheat, barley and flaxseed and seed growers were able to dispose of all their stocks of these grains at satisfactory prices. Supplies of seed oats, with the exception of Victory, were adequate. The market for commercial seed oats in Eastern Canada last spring was very limited, and sales of commercial seed this year total only 57,000 bushels as compared with 172,000 bushels shipped in the spring of 1944. On the 25 cars of commercial seed shipped it was possible to secure for the growers premiums ranging from 10 to 15 ½c per bushel, depending upon the seed grade and the market at the time of the sale.

The Seed Grain Department also purchased and distributed 24,200 pounds of forage crop seeds as compared with 29,204 pounds in the previous year.

Last season's operations maintained the heavy increase in the volume of seed grain sold the previous year. While no shipments were made to Eastern Canada, every effort is being made to keep in touch with the market in event of demand developing.

As in former years, substantial quantities of the popular varieties of registered and certified seed grain will be purchased for the coming season's business and preliminary price lists will be placed in the hands of Pool elevator agents at an early date.

General

As already indicated, new records for receipts and shipments were established by Saskatchewan Pool Elevators Limited during the year under review, and a few figures of a general nature may have some interest. The following statement of receipts and shipments was compiled from figures issued by the Statistical Department of the Board of Grain Commissioners covering Western Canada and Saskatchewan. While these figures are not final, they may be taken as approximately correct, and give a picture of the relative position of Pool Elevator business for the year ended 31st July, 1945, with a comparison for the previous year:

Total Primary Handlings at Country Elevators during grain year 1944-1945 along with 1943-1944.

	Season 1944-1945	
	Receipts	
	Western Canada	Saskatchewan
Wheat.....	348,604,150 bushels	216,220,717 bushels
Coarse Grains.....	221,651,955 bushels	125,798,297 bushels
Total Marketings.....	570,256,105 bushels	342,019,014 bushels

Handled by Saskatchewan Pool Elevators:

Wheat.....	102,602,873 bushels
Coarse Grains.....	57,214,450 bushels
Total.....	159,817,323 bushels
Pool Elevator Share.....	28.02% 46.73%

Shipments

Wheat.....	425,178,038 bushels	261,466,423 bushels
Coarse Grains.....	238,372,429 bushels	133,815,341 bushels
Total Shipments.....	663,550,467 bushels	395,281,764 bushels
Pool Elevator Shipments		183,162,292 bushels
Pool Elevator Share.....	27.65%	46.33%

Season 1943-1944**Receipts**

	Western Canada	Saskatchewan
Wheat.....	319,712,135 bushels	190,760,715 bushels
Coarse Grains.....	244,495,073 bushels	137,823,886 bushels
Total Marketings.....	564,207,208 bushels	328,584,601 bushels

Handled by Saskatchewan Pool Elevators:**Season 1943-1944****Western Canada****Saskatchewan**

Wheat.....	81,686,636 bushels
Coarse Grains.....	59,072,775 bushels
Total.....	140,759,411 bushels
Pool Elevator Share.....	24.95% 42.84%

Shipments

Wheat.....	410,719,117 bushels	237,528,144 bushels
Coarse Grains.....	258,219,425 bushels	143,234,954 bushels
Total Shipments.....	668,938,542 bushels	380,763,098 bushels
Pool Elevator Shipments		158,588,359 bushels
Pool Elevator Share.....	23.71%	41.60%

Handling Charges

For the year under review a reduction in elevator handling charges of two cents per bushel from the previous year was in effect on all grain. At the time of this reduction suggestions were freely advanced that the operation of such low charges would result in bankrupting the Company.

As reported to the last annual meeting, your Board of Directors had surveyed the whole field and was satisfied that under the conditions prevailing the business of the Company could be carried on on these reduced charges and still show a surplus available for distribution to Pool members at the end of the season. The fact that it was possible to reduce these charges and still show a surplus of \$2,383,682.75 is the best evidence that the action taken a year ago was fully justified.

As was pointed out last year, elevator tariffs are established annually. It is one of the responsibilities of the directors of this organization to set the handling charges for Saskatchewan Pool Elevators Limited, based on the conditions which prevail at the beginning of the season. A year ago prospective handlings were very large and it was obvious that substantial earnings would be available from carrying large stocks of wheat. A substantial decline in receipts can be anticipated for the current year; also very greatly reduced stocks have been carried over, thus materially reducing estimated earnings from carrying charges.

The position was reviewed at a meeting of the Boards of Directors of the three Pool organizations and it was decided unanimously that the handling charge for the

season 1945-1946 should be established at two cents per bushel over last year's rates.

Largely at the request of the Pools, the handling charge for Wheat Board street wheat was again established at three cents per bushel.

It is sound co-operative practice that a fair charge for services rendered should be maintained, and that adjustments in these charges should be made as conditions warrant.

Saskatchewan Wheat Pool Construction Company Limited

This year's construction programme shows a large increase in scale, dump and engine installations as compared with last year. It is anticipated that the programme laid out in the spring will be completed during the current year.

Experienced labour and material continue in short supply. This applies particularly to cottage construction. Seven cottages have been completed to date, and six others were in various stages of completion at the time this Report was prepared.

Repairs to temporary annexes have been undertaken at a considerable number of points.

A summary of the larger items of construction which have been completed to date is as follows:

- 9 15-ton scale installations
- 38 10 to 12-ton scale conversions
- 6 Diesel engines installed, engine houses rebuilt
- 4 Engines transferred
- 36 72-inch air dump installations
- 6 Boot tank installations

Twenty-nine elevators were painted during the summer and the Pool sign was painted on 25 purchased elevators.

It is anticipated that a considerable number of the temporary bins will be dismantled and disposed of during the current year. Delegates have been advised of the policy to be followed in disposing of these bins, and of the priorities now in effect in the matter of distributing lumber.

Laboratory Service

During the year under review 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 past three years:

	Germination	Moisture
1944-1945.....	15,292	1,715
1943-1944.....	14,282	1,812
1942-1943.....	26,140	9,163

In addition to these tests the Department also cleaned, weighed and graded 624 samples of grain for Junior Variety Test Plots.

Smut Tests

For the coming year arrangements have been made to provide an additional seed testing service free to Pool members. The new service will make it possible for members to have their seed samples tested for smut. The testing will be done by the Associated Laboratory Services at Saskatoon. Pool agents have been supplied with all the necessary forms and members desiring to use this service may submit samples to their elevator agent. The agent will forward the sample to the Laboratory and will report the results of the test to the grower as soon as it is received.

Saskatchewan Pool Terminals Limited

Explosion, Terminal No. 5

Your Board regrets to report that a disastrous explosion occurred at Pool Terminal No. 5 on 7th August, 1945, which caused fatal injuries to twenty-two men and completely wrecked the workhouse and caused serious damage to the storage foundation. In addition to the twenty-two men who were killed, a considerable number of other employees were more or less seriously injured. Of the twenty-two men killed, fifteen were regular employees of Saskatchewan Pool Terminals Limited, four were Dominion Government employees in the Inspection Department, and three were employees of a contracting firm engaged in certain repair work at the terminal at the time of the disaster.

Your Board regrets very much this heavy loss of human life. The physical plant can be rebuilt, but the loss of life leaves a scar in the family life of those left behind which can never be fully healed.

All of the men killed or injured were under the Workmen's Compensation Act, and your Board authorized other appropriate steps to assist the families of the men during the transition period. The injured men received the best medical and hospital care and treatment and all have made excellent progress in recovery.

Your Board would like to pay tribute to the fine spirit of other members of the Port Arthur staff in looking after the injured who were confined to hospital and in providing them with such comforts as they could receive. A representative of the Employees' Association at Port Arthur and a representative of the Union acted as a small committee, spending all of their spare time in helping and encouraging the injured men.

Your Board would also like to pay tribute to Mr. Percy McCallum, who has been General Superintendent of Pool Terminals since 1926, who at the time of the explosion directed the work of the recovery of the dead and injured and the protection of the adjoining property of the Company. Although his own son was working at this terminal and was listed first of all as missing and later amongst the injured, Mr. McCallum directed the work of rescue with a complete devotion to duty which ignored personal feelings and personal danger.

Mr. A. E. Metcalfe, who was transferred recently from Head Office to Winnipeg in connection with the work of the terminals, was at Port Arthur at the time of the explosion and abandoned a well-deserved holiday to devote all of his efforts to the relief of distress and to the planning of wrecking and salvage operations.

Your Board can not praise too highly the splendid spirit and devotion to duty shown, not only by those mentioned by name, but also by the assistant superintendents, foremen and workmen at the other plants, as well as the hospitals, fire department and citizens of Port Arthur generally. The magnificent courage of a young soldier, Pte. Bruce Cudmore, who went hand-over-hand along a rope bridging the gap between Pool Terminals Nos. 4 and 5, without definite knowledge that the rope was securely fastened on the top of the wrecked elevator, will long be remembered, not only by the citizens of Port Arthur but by those of us who have first-hand knowledge of this brave action.

At the date of this Report the property damage has not been fully determined. Salvage operations are still being conducted in co-operation with the insurance adjusters and our own consulting engineers, and it would

appear that grain losses will be held to a minimum as a result of the fullest possible degree of co-operation in establishing efficient methods of removal. Plans for reconstruction of the elevator are under consideration. Various suggestions have been considered and plans and estimates will be prepared during the winter months for consideration and decision by the Board.

Terminal Elevator Handlings

Terminal handlings for the year ended 31st July, 1945, amount to 138,649,073 bushels and constitute the largest handling in the history of the organization.

With the improvement in the war situation, more particularly after V-E Day, a much larger volume of ocean freight space became available. This resulted in a movement of grain from seaboard which exceeded earlier expectations; and the space created by this shipment was reflected back to lower Lake ports and to the Lakehead.

During the season under review, not only was the movement of grain in export channels very heavy, but practically all of it went through Lakehead elevators. This included a good movement of wheat to the United States in bond for export via American Atlantic ports and also a good direct movement of oats and barley to American lower Lake ports for consumption in the United States.

Terminal handling of 138,649,073 bushels compares with a handling of 102,613,167 bushels during the previous year, and represents an increase of approximately 35%.

Pool terminal elevators were operated full time, and receipts for the various terminals as compared with last year are as follows:

	1944-1945 (Bushels)	1943-1944 (Bushels)
Terminal No. 4.....	24,821,184	19,428,684
Terminal No. 5.....	16,254,196	10,906,485
Terminal No. 6.....	35,073,269	27,618,377
Terminal No. 7.....	62,500,424	44,659,621

Grain in store in Pool terminals at 31st July, 1945, amounted to 17,812,111 bushels, approximately 5,900,000 bushels more than the amount in store on the corresponding date the previous year. The following statement provides an interesting comparison in our handlings, shipments and quantities carried in store, of all grains in terminal elevators during the past two seasons:

	Bushels		Increase (Decrease)
	1944-1945	1943-1944	
Balance in Store—Carried forward from Previous Season.....	11,917,031	20,176,242	(8,259,211)
Receipts.....	138,649,073	102,613,167	36,035,906
Total.....	150,566,104	122,789,409	27,776,695
Shipments.....	132,753,993	110,872,378	21,881,615
Balance in Store at End of Season.....	17,812,111	11,917,031	5,895,080
Average Carried in Store During Season.....	17,827,472	14,212,506	3,614,966

Temporary Terminal Storage Space

It was necessary to use the terminal annexes prior to the opening of navigation and 2,421,000 bushels of grain were handled through the annexes at Terminal No. 5 at that time. All of this had been transferred back to the elevator prior to 31st July. The annex at Pool Terminal No. 7 handled 5,653,000 bushels, of which 4,225,000 bushels remained in store as at the end of the fiscal year.

The annexes have been maintained in good condition and will be available for use during the coming season.

Although every effort was made to keep the terminals and their equipment in first class operating condition throughout the season, the heavy volume of grain handled, and the difficulty of securing parts and new equipment, as well as labour, has delayed some important maintenance work. Unloading and cleaning facilities were taxed to the limit, and at the time your directors met at Port Arthur on 1st October consideration was given to a heavy programme of repairs and renewals at all elevators.

Pool Terminal No. 6 is owned by Canadian National Railways, who are responsible for the capital cost of new equipment in that elevator. The whole position at Terminal No. 4 is being reviewed by the Company's consulting engineers and management, with a view to determining what steps can be taken to speed up this elevator. At Pool Terminal No. 7, the Board has approved expenditures for the improvement of mechanical car dumpers with a view to improving efficiency in unloading.

A lengthy list of repairs and renewals in all elevators, estimated to cost in excess of \$75,000.00, was also approved, as was an extension to the office of the government grading inspectors and the reconstruction of the revetment wall at the Lake end of the elevator.

Estimates were also received covering the installation of complete dust control equipment at all Pool terminals. The Board feels that everything possible must be done to establish a high degree of dust control in the terminals, with a view not only to reducing the explosion hazard but also to improving working conditions at these plants. At Pool Terminal No. 4 considerable work has already been done toward this end, but at Pool Terminals No. 6 and No. 7 the present systems will have to be completely revised and a good deal of new equipment added to obtain the desired results.

The Board has approved the necessary expenditures to provide a system of dust control in the track sheds and in the workhouses at Pool Terminals No. 4 and No. 7. The Canadian National Railways have also been approached with a view to establishing a similar system in Terminal No. 6. Plans and estimates for this work are now being prepared.

The Company's engineers and management have also been asked to prepare plans and secure estimates for installing a suction sweep-up system at the top of the annexes and also a ventilating system in all terminals.

These improvements will cost substantial sums of money, but your Board feels that the Pool membership generally would expect that Pool terminals should be equipped with the best type of equipment available with a view to maintaining the best possible working conditions.

It may also be pointed out that the installation of dust collecting systems at the terminal elevators will call for a substantial increase in power requirements at the Head of the Lakes. New regulations have been passed recently by the Ontario government calling for the establishment of fire escapes on grain elevator plants, and the management of Pool terminals has been authorized to secure plans and estimates covering the proper installation of these fire escapes. These matters will be dealt with and disposed of when the necessary information is available to the Board.

Modern Press Limited

Financial Statements

Details of the operations of Modern Press Limited for the year ended 31st July, 1945, are shown in the Financial

Statements and Auditors' Reports submitted separately to the delegates.

After providing for depreciation on fixed assets amounting to \$10,167.21, the operations of the Company show a surplus of \$78,467.03, made up of surplus of \$26,687.22 from the operations of the Commercial Printing Department and surplus of \$51,648.86 from the publication of The Western Producer and of \$130.95 on realization of assets. This year's surplus of \$78,467.03 compares with a surplus in the previous season of \$43,307.96. Depreciation has been charged in equal proportions to the Commercial Printing Department and to The Western Producer Department.

Commercial Printing Department

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

	1944-1945	1943-1944	Increase
Job Sales, etc.....	\$153,468.77	\$100,797.65	\$ 52,671.12
Cost of Stock.....	\$ 46,570.15	\$ 32,529.37	\$ 14,040.78
Expenses.....	75,127.80	54,090.69	21,037.11
Surplus Before Depreciation.....	31,770.82	14,177.59	17,593.23
Depreciation.....	5,083.60	4,922.44	161.16
Net Surplus.....	\$ 26,687.22	\$ 9,255.15	\$ 17,432.07

The Western Producer

A comparison of the financial operation of The Western Producer for the year ended 31st July, 1945, compared with those of the previous year, is shown below:

	1944-1945	1943-1944	Increase (Decrease)
Advertising.....	\$176,666.18	\$152,044.08	\$ 24,622.10
Subscriptions.....	29,483.53	32,093.89	(2,610.36)
Miscellaneous.....	2,840.44	2,310.31	530.13
Total Revenue.....	208,990.15	186,448.28	22,541.87
Newsprint.....	48,833.86	46,173.10	2,660.76
Expenses.....	103,423.82	101,299.93	2,123.89
Surplus Before Depreciation.....	56,732.47	38,975.25	17,757.22
Depreciation.....	5,083.61	4,922.44	161.17
Net Surplus.....	\$ 51,648.86	\$ 34,052.81	\$ 17,596.05

In comparison with the previous season, job sales showed an increase of \$52,671.12 or 52.25%. The sales volume reached an all-time high of \$153,468.77.

As indicated above, there was also a substantial increase in advertising revenue during the year, which accounts for the improvement in the operations of The Western Producer Department. The results secured during the year under review are the best since the inception of the Company.

The surplus for the year amounted to \$78,467.03 and this has been transferred to reserve account. No provision has been made for income or excess profits taxes on this year's or prior years' earnings.

Plant and Machinery

During the year under review the Board authorized the purchase of an additional 50 feet of vacant property north of the present Modern Press building. Tentative plans for an addition of two storeys and basement with frontage of 60 feet have been prepared and application made for a building permit to the Controller of Construction at Ottawa. Due to the urgent need for additional housing and the shortage of labour, this permit has not yet been granted.

It is now anticipated that the new press which was ordered last year will likely be shipped in the spring or summer of 1946.

The Board has also approved the placing of tentative orders for new equipment which, when installed in the proposed new building, will make Modern Press Limited one of the best equipped printing and publishing plants in Western Canada.

The following figures provide a fairly complete picture of costs incidental to the publication of The Western Producer in the last three years:

	1941-42	1942-43	1943-44	1944-45
Total Gross Press Run.....	5,470,758	5,619,097	5,671,651	5,942,401
Total Net Press Run.....	5,416,740	5,568,765	5,622,320	5,908,154
Total Spoiled Copies.....	54,018	50,332	49,331	34,247
% Spoils to Gross Run.....	.987%	.895%	.869%	.576%
Average Net Run Per Issue	104,168	107,091	108,122	113,426
Cost Per Copy Net Run.....	2.5988	2.5790	2.7105	2.6631
Cost for 52 Issues.....	\$1.3514	\$1.3411	\$1.4095	\$1.3848
Lowest Net Press Run.....	100,450	104,625	104,675	111,950
Highest Net Press Run.....	106,350	109,650	112,825	115,000

Circulation

Total net paid circulation as at 31st July, 1945, was 112,063 compared with 110,837 at the same date a year ago, an increase of 1,226 during the year. The distribution of circulation by provinces for the two-year period is as follows:

	1943-44	1944-45
Saskatchewan.....	61,473	62,670
Alberta.....	31,765	30,571
Manitoba.....	10,025	8,979
British Columbia.....	6,234	8,433
Miscellaneous.....	1,340	1,410
Total.....	110,837	112,063

Editorial

Among other functions, it is an important part of the duties of The Western Producer to record from week to week the more outstanding features of world news. It may, therefore, be fitting to note that never in its history have events of such far-reaching significance occurred as during the period covered in this Report. The war in Europe ended in the collapse of Germany and complete allied victory. Japan was obviously nearing an end which has since become official. The secret of the atom was discovered.

In the midst of this flood of tremendous news, The Western Producer carried on much as usual. The paper continued to be hampered to some extent by paper rationing, but readers seem to be reconciled to this and made little complaint. As will be more fully set out in the attached departmental reports, coverage has been given as fully as circumstances would permit to the various fields of activity which, through the years, the paper has undertaken to serve.

During the war years there has been practically no opportunity for legitimate development. That will mean that when controls are lifted and the projected extension in building and new machinery has taken place there will be much leeway to make up. The editorial staff is consequently looking forward to the opportunity which will be presented to them when the expansion of existing features of the paper and the addition of new ones can be undertaken. Consideration is now being given to these developments and by the time the new press is ready to turn your Board believes it will be possible to produce a bigger, better and brighter Western Producer.

Agricultural Department

The agricultural department has been conducted within the scope of a fairly well defined policy of service to farm readers. This policy, evolved over a period of years, includes the reporting of the major agricultural conventions, meetings, exhibitions and livestock sales in the four western provinces. The fact that the newspaper circulates across the entire West has been kept in mind in the allotment of space on the agricultural pages. Good relations have been maintained between the agricultural department and extension services of the Dominion and provincial governments and the western universities.

Detailed reports of the major livestock sales in the four provinces have served as a valuable guide to purebred livestock prices. These sales establish regional values for breeding stock and, in the case of cattle, for feeders. They also indicate the origin of the best quality purebred cattle, sheep and swine in the west.

Complete coverage was given on the annual conventions of the Canadian Society of Technical Agriculturists, The Canadian Society of Animal Production, the annual Livestock Conventions of Manitoba, Saskatchewan and Alberta, University Farm Week at Saskatoon, and numerous other conventions of breed organizations.

Special interest was shown in the series of articles dealing with control of wheat stem sawfly, published in the fall of 1944. Following the publication of the articles, representations were made by Dominion and provincial authorities, planning a province-wide campaign, to have the series reprinted in pamphlet form for distribution to farmers throughout the sawfly infested zones of Saskatchewan and Alberta. With the support of Saskatchewan Co-operative Producers Limited and the Alberta Wheat Pool, some 12,000 pamphlets were circulated.

Women's Section

Increased interest in a growing list of questions has been the main feature of the Women's Section of The Western Producer during the past year. Personal correspondence reached an all-time high and the Mail Bag and Poetry Section never properly caught up with waiting contributions.

Much more actual reporting has been done in the Women's Section this past year. Special coverage features included the Olds Farm Women's Week, The First Saskatchewan Fruit Show and the Provincial Convention of the Manitoba Institutes in Winnipeg with a side trip to Morden Experimental Farm.

The Club Page has again been well supported by Homemakers, United Farm Women and this year Alberta United Farm Women Highlights.

Publicity has been given to many war and other patriotic causes and to such matters as better farm homes and rural electrification.

Youth Section

Though limited by space owing to war restrictions the young readers of The Western Producer continue to contribute very interesting and varied letters and articles for their own pages. The spirit of comradeship continues high.

Recently a special wave of interest has been shown in the long established Borderlines column, which fosters communication with young people in other countries, especially Britain, Australia and New Zealand. Heads of schools and other organizations have written and sent lists

of young people desiring to be put in touch with Canadian boys and girls.

Reader Services

During the year 69,689 orders for patterns, booklets and fashion books were received. The demand has continued to grow and this amount represents an increase of 11,173 over the previous year. The following statement shows the number of orders received during the year under review:

Household Arts.....	28,364	
Dress Patterns.....	36,878	
Fashion Books.....	1,756	
Booklets.....	2,691	
		<u>69,689</u>

Saskatchewan Co-operative Livestock Producers Limited

Financial Statement

The Auditors' Report and Financial Statements submitted separately to the delegates will show in detail the financial position of this new subsidiary at the end of its first completed year, 31st July, 1945.

It will be noted from the Balance Sheet that total current assets at the end of the fiscal year amounted to \$752,078.65 and current liabilities to \$587,195.49. The difference between these two items, \$164,883.16, represents the current position of the Company.

From the Statement of Earnings and Expenses it will be noted that after providing for depreciation on fixed assets in an amount of \$3,525.21, and for a reserve for doubtful accounts of \$2,000.00, the operations of the Company for the period under review show a surplus of \$33,628.12. A portion of this surplus, \$9,382.79, resulted from the operation of the Transit Compensation Fund. The surplus for the year has been allocated as follows:

To Transit Compensation Fund.....	\$ 9,382.79
To Undivided Surplus Account.....	24,245.33
Total.....	<u>\$33,628.12</u>

No provision has been made in the statement for the payment of income or excess profits taxes on last season's business.

Livestock Operations

Attached to this Report is a statement (Statement No. 17) showing the comparative handlings of livestock for the last two years. The number of cattle, calves and sheep shows a substantial increase, while the number of hogs handled is substantially less in the year under review than in the previous year. In spite of the decline in hog marketings the percentage of the total marketed through co-operative channels shows an increase over the previous year.

In view of the difficulties encountered during the past season, the results of the year's operations will be regarded generally as satisfactory.

Probably the most serious problem faced during the year was as a result of the drastic decline in hog production which varied from 30% to 80% in different parts of the province and was most severe in those areas which had not regularly produced any great volume of hogs.

A year ago the Pool assembly service had already been extended to some 340 points from which regular weekly shipments were being made. With the heavy decline in marketings at the beginning of the present calendar year

it was found that this assembly service was much too elaborate for economical operation with the small volume of livestock available for shipment. Where the volume of hogs in certain areas in the province had dropped to the point where the cost of operating a weekly service under central supervision could no longer be justified, this service was changed to provide a system of assembling under which a co-operative shipper, operating from several points, could make shipment whenever stock was available in sufficient volume. While this service was instituted as an emergency measure, it has provided an outlet for producers wishing to market their stock through co-operative channels and has on the whole been well received.

This organization resulted in a decrease in the number of points previously operated under central control. However, since the close of the fiscal year the Carrot River Valley and the Humboldt-Canora Co-operative Marketing Associations decided to become part of the provincial organization, and today territory previously serviced by these two co-operative associations is being operated with centralized control.

This first year of operation in the livestock marketing field has presented its full share of difficulties. Many of these have now been overcome and organization plans are being carried out which your Board believes will ultimately bring a much greater degree of co-operative control in livestock marketing than exists at the present time.

Canadian Livestock Co-operative (Western) Limited

Canadian Livestock Co-operative (Western) Limited is the co-operative livestock selling agency operating at St. Boniface, Manitoba, and is owned jointly by the Manitoba and Saskatchewan livestock organizations. Attached to this Report as Statement No. 18 will be found the Balance Sheet showing the financial position of this organization as at 31st July, 1945.

The total operating revenue for the period 1st June, 1944, to 31st July, 1945, was \$215,259.65. Total operating expenditures for the same period were \$130,391.31, leaving a surplus of \$84,864.34. This surplus was allocated in the following manner:

(a) To Members' Equity—10%.....	\$ 8,486.43
Credited to Manitoba—44.158%.....	3,747.61
Credited to Saskatchewan—55.842%.....	4,739.22
(b) To be paid to Manitoba and Saskatchewan—90%	
Manitoba —44.158%.....	33,728.55
Saskatchewan—55.842%.....	<u>42,652.96</u>

During the period under review the agency handled 127,387 head of cattle, 47,107 calves, 347,403 hogs and 56,249 sheep. Of this livestock, 73,822 cattle, 32,366 calves, 233,794 hogs and 26,893 sheep originated in Saskatchewan. For the same period, Winnipeg packing plants slaughtered 407,000 cattle, 161,842 calves, 1,494,744 hogs and 160,710 sheep and lambs.

Future Policy

A survey of the hog situation shows the following facts:

The number of hogs on Canadian farms on 1st June, 1945, totalled 6,026,000 head compared with 7,741,000 head on 1st June, 1944, according to the 1st of June survey of the Dominion Bureau of Statistics. This is a decline of 1,715,000 head. The decline was particularly striking in the three prairie provinces which totalled 1,569,400. The decline in Manitoba was 167,000, in Saskatchewan 592,800

and in Alberta 809,600. Ontario was the only province in Canada where numbers of hogs on farms at 1st June were higher than the year previous.

Future prospects based on number of sows expected to farrow indicate a further reduction in hog production in 1946. While increases in fall farrowings are indicated for Ontario and Prince Edward Island, the figures for all other provinces are down and the average for the dominion as a whole shows a reduction of 13.7%.

**No. of Hogs on Farms at June 1 and December 1, 1938 to 1945
(Thousands)**

	June 1	Dec. 1
1938.....	3,487	3,569
1939.....	4,294	4,770
1940.....	5,882	6,117
1941.....	6,093	6,527
1942.....	7,125	7,751
1943.....	8,148	9,473
1944.....	7,741	7,647
1945.....	6,026	—

No. of Hogs on Farms at June 1, 1944 and 1945

	1944 Total	1945 Total	1945 % of 1944 Total
Prince Edward Island.....	65,700	60,500	92.1
Nova Scotia.....	69,300	58,700	84.7
New Brunswick.....	104,300	82,300	78.9
Quebec.....	1,001,000	843,700	84.3
Ontario.....	1,900,000	1,979,000	104.2
Manitoba.....	624,000	457,000	73.2
Saskatchewan.....	1,599,400	1,006,600	62.9
Alberta.....	2,278,900	1,469,300	64.5
British Columbia.....	98,200	68,500	69.8
Total.....	7,740,800	6,025,600	77.8

No. of Sows expected to farrow June to November, 1944 and 1945

	1944	1945	1945 % of 1944
Prince Edward Island.....	6,500	7,000	107.7
Nova Scotia.....	7,300	6,000	82.2
New Brunswick.....	8,400	7,300	86.9
Quebec.....	76,300	75,200	98.6
Ontario.....	180,940	199,900	110.5
Manitoba.....	46,000	34,000	73.9
Saskatchewan.....	84,500	51,900	61.4
Alberta.....	174,300	124,100	71.2
British Columbia.....	9,400	7,100	75.5
Total.....	593,640	512,500	86.3

These figures indicate that hog production in this province has not yet levelled off and that we may anticipate a possible further decline in production for the current year.

It will also be noted that, while western hog production has declined heavily, Ontario production remains steady and actually shows some increase.

In the present relationship between hog and barley prices, there is a discrimination as between the western farmer who raises hogs and feeds his own barley and the eastern shipper who is able to buy his grain at ceiling prices at the Head of the Lakes.

In addition to the freight subsidy, under which the federal government absorbs the cost of the freight from the Lakehead, the eastern feeder in some cases also receives an additional provincial subsidy. In order to meet this situation, your Board has suggested that the following steps should be taken:

- The Canadian Wheat Board should be the sole marketing agency for feed grains as well as wheat.
- The initial payment to producers at the time of delivery should be the ceiling price plus the equalization payment of 10c per bushel on oats and 15c per bushel on barley.

- (c) The Dominion government should pay an additional bonus of \$3.00 per hog on all railgraded Western hogs.
- (d) In the matter of sales of feed grains between western farmers and feeders, it is suggested that if the foregoing proposals were adopted the purchaser of feed grain would pay the full price including the equalization payments.
- (e) At the present time there is a guaranteed price on livestock products for export which will remain in effect until the end of 1946; but your Board believes that in order to maintain livestock production it is necessary that the dominion government should undertake a long-term policy which would encourage the production of livestock in those areas particularly suited to this industry and at the same time establish floor prices covering a period of not less than five years.
- (f) The appointment of a Board of Livestock Commissioners with adequate power to protect the interests of livestock producers in the handling and marketing of livestock. As recommended by the delegates, the Board of Directors will give further consideration to the discrimination that exists against Western farmers feeding their own grain to livestock other than hogs.

Co-operative Packing Plant

During the past year your Board has received and considered a number of resolutions from various parts of the province urging that steps be taken to establish a co-operative packing plant or plants, with particular reference to the shipment of bacon for the British market.

A survey of this whole field has been made in recent months by a committee of your Board and the whole position will be placed before the delegates for consideration.

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 and forms part of this Report.

Canadian Pool Agencies Limited

The Report of the Directors of Canadian Pool Agencies Limited to the annual meeting of its shareholders is also attached to this Report. The Balance Sheet for the year ended 31st July, 1945, and Statements of Income and Expense and Patrons' Equity in this interprovincial subsidiary, are also attached as Statements Nos. 11, 12 and 13.

Pool Insurance Company

In accordance with the Insurance Act, the fiscal year of Pool Insurance Company ends on 31st December. A report of the operations of this interprovincial subsidiary for the year 1944 is attached and forms part of this Report. The Manager of Pool Insurance Company will be in attendance at the meeting and will submit information on the current year's progress.

Publicity

During the year under review the Publicity Department continued to disseminate information and opinion relating to the Pool organization, co-operative principles and developments, agricultural policies, farm organization, and post-war plans for agriculture. Stress was placed upon the importance of co-operation in future developments, and upon the importance of strong farm organization to formulate future agricultural policies.

Radio

News broadcasts on Sunday afternoon, over CKCK, Regina, were continued throughout the year. These broadcasts were started in October, 1939, and have been continued throughout the entire war period. These broad-

casts have proven an excellent medium of contact with the Pool membership because they are on the air on the one day when farmers have the greatest opportunity to listen. British United Press and other recognized news agencies supply the material for this newscast.

Owing to the disruption in senior hockey, caused by the war, it was impossible to get a satisfactory broadcast schedule covering senior hockey for the 1944-1945 season. There was not the same interest shown in the junior hockey and consequently hockey broadcasting was discontinued during the winter season of 1944-1945.

Radio broadcasting activities centred around two features other than the Sunday news:

- (1) Twice weekly quarter-hour programmes on Tuesday and Thursday nights, immediately following the National News Summary, at 8.15 M.D.T., over CKCK, Regina.
- (2) Twice weekly half-hour programmes over CKBI, Prince Albert, on Wednesdays and Fridays.

The Regina broadcasts consist of sponsored opinion with musical introduction and close.

The Prince Albert broadcast, known as Saskatchewan Family Almanac, was a variety programme of entertainment and sponsored opinion.

The Prince Albert programme was conducted on a test basis and surveys were taken off from listeners in the area served for the purpose of getting suggestions, and for feeling out the reaction of the membership to the programme. Changes were made in the programme in line with suggestions submitted by listeners.

Both programmes were used to give extensive publicity to the proceedings of the Royal Commission set up to investigate the whole question of income tax in relation to co-operative enterprises.

Advertising

The Western Producer and Saskatchewan weekly newspapers have been continued as the principal media for the publication of Pool advertising. The policy of placing joint advertising sponsored by the three Pools in The Western Producer was continued.

Friendly relations between the department and the Saskatchewan division of the Canadian Weekly Newspapers' Association have been maintained.

In addition to placing advertisements in the local weeklies, advertising has also been placed in a representative group of foreign language weeklies which circulate in Saskatchewan and a number of monthly publications and other periodicals.

Calendars

Owing to war restrictions many difficulties were encountered in the distribution of Pool calendars during the year under review. Paper control regulations made it necessary to reduce the number of calendars to 100,000. As this was insufficient to supply the entire membership, it became necessary to make the distribution to resident members only. This left only a very few calendars to take care of demands from non-resident members, and from sources outside the organization. Demand for these calendars remains strong and requests come from far afield, including other provinces of Canada, the United States, and the British Isles.

There has continued to be a demand for these calendars at training centres for service personnel.

Exhibitions

Saskatchewan Co-operative Producers Limited maintained its contact with its members through the medium of Class A exhibitions at Saskatoon and Regina, and the Class B fairs at Estevan, Moose Jaw, Weyburn, Yorkton, Melfort, Lloydminster, North Battleford and Prince Albert. Large numbers of people visited the booths at these fairs and large quantities of maps and literature were distributed.

Special folders were made up and stocked with literature for distribution to Junior Grain Clubs, Farm Boys' Camps, Farm Girls' Camps, Co-operative Schools and Junior Co-operators in charge of variety test plots. Through this distribution approximately 6,000 pamphlets were placed in the hands of a selected group of boys and girls who were definitely interested in agriculture. This was in addition to the general distribution of literature at the Class A and Class B fairs.

Research

Owing to the expansion of operations of Saskatchewan Co-operative Producers Limited into fields of livestock marketing and industrial development, there has become a greater need for specific statistical information dealing with the various aspects of these activities. During the year greater emphasis has been placed upon this type of work, and surveys dealing with livestock marketing and assembling, hog production, grain marketing, etc., have been undertaken.

Tax Commission

Special emphasis was placed upon publicity material arising out of the proceedings of the Royal Commission set up to investigate the whole question of income tax and excess profits taxes in relation to co-operatives.

Special articles dealing with human interest stories of co-operatives which were placed before the Commission were written for *The Western Producer*, and special broadcasts dealing with similar subjects were prepared and used on our regular broadcast schedules in both northern and southern Saskatchewan. The Pool submission was printed in pamphlet form and circulated widely in Saskatchewan and other parts of Canada.

Library

Lending services to members have been continued by the Wheat Pool Library throughout the year. Borrowings showed a decrease of 880 from the previous year's figure. This decline is probably due in part to the large number of farm people who left Saskatchewan to serve in His Majesty's Forces or to work in war industry in other provinces. Another factor which contributed to the reduced borrowings has been the difficulty of obtaining new books from the publishers due to paper quotas, labour shortages and restrictions of various kinds.

The number of borrowers for the year under review dropped to 1,780 as compared with 2,044 for the previous year. In past years January, February, March and April have been the months when reader demand has been at its height. During the year under review March was the only month which reflected normal winter reading conditions. It would appear that under the stress of high war production on the farm there has been less time for reading than usual.

Attached to this Report is a table covering operations of the library for the year under review.

Junior Co-operative Activities

Variety Tests

The variety testing programme conducted in 1945 marked the eleventh successive project of this nature to be carried out by the Pool. The ever-increasing labour shortage, which reached its peak in the spring of 1945, proved a serious obstacle to the delegates in their search for suitable co-operators willing to supervise individual tests. The boys and girls selected were necessarily very young, but the accuracy and enthusiasm with which they carried out their work left little to be desired.

In view of the extreme youth of the supervisors the test was of a simplified form, similar to that which has been in use for the past two years. The programme was again planned and supervised by Dr. J. B. Harrington, Professor of Field Husbandry, University of Saskatchewan.

This year arrangements were made to conduct 315 tests. Seed and instructions were supplied to each co-operator, the materials varying in each case in accordance with the type of individual test being made. The main test was one involving flax and wheat. The purpose of this test was to compare the relative values of flax and wheat when grown as a cash crop. The Pool sponsored this type of test for the first time in 1942. Three varieties of flax and one of wheat were tested for cash return values, but the project was operated on a small scale.

This year Thatcher wheat was used in each case, but two varieties of flax, Royal and Viking, were sown in order that a supplementary test between these two varieties might also be carried out. It is expected that much valuable information will be gained from the test in view of the extreme crop conditions, ranging from total crop failure in some areas to very high yields in other parts of the province. Seed for this type of test was supplied to 158 co-operators.

The second part of the project was carried out with seven varieties of barley. Each test included five varieties, three of which were used in all tests. The three standard varieties were Plush, Warrior and Titan. The other two varieties depended on whether the area was suitable for feed barley or malting barley. In feed barley areas the two floater varieties used were Tregal and Compana. In the malting barley areas O.A.C. 21 and Montcalm were grown. Of these seven varieties Plush, Warrior, Titan, O.A.C. 21 and Compana have been tested by the Pool in previous years. Tregal barley is a new variety, developed in North Dakota from a cross between Trebi and Regal. It is a six-rowed, smooth-awned feed variety. Montcalm is a new malting variety produced by Professor E. A. Lods, Macdonald College, Quebec. This variety resembles O.A.C. 21 in many respects and the performance of Montcalm will prove of considerable interest. Altogether seed for 139 barley tests was distributed.

In response to requests from growers in the south eastern area of the province, 18 oat tests were carried out in Pool Districts 1 and 7. The test included four varieties, Victory, Vanguard, Ajax and Exeter. The three latter varieties are resistant to stem rust.

The extreme drought conditions which prevailed over large areas of the province during the 1945 growing season have resulted in the destruction of a number of tests.

However the majority have survived, giving a good representative coverage of the province. Wide variations in moisture conditions prevailed, which made possible an exhaustive study of the merits and demerits of each variety under many different conditions.

Homecraft Clubs

A detailed report of the activities of Homecraft Clubs is being prepared and will be distributed separately to the delegates.

Junior Grain and Seed Clubs

As in former years, assistance to the Junior Grain Club Movement, directed by the Extension Department of the University of Saskatchewan and by the Department of Women's Work, has continued to be an important project of Pool activities which receives widespread support from Pool delegates, elevator agents, Pool committees and field staff in all parts of the province.

As will be indicated in the country organization section of this Report, close and cordial relationship is maintained with the Extension Department, and there is a good working arrangement in all matters of mutual interest.

In addition to this close co-operation and voluntary assistance to the Junior Club Movement, 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 university authorities.

Again the clubs have been sponsored largely by representatives of the Pool organization. Out of 42 clubs, 23 were sponsored by Pool representatives, nine by agricultural societies and eight of the remaining ten by five grain companies.

The following statement shows the number of clubs and the kind of grain handled by each:

Variety Grown	No. of Clubs	Members	Acres	Yield
Wheat: Thatcher.....	15	318	636	8,000
Regent.....	1	15	30	750
Marquis.....	1	10	20	360
Durum.....	1	10	20	400
Oats: Ajax.....	8	119	238	11,900
Banner.....	2	42	84	4,200
Exeter.....	1	10	20	1,000
Victory.....	1	24	48	3,300
Laurel.....	1	11	22	440
Barley: O.A.C. 21.....	7	117	1,170	35,100
Potatoes: Netted Gem.....	1	13	2	250
Columbia Russet.....	1	12	2	300
Forage Crop: Brome and Alfalfa.....	2	22	11	—
	42	723	2,303	

Total Yield.....66,060 bushels of grain
550 bushels potatoes

Country Organization Department

The number of Pool committees on record as at 31st July, 1945, was 1,166 as compared with 1,165 at the same date last year and 1,170 in 1943. Statement No. 9 shows the distribution of committees by districts and sub-districts. Statement No. 10 indicates that 1,071 committees were re-organized during the year. Of the 95 committees which did not report, 29 have not reported re-organization for two years or more.

Last year the Pool committee by-laws were amended to provide that the wife or husband, son or daughter, or a

shareholder in good standing who resides on the farm and is of the full age of 18 years is eligible to be elected as a member of a Pool committee. This change has already resulted in increased interest on the part of farm women.

Committee Conventions

Committee conventions were held as usual during the summer. Attendance was good, including a larger number of women. In several districts the agenda was arranged to include a woman speaker and reports indicate that this arrangement was effective.

During the year under review 124 conventions were held. These covered the entire 165 Pool sub-districts; 87 were single sub-district meetings, 34 were joint meetings of two sub-districts, and three included the committees from three sub-districts.

Co-operative Education

An extensive programme of co-operative education was carried on during the year. Programmes were issued and sent out to Pool committees, elevator agents and delegates, and a selected list of those who have requested copies or have indicated some interest in them.

The programme on "Co-operative Farming" and "The Need of a Co-operative Union," issued last year, continued to meet with favour, and copies were sent to other co-operatives on request until the supply was exhausted. The "Co-operative Life Insurance" programme was issued to give that organization some help in its initial organization stages.

The sound motion picture, film strip and slide film, both Kodachrome and Black and White, have come into prominence as instruments of education. Extensive use of visual aids by the Armed Forces and the remarkable results achieved have been a factor in popularizing the film for this purpose.

The National Film Board also made a significant contribution in its rural and industrial film circuits. The Pool in turn has pioneered in the field as far as rural areas are concerned and is now giving serious consideration to future development of all classes of film and film equipment.

Co-operative schools steadily assume a more important role in our general scheme of education. One-day schools have been an effective medium in reaching a large number of farm boys and girls. Many young men and women, potential leaders, received their initial start in junior co-operative work and are now developing in the field of co-operative schools.

Regional schools were held at Watrous and Swift Current, and two highly successful schools were held during July, one at the University of Saskatchewan and the other at Regina College.

A promising school was conducted last fall at Kenosee Lake Chalet. It was a four-week agricultural course under the Dominion-Provincial Youth Training Plan conducted by the Extension Department of the University of Saskatchewan in co-operation with the Pool country organization department.

The Country Organization Department has maintained close and cordial relationship with the Extension Department of the University of Saskatchewan in all matters of mutual interest and the Department has received helpful co-operation from the director and all members of his staff.

In addition to the usual work with the Extension Department of the University, this year the Pool undertook to assist Miss Bertha Oxner in re-establishing short courses for farm women and girls under the Dominion-Provincial Youth Training Plan.

The agents' study group programme was continued during the year. The first series of studies has not been completed by all groups. A second series of four studies is in course of preparation.

During the year ended 31st July, 1945, sixty-five new co-operative associations were incorporated in Saskatchewan, forty-seven under the Co-operative Associations Act, and eighteen new credit unions. Three associations were dissolved, leaving a net gain for the year of sixty-two.

The number of associations operating in Saskatchewan as at 31st July, 1945, was 1,060 made up as follows: 843 under the Co-operative Associations Act, 170 credit unions including the Credit Union Federation, 29 under the Co-operative Marketing Associations Act, 15 under provincial legislation and three under the Dominion Joint Stock Companies Act.

Under agreement with the National War Finance Committee, Pool district representatives worked with the provincial war finance organization during the period of each Victory Loan in organizing for the canvass, in showing war loan films and as speakers at meetings. The War Finance Committee has expressed its appreciation of the work done by the Country Organization Department as a material contribution to the success of Victory Loan campaigns in Saskatchewan.

Enrollment of New Members

For the year under review 6,304 applications for shares were received of which 2,354 were allotted new shares and 3,950 shares were transferred. In addition, during July 1,106 applications for shares were received all of which 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

Industrial Development

Vegetable Oil Plant

Your Board is now in a position to report progress on the matter of the industrial development programme which has been under consideration by the delegates at the last two annual meetings.

During the year a suitable industrial site comprised of 21 acres of land was acquired from the City of Saskatoon. Tenders were called for and a contract awarded for the

construction of a vegetable oil plant. This work is now under way. Like all other construction work at the present time, progress is seriously hampered by lack of labour and material. As a result of the acute housing shortage in all parts of the dominion, skilled labour is directed into house construction. The contractors will make every effort to have the work completed as soon as possible, but present indications are that the plant will not be in operation until next summer.

Flour Mill

Our consulting engineers, C. D. Howe Company Limited, have completed preliminary plans for the construction of a flour mill with a capacity of 1,000 barrels per day, and with accommodation for a feed mill with a 50-ton daily capacity. Investigations are now under way to determine how soon suitable equipment will be available.

Glycol Plant

A committee of your Board has kept in close touch with the process for the production of glycol developed by the National Research Council, discussed in some detail at the time of the last annual meeting.

Certain difficulties were encountered in the pilot plant at Ottawa and up to the present time these have not been overcome. The men engaged in this work are of the opinion that by next spring or summer it will be possible to secure a better idea of construction costs, but sufficient information is not yet available upon which to base designs for a plant.

It will be the intention of your Board to keep in close touch with this development, and to take action as soon as this is justified by the results secured from the pilot plant now in operation.

Starch Plant

Your Board has also under consideration the matter of establishing a plant for the production of starch from wheat. Final decision in connection with the operation of a plant of this type will be influenced to a considerable degree by the decision made in connection with the glycol plant.

As Pool delegates will remember, it was originally intended that glycol should be produced from wheat. It may be found equally feasible to use starch as a raw material. This will be determined by the experiments carried on during the next few months.

Finances

It is obvious that large sums of money will be required to complete this programme. Delegates have already received certain preliminary information as to the probable cost of the vegetable oil plant. A flour mill of the type contemplated will cost at least \$1,300,000.00. It is not yet possible to submit anything like an accurate estimate on the cost of plant and equipment for the production of glycol as this will call for an entirely new design and would be determined to some extent by the size of the plant.

As previously indicated, preliminary consideration has been given to the establishment of a co-operative packing plant or plants. In order to provide efficient

up-to-date equipment and adequate working capital, it would require in the neighbourhood of \$1,000,000.00 to finance one efficient plant.

A number of suggestions have been received from district delegates' meetings, and meetings of growers, recommending that a part of certain patronage dividends not yet distributed be retained and used for this purpose, growers being credited with an equity in the industrial development equal to the amount of the patronage dividend retained. Our legal advisers have pointed out certain difficulties in this connection.

Income Tax Commission

The matter of the appointment and activities of a Royal Commission to enquire into the question of the liability of co-operatives for the payment of income tax is referred to in some detail in the report of Canadian Co-operative Wheat Producers Limited.

The Report of the Commission is now in the hands of the government and it has been stated in the House of Commons that it will be tabled in parliament as soon as copies have been printed. We understand that the report is now in the hands of the government printers and there is a possibility that a copy may be available before this meeting adjourns.

Future Policy

Now that the war is ended it may be of interest to delegates to review just what has taken place in wheat production and marketing during the war years.

During the crop year 1938-1939 world trade in wheat amounted to more than 640 million bushels. Four years later the 1942-1943 trade had dropped to 370 million bushels. World wheat stocks during the same period began to increase. On 1st August, 1938, total world stocks, exclusive of Russia and China, stood at something like 600 million bushels; but by 1st August, 1943, this figure had increased to about two billion bushels. North American stocks alone during that same period had jumped from 179 million bushels to 1,217 million bushels.

When the war broke out the Canadian Wheat Board initial payment for No. 1 Northern wheat basis Lakehead was 70 cents per bushel. This initial payment was maintained until the fall of 1942 when it was raised to 90 cents per bushel.

It will be recalled that in the fall of 1941 Saskatchewan wheat production was down to 147 million bushels, and unfavourable weather conditions resulted in serious deterioration of the crop.

At this time mass meetings were called throughout the province, and the initial steps were taken to send a delegation of farmers and business men to Ottawa, to seek redress of economic conditions on the farms which were undermining the standard of living in farm homes. Wheat acreage reduction payments for that year of \$20,038,525.00, did not suffice to raise agricultural income up to a fair share of the national income and, when crops deteriorated in the fall, the government announced its prairie farm income bonus, which accounted for payments of \$10,317,604.00 to Saskatchewan farmers but still did not bring agricultural income into line with that of other occupational groups.

In February, 1942, the delegation of four hundred farmers and business men went to Ottawa and placed the case for western agriculture before the cabinet.

In March, 1942, the government introduced legislation to increase the initial payment for wheat from 70 cents per bushel to 90 cents, such policy to go into effect 1st August, 1942, and to apply to restricted deliveries of 280 million bushels for Western Canada.

The year 1942-1943 marked a sharp increase in the use of wheat for non-food purposes in all the four major exporting countries. From the normal use of wheat for feed of about 125 million bushels the United States utilization for this purpose rose to 503 million bushels in 1943-1944. At the same time the use of wheat for alcohol production reached a peak of 108 million bushels. In Canada, too, the use of wheat for feed had risen to 100 million bushels in 1942-1943, and was only 10 million less in 1943-1944.

The carryover picture was changing rapidly. The United States, by the middle of the crop year 1943-1944, adopted a policy restricting the use of wheat for feed and alcohol production. By August, 1945, the North American carryover was down to 539 million bushels. Canada's carryover now stood at only slightly in excess of 258 million bushels. The export figures, showing the movement of Canadian wheat into world consumption channels, give at least a partial insight into what was happening to Canada's stocks during the war years.

For the year 1938-1939 Canada's exports of wheat amounted to 158 million bushels. But by 1944-1945 this had increased to 351 million bushels. The figures themselves tell the story. In 1939-1940 exports amounted to 192 million bushels, in 1940-1941 they were up to 231 million bushels. For the next two years they fell off slightly to 226 million and 215 million bushels respectively; but in 1943-1944 they took another jump to 344 million bushels and reached a peak in 1944-1945 with an export total of 351 million bushels.

On 28th September, 1943, the Canadian government, recognizing the changed picture, suspended trading on the Winnipeg Grain Exchange and raised the initial payment for wheat, basis No. 1 Northern at Lakehead, to \$1.25 per bushel. It has remained at this figure to the present time, and is guaranteed up to the end of the present crop year. Present government policy provides for a floor price of not less than \$1.00 per bushel, basis No. 1 Northern Fort William, for the five crop years ending 31st July, 1950.

The following table shows details of wheat acreage, production, and price for the war years:

Saskatchewan Wheat Acreage, Production and Price

	Acreage	Production (Bushels)	Winnipeg Average Price No. 1 Nor. Ft. William	Wheat Board No. 1 Nor. Price Initial Participation (Payments)
1939-1940.....	14,233,000	271,300,000	.62	.70
1940-1941.....	15,571,000	266,700,000	.74 c	.70 6.215c
1941-1942.....	12,198,000	147,000,000	.76 5/8 c	.70 15.336c
1942-1943.....	12,353,000	304,400,000	.94 3/4 c	.90 12.500c
1943-1944.....	10,260,000	156,000,000	1.23 1/4 c*	1.25
1944-1945.....	13,808,700	250,000,000		1.25
(1945-1946 Estimate).....	13,610,000	167,000,000		1.25

*1943-1944 average of open market prices from 1st August, 1943, to 15th October, 1943, and fixed prices from 16th October, 1943, to 31st July, 1944. Futures trading closed 27th September, 1943.
Average payments over all grades were: 1940-1941, 6 3/8c; 1941-1942, 14 7/8c; 1942-1943, 11 1/4c.

While the government has announced that for the next five years the price of wheat to the grower shall not

be less than \$1.00 per bushel basis No. 1 Northern Fort William, it is not yet clear that the Canadian Wheat Board will operate as the sole marketing agency during the five-year period.

For the post-war period, your Board believes:

- (1) That the Canadian Wheat Board should continue to function as the sole marketing agency, not only for wheat and flax as at present but also for oats, barley and rye.
- (2) That the Dominion government must give aggressive leadership in working out an international wheat agreement, involving minimum prices below which wheat will not be sold.

This matter has already received some discussion in the House of Commons, and it has been suggested that the Canadian government has been unable to secure satisfactory decisions from the other countries involved.

In view of the importance of wheat in the Canadian economy, plus the fact that 40% of the wheat entering world export trade will originate in Canada, your Board believes that the Government of Canada must take the initiative in arriving at international understanding and agreement on this vital question.

- (3) That the present Wheat Board initial payment of \$1.25 per bushel should be maintained so long as production costs remain at present levels.
- (4) In view of the announcement by the government, of a floor price of not less than \$1.00 per bushel for the next five years, the Wheat Board Act should be amended to make the initial payment which may be made by the Wheat Board \$1.00 per bushel instead of the 90 cent price in the Act at present.
- (5) The matter of the domestic price to be paid by the consumer for Canadian wheat should also receive attention.

At the present time the Canadian consumer buys his bread and flour requirements on the basis of a wheat price of 77 3/8 cents per bushel, basis No. 1 Northern Fort William. At the same time the government has announced that Canada will offer wheat for export at \$1.55 per bushel, basis No. 1 Northern.

The present price for wheat for domestic consumption is entirely too low and is out of line with the prices paid for everything else. The facts are that Canadian wheat growers are subsidizing Canadian consumption to the extent of 30 cents per bushel, or the difference between \$1.55 per bushel and the amount of the Wheat Board's initial payment of \$1.25 per bushel; further, all of the Canadian taxpayers, including the wheat growers, are subsidizing consumption by another 47 cents per bushel, or the difference between \$1.25 and 77 3/8 cents. In the opinion of your Board, there is no reason why the domestic price for Canadian wheat should be less than \$1.55 per bushel.

Conclusion

If the pattern of the post-war order is to be found in such institutions as the United Nations Organization and the Food and Agriculture Organization, it would appear that the nations of the world are turning to the principles of co-operation as the most effective basis upon which a sound and enduring peace may be built.

In recent years co-operation in marketing, in distribution and in providing other essential services, has proved to be the most effective method of establishing a spirit of brotherhood in the every-day business of meeting the needs of the people.

In the opinion of your Board, the best contribution Saskatchewan farmers can make to world peace and security is through intensified co-operative action.

The maintenance of a sound agriculture and a strong and effective agricultural co-operative movement will be vital factors in the success of these United Nations Organizations.

Respectively submitted.

MARSH ADAMS
A. F. SPROULE
OLAF NYLUND
JAS. McCALLUM
T. G. BOBIER
FRED MILNE
J. N. BURRILL
W. J. BALL
A. D. YOUNG
GEO. M. EMMONS
L. W. ELLIOTT
J. I. BELL
H. A. CROFFORD
WM. McK. ROSS
A. W. FRIESEN
J. H. WESSON

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 Main Street
WINNIPEG

27th September 1945.

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 Pool Elevators Limited, and Saskatchewan Pool Terminals Limited for the year ended 31st July 1945, and of Saskatchewan Co-operative Live-stock Producers Limited for the fourteen months ended 31st July 1945, 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.

We have obtained all the information and explanations we have required and, in our opinion, 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 organizations' affairs as at 31st July 1945 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.

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; a payment in respect of the estimated total liability amortized over ten years was made in the past year to the Government Annuities Branch.

No provision has been made for income or excess profits taxes on this year's or prior years' earnings.

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 1945**

STATEMENT No. 1

ASSETS

Cash and Securities

Cash in Banks.....	\$ 3,060,309.78
Cash Funds—Payors.....	746,464.99
Dominion of Canada and Province of Saskatchewan Bonds, at cost.....	5,177,940.00
	<hr/> \$ 8,984,714.77

Accounts Receivable, Current.....	\$ 738,606.24
Stocks of Grain (as certified by responsible officials).....	30,442,076.19
Stock in Trade (as certified by responsible officials).....	18,713.51
Prepaid Taxes, Insurance and Other Expenses.....	98,244.11

Total Current Assets.....	\$40,282,354.82
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Accounts Receivable Deferred

Province of Saskatchewan—Sinking Fund Interest Account.....	\$ 1,069,643.49
Growers' Accounts.....	20,831.71
Canadian Livestock Co-operative (Western) Limited..	20,157.34
	<hr/> \$ 1,110,632.54

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).....	\$ 165,921.87
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LIABILITIES AND CAPITAL

Cheques, Vouchers, etc., Outstanding

Cheques and Money Orders.....	\$ 6,399,290.01
Grain Drafts, Cash Tickets, etc.....	7,877,321.45
Outstanding Certificates.....	11,892.26
	<hr/> \$14,288,503.72

Accounts Payable, Current

Province of Saskatchewan re 1929-1930 Pool Overpayment	
Principal.....	\$804,698.94
Accrued Interest.....	119,364.79
	<hr/>
Sundry.....	\$ 924,063.73
	2,633,186.96
	<hr/> \$ 3,557,250.69

Total Current Liabilities.....	\$17,845,754.41
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Deferred Liabilities

Province of Saskatchewan re 1929-1930 Pool Over- payment.....	\$ 5,578,912.81
Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	129,412.00
Livestock Producers' Equity—Old Membership.....	186,362.69

Fixed Assets (Less Reserves for Depreciation).

Country Elevators and Coal Sheds.....	\$ 5,335,368.13
Terminal Elevators.....	3,332,998.13
Land, Buildings and Machinery, Regina and Saskatoon.....	118,427.77
Agents' Residences.....	359,186.27
Work Under Construction.....	101,944.55
Sites—Terminal Elevators, etc.....	371,155.75
Stockyards, Assembly Yards and Equipment.....	26,785.21
Office Furniture and Fixtures.....	65,601.39
Automobiles and Sundry Equipment.....	33,353.96
	<u>\$ 9,744,821.16</u>

Deferred Charges

Overpayment 1929-1930 Pool—Company's Share	
Less Reductions.....	\$ 4,509,269.32
Temporary Storage Bins.....	1,600.00
Stocks of Repair Parts and Supplies.....	83,163.51
	<u>\$ 4,594,032.83</u>

\$55,897,763.22
Reserves

Modern Press Limited.....	\$ 130,943.05
Saskatchewan Co-operative Livestock Producers Limited, Transit Compensation Reserve.....	9,382.79
Saskatchewan Pool Elevators Limited.....	4,494,169.55
	<u>\$ 4,634,495.39</u>

Excess Charges Refund, Season 1943-1944.....	5,213,484.85
--	--------------

Excess Charges Refund, Season 1944-1945.....	2,017,826.75
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Undivided Surplus

Saskatchewan Co-operative Livestock Producers Limited.....	\$ 24,245.33
Saskatchewan Pool Elevators Limited.....	1,511,357.75
	<u>\$ 1,535,603.08</u>

Contingent Liabilities

In respect of buildings and work under construction—Estimated.....	<u>\$400,000.00</u>
--	---------------------

Approved on behalf of the Board.

JOHN H. WESSON, *Director*
A. F. SPROULE, *Director*

\$55,897,763.22

This is the Balance Sheet referred to in our report of 27th September 1945.

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

CONSOLIDATED BALANCE SHEET

The following explanations may be of value in considering the above statement:

ASSETS

CASH AND SECURITIES:

Dominion of Canada and Province of Saskatchewan Bonds—\$5,177,940.00: This represents \$1,750,000.00 Dominion of Canada Seventh Victory Loan 3% Bonds due 1962; \$1,500,000.00 Dominion of Canada Eighth Victory Loan 3% Bonds due 1963; \$3,000.00 Canadian National Railway Company 3% Bonds due 1953; \$1,996,000.00 Province of Saskatchewan 4½% Debentures due 1951; and \$25,000.00 Province of Saskatchewan Industrial Development 3% Debentures due 1955; all valued at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$738,606.24: This item is composed principally of accrued handling charges on grain in store in Country and Terminal Elevators, accrued interest on Bonds, sundry loans and advances.

Stocks of Grain—Less Stored Grain—\$30,442,076.19: This amount represents the value of grain on hand in various positions at 31st July, 1945, less the liability for stored grain. Values of open market grains have been based upon Winnipeg market cash closing prices at 31st July, 1945, or upon open sales contracts where applicable, after allowance 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—\$18,713.51: Includes the value of job stock and newsprint on hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

Prepaid Taxes, Insurance and Other Expenses—\$98,244.11: 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—\$1,069,643.49: 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 monies 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.

Canadian Livestock Co-operative (Western) Limited—\$20,157.34: 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 1934-1935 to 1944-1945 inclusive.

Growers' Accounts—\$20,831.71: Items comprising this amount are made up as follows:

Advances Against Reserves.....	\$ 1,810.45
Seed Grain Advances Against Reserves.....	14,264.45
Contract Notes—1928-1933 Pool.....	4,756.81
	<u>\$20,831.71</u>

Investments and Memberships—\$165,921.87: 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.....	<u>32,500.00</u>
	107,500.00

Canadian Livestock Co-operative (Western) Limited 8 Shares of \$1.00 each.....	8.00
Saskatchewan Co-operative Credit Society Limited 450 Shares of \$10.00 each.....	4,500.00
Saskatchewan Federated Co-operatives Limited 1 Share of \$100.00.....	100.00
Local Co-operative Associations—Sundry Shares.....	1,886.87
Rural Telephone Companies—Sundry Shares.....	1,407.00
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—5 Memberships.....	28,300.00
Riverside Country Club Limited 2 Shares of \$150.00 each.....	300.00
	<u>\$215,921.87</u>
Less Reserve.....	50,000.00
	<u>\$165,921.87</u>

FIXED ASSETS:

Country Elevators and Coal Sheds—\$5,335,368.13: Included in this amount are the following items:

	Plant Value	Depreciation	Net Value
Country Elevators.....	\$15,730,215.14	\$10,399,159.36	\$ 5,331,055.78
Coal Sheds.....	7,149.38	2,837.03	4,312.35
	<u>\$15,737,364.52</u>	<u>\$10,401,996.39</u>	<u>\$ 5,335,368.13</u>

Terminal Elevators—\$3,332,998.13: The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net Value
Terminal No. 4.....	\$ 3,116,237.66	\$ 2,218,066.89	\$ 898,170.77
Terminal No. 5.....	1,218,986.70	863,538.66	355,448.04
Terminal No. 6.....	75,371.80	75,371.80	—
Terminal No. 7.....	4,027,086.47	2,451,476.92	1,575,609.55
Buffalo Terminal.....	1,795,205.48	1,291,435.71	503,769.77
	<u>\$10,232,888.11</u>	<u>\$ 6,899,889.98</u>	<u>\$ 3,332,998.13</u>

The above values are exclusive of Sites, which are shown under the heading of "Sites—Terminal Elevators, etc." details of which appear on the next page. Terminal No. 6 is a leased elevator and the plant value, which is for equipment only, has been fully depreciated.

Land, Buildings and Machinery, Regina and Saskatoon—\$118,427.77: This includes the following items:

Regina:	Plant Value	Depreciation	Net Value
Head Office Building.....	\$180,000.00	\$146,250.00	\$ 33,750.00
Site.....	25,397.75	—	25,397.75
Furniture and Equipment.....	13,663.19	12,057.83	1,605.36
Saskatoon:			
Modern Press Building.....	26,372.15	14,960.45	11,411.70
Site.....	10,850.00	—	10,850.00
Machinery and Equipment....	89,870.26	60,748.30	29,121.96
Industrial Site.....	6,291.00	—	6,291.00
	<u>\$352,444.35</u>	<u>\$234,016.58</u>	<u>\$118,427.77</u>

Agents' Residences—\$359,186.27: Included in this Asset are 464 Agents' Residences valued at \$744,439.18, against which there is a Reserve for Depreciation amounting to \$385,252.91.

Work Under Construction—\$101,944.55: This represents sundry construction and replacement work in progress in the Country Elevator and Terminal Departments at the year end. The balance of the approved program of Capital Expenditures, estimated at \$400,000.00, is shown as a Contingent Liability.

Sites—Terminal Elevators, etc.—\$371,155.75: The following is a summary of the Sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 5.....	34,500.00
Terminal No. 7.....	80,678.30
Buffalo Terminal.....	123,603.94
Elevator Sites.....	1,046.25
Cottage Sites.....	40,327.26
	<u>\$371,155.75</u>

Stockyards and Equipment—\$26,785.21: This includes the following items:

	Plant Value	Depreciation	Net Value
Stockyards.....	\$26,035.46	\$ 4,912.34	\$21,123.12
Assembly Yards and Sheds.....	1,931.15	199.14	1,732.01
Country Scales.....	450.00	195.00	255.00
Tattoo Equipment.....	6,299.66	2,624.58	3,675.08
	<u>\$34,716.27</u>	<u>\$ 7,931.06</u>	<u>\$26,785.21</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$4,509,269.32: The following is a summary of this Account:
Balance at 31st July, 1944.....\$5,422,682.19

Deductions:

**Increase in Province of Saskatchewan
4½% Debentures, 1951 Sinking
Fund Interest Account.**

Balance at 31st July, 1945.....\$1,069,643.49
Balance at 31st July, 1944.....960,929.56

Increase.....\$ 108,713.93

Appropriation from Surplus Income—

Season 1944-1945.....804,698.94

913,412.87

\$4,509,269.32

Temporary Storage Bins—\$1,600.00: This amount represents 50 per cent. of the cost of 3 bins which were acquired with the purchase of elevators during the Season, half of the cost having been written off as a charge to 1944-1945 operations.

In addition to the above, the Company also owns 455 bins built in 1939, 719 bins built in 1940, 1 bin acquired in 1943-1944, and 4 temporary terminal annexes built in 1941. The cost of these facilities has been completely written off as a charge to the operations of the year and those of past seasons. One bin built in 1940 was demolished during the year but part of the salvaged materials remain to be disposed of.

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$11,892.26: This represents the amount due on Growers' Certificates covering deliveries to the various season's Wheat and Coarse Grains Pools, which have not been presented to Head Office for payment.

ACCOUNTS PAYABLE—CURRENT:

Province of Saskatchewan—\$924,063.73: This amount represents the principal payment due 15th September, 1945, together with interest accrued to 31st July, 1945, on the total liability to the Province in respect of the 1929-1930 Pool Overpayment.

Sundry—\$2,633,186.96: This amount consists principally of Accrued Expenses, Loan Accounts and Shippers' Accounts. The latter item comprises the unexpended balance at 31st July, 1945, of the portion of the Excess Charges Refund—Season 1943-1944, which was retained for the purchase of Reserve Certificates to be transferred to the respective members.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$5,578,912.81: This represents the balance owing on the above account after completing payment of the 1945 instalment of principal which is provided for under the heading of "Accounts Payable—Current."

In accordance with the terms of our agreement, the amount of \$5,578,912.81 is to be repaid with interest at 5% per annum in six equal annual payments, the first payment of principal falling due 15th September, 1946.

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 and fixed assets, etc.

Capital—\$129,412.00: This amount includes new capital subscribed during the year to the extent of \$2,354.00.

Producers' Equity—Old Membership—\$186,362.69: The following is a summary of this account:

Balance at 31st May, 1944.....\$193,986.62

Debits:

Prior Season's Adjustment—Net.....	\$1,034.34	
Equity Office Expenses—1944-1945:		
Office Salaries.....	\$5,344.78	
Rent and Sundry Expenses....	881.26	
Expenses of Supervisory Committee.....	363.55	
	<u>6,589.59</u>	
		<u>7,623.93</u>
		<u>\$186,362.69</u>

Reserve Account—Modern Press Limited—\$180,943.05: This comprises the surplus earnings of this Company for the past three years, which have been transferred to this Account.

Reserve Account—Saskatchewan Pool Elevators Limited—\$4,494,169.55: The following is a summary of this Account:

Balance at 1st August, 1944.....	\$4,494,256.81
Less: Adjustments to Growers re Excess Charges Refunds for Prior Seasons.....	87.26
	<u>\$4,494,169.55</u>

Transit Compensation Reserve Fund—\$9,382.79: This represents the amount of fees obtained in excess of claims and expenses in respect of insuring livestock against loss while in transit to Stockyards and Packing Plants during the past season.

Excess Charges Refund—1943-1944—\$5,213,484.85: This represents the balance of the amount allocated as an Excess Charges Refund to members on grain delivered to the Company's facilities during Season 1943-1944, after deducting the portion to be used for the purchase of Reserve Certificates for their account. This amount is held subject to the condition that it may be used for the payment of any Income or Excess Profits Taxes which may be levied against the Company.

Excess Charges Refund—1944-1945—\$2,017,826.75: This amount has been allocated from the past season's surplus earnings of the elevator company in accordance with a resolution of the Board of Directors dated 25th September, 1945, and is subject to conditions stated therein.

Undivided Surplus—Saskatchewan Co-operative Livestock Producers Limited—\$24,245.33: This amount was transferred from the Surplus Earnings of the past season.

Undivided Surplus—Saskatchewan Pool Elevators Limited—\$1,511,357.75: The following is a statement of this Account:

Balance at 1st August, 1944.....	\$1,549,528.01
Less:	
Dividend of 3% on Capital Stock.....	\$365,856.00
Adjustment re Excess Charges Refund—Season 1942-1943.....	<u>38,170.26</u>
	404,026.26
	<u>\$1,145,501.75</u>
Transferred from Surplus Earnings—Season 1944-1945.....	<u>365,856.00</u>
	<u>\$1,511,357.75</u>

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. 2

CONSOLIDATED CAPITAL STATEMENT As At 31st July, 1945

Capital Receipts

Dr.	Cr.
Capital.....\$	129,412.00
Commercial Reserve.....	6,567,851.17
Elevator Deductions.....	12,188,060.07
Livestock Pool Equity Account—Old Membership.....	186,362.69
Reserve Accounts.....	4,634,495.39
Undivided Surplus Accounts.....	1,535,603.08
Excess Charges Refund—Season 1943-1944.....	5,213,484.85
Excess Charges Refund—Season 1944-1945.....	2,017,826.75
Deferred Loans Outstanding.....	5,578,912.81
	<u>\$38,052,008.81</u>

Capital Expenditures

Fixed and Sundry Assets

Fixed Assets (Less Reserve for Depreciation).....\$	9,744,821.16
Investments and Memberships (Less Reserve).....	165,921.87

Deferred Accounts

Accounts Receivable—Deferred.....	1,110,632.54
Deferred Charges.....	4,594,032.83

Carried Forward.....\$15,615,408.40 \$38,052,008.81

Brought Forward.....\$15,615,408.40 \$38,052,008.81

Approved Programme of Building and Work Under Construction (Estimated Expenditures)

Vegetable Oil Plant.....	\$270,000.00
Country Elevators and Agents' Residences.....	167,562.26
Sundry Capital Replacements—Terminals.....	64,382.29
	<u>\$501,944.55</u>

Less: Paid on Account (Work Under Construction).....101,944.55

400,000.00

Balance—Surplus Available as Working Capital for Season 1945-1946 (Subject to Dividends and Taxes).....

22,036,600.41

\$38,052,008.81 \$38,052,008.81

STATEMENT No. 2 (2)

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET as at 31st JULY, 1945

Current Assets.....	\$40,282,354.82
Current Liabilities.....	17,845,754.41

Current Position as Per Balance Sheet.....	\$22,436,600.41
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Less:

Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction.....	400,000.00
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Balance—Surplus Available as Working Capital for Season 1945-1946 (Subject to Dividends and Taxes).....	\$22,036,600.41
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SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED

STATEMENT No. 2

MODERN PRESS LIMITED

SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED

SASKATCHEWAN POOL ELEVATORS LIMITED

and

SASKATCHEWAN POOL TERMINALS LIMITED

SOURCE OF CAPITAL FUNDS, ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS AND SURPLUS CAPITAL, AS AT JULY 31st, 1946

SOURCE OF CAPITAL FUNDS	Capital	Commercial Reserve	Elevator Deductions	Livestock Pool Equity Account Old Membership	Reserve Accounts	Undivided Surplus	Excess Charges Refund, Season 1943-1944	Excess Charges Refund, Season 1944-1945	Deferred Loans Outstanding	Total
Stock Subscriptions.....	\$129,412.00	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 129,412.00
Deductions from Pool Payments....	—	6,567,851.17	12,188,060.07	—	—	—	—	—	—	18,755,911.24
Retained From Operations.....	—	—	—	186,362.69	4,634,495.39	1,535,603.08	5,213,484.85	2,017,826.75	—	13,587,772.76
Province of Saskatchewan—Loan..	—	—	—	—	—	—	—	—	5,578,912.81	5,578,912.81
TOTAL CAPITAL RECEIPTS.....	\$129,412.00	\$6,567,851.17	\$12,188,060.07	\$186,362.69	\$4,634,495.39	\$1,535,603.08	\$5,213,484.85	\$2,017,826.75	\$5,578,912.81	\$38,052,008.81

ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS

STATEMENT No. 3—Continued

Deferred Accounts Receivable:

Province of Saskatchewan Sinking Fund Interest Account.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,069,643.49	\$ 1,069,643.49
Growers' Accounts.....	—	20,831.71	—	—	—	—	—	—	—	20,831.71
Canadian Livestock Co-operative (Western) Limited.....	—	—	—	15,418.12	—	4,739.22	—	—	—	20,157.34
Investments.....	—	14,396.13	151,516.74	9.00	—	—	—	—	—	165,921.87
Fixed Assets.....	89,749.86	60,465.94	9,559,664.05	34,941.31	—	—	—	—	—	9,744,821.16
Expenditures Approved for Completion of Programme of Building and Work Under Construction (Contingent Liability).....	39,662.14	230,337.86	130,000.00	—	—	—	—	—	—	400,000.00
Deferred Charges:										
1929-1930 Pool Overpayment—										
Company's Share.....	—	—	—	—	—	—	—	—	4,509,269.32	4,509,269.32
Temporary Storage Bins.....	—	—	1,600.00	—	—	—	—	—	—	1,600.00
Stocks of Repair Parts and Supplies	—	3,648.80	79,514.71	—	—	—	—	—	—	83,163.51

TOTAL CAPITAL

EXPENDITURES.....	\$129,412.00	\$ 329,680.44	\$9,922,295.50	\$ 50,368.43	\$ —	\$ 4,739.22	\$ —	\$ —	\$5,578,912.81	\$16,015,408.40
BALANCE—SURPLUS CAPITAL \$	—	\$6,238,170.73	\$2,265,764.57	\$135,994.26	\$4,634,495.39	\$1,530,863.86	\$5,213,484.85	\$2,017,826.75	\$ —	\$22,036,600.41

TOTAL CURRENT ASSETS—(As Per Consolidated Balance Sheet—Statement "1").....	\$40,282,354.82
TOTAL CURRENT LIABILITIES (As Per Consolidated Balance Sheet—Statement "1").....	17,845,754.41

BALANCE—Current Position.....

Less: Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction.....	\$22,436,600.41
	400,000.00

BALANCE—Surplus Capital (Subject to Dividends and Taxes)

\$22,036,600.41

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, 1945**

ASSETS

Fixed Assets	
(Less Reserve for Depreciation).....	\$ 9,744,821.16
Investments and Memberships	
(Less Reserve).....	165,921.87
Accounts Receivable—Deferred.....	1,110,632.54
Temporary Storage Bins—	
Less Amount Written Off.....	1,600.00
Stocks of Repair Parts and Supplies.....	83,163.51
Surplus Capital (After Providing for Ex-	
penditures to Complete Programme of	
Building and Work Under Construction)....	22,036,600.41
Amount Provided to Complete Programme	
of Building and Work Under Construc-	
tion.....	400,000.00
TOTAL NET ASSETS.....	\$33,542,739.49

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

	Equity
Province of Saskatchewan re 1929-1930	
Pool Overpayment.....	\$ 5,578,912.81 16.632%

**TOTAL LIABILITIES TO OTHER THAN
SHAREHOLDERS.....** \$ 5,578,912.81 16.632%

BALANCE OF ASSETS OVER LIABILITIES

Growers' Equity (Subject to Payment of		
Dividends and Taxes).....	27,963,826.68	83.368%
	\$33,542,739.49	100.00%

SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED

STATEMENT No. 5

**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, 1945, ALSO
BALANCE OF REGULAR PAYMENTS TO BE MADE FROM 15th SEPTEMBER, 1946, 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
	<u>\$13,752,000.00</u>

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
Total Paid.....	\$15,526,274.22	\$7,353,187.03	\$8,173,087.19	\$ —

STATEMENT OF PAYMENTS TO BE MADE

Due Date	Amount	Interest	Principal	Balance after Completing Payment
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
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.....	\$6,575,023.36	\$996,110.55	\$5,578,912.81	\$ —

SUMMARY

	Amount	Interest	Principal
Paid to 15th September, 1945.....	\$15,526,274.22	\$ 7,353,187.03	\$ 8,173,087.19
Balance to 15th September, 1951.....	6,575,023.36	996,110.55	5,578,912.81
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, 1945

TOTAL HANDLED (ALL GRAINS)

	Bushels 1924-1944	Bushels 1944-1945	Bushels 1924-1945
SASKATCHEWAN POOL ELEVATORS LIMITED			
Country Elevators.....	1,481,435,193	159,817,323	1,641,252,516
Platform.....	58,066,132	113,472	58,179,604
Total.....	1,539,501,325	159,930,795	1,699,432,120
Number of Elevators Operated.....	—	1,133	—
Average Handling Per Elevator.....	—	141,057	—
SASKATCHEWAN POOL TERMINALS LIMITED			
Terminal No. 4.....	299,823,141	24,821,184	324,644,325
5.....	100,716,510	16,254,196	116,970,706
6.....	342,242,976	35,073,269	377,316,245
7.....	351,859,855	62,500,424	414,360,279
8.....	28,240,761	—	28,240,761
Total.....	1,122,883,243	138,649,073	1,261,532,316
BUFFALO TERMINAL ELEVATOR.....	131,930,775	—	131,930,775

SASKATCHEWAN POOL ELEVATORS LIMITED—STATEMENT OF EARNINGS—1st AUGUST, 1925, to 31st JULY, 1945

	Total 1925-1944	Sundry Adjustments	Season 1944-1945	Total 1925-1945
NET EARNINGS.....	\$38,952,535.45	\$ —	\$ 3,578,603.89	\$42,531,139.34
DISTRIBUTION OF EARNINGS				
Excess Charges Refund:				
Paid to Growers.....	\$ 6,718,153.30	\$ 38,257.52	\$ —	\$ 6,756,410.82
Credits to Growers' Overpayment Accounts.....	2,559,217.44	—	—	2,559,217.44
Reserve Certificates Purchased or to be Purchased in Settlement of Credits.....	1,907,819.28	663,846.60	—	2,571,665.88
Allocated for Distribution on Deliveries for Season 1943-1944 (Subject to Taxes).....	5,877,331.45	(663,846.60)	—	5,213,484.85
Allocated for Distribution on Deliveries for Season 1944-1945.....	—	—	2,017,826.75	2,017,826.75
Total Excess Charges Refund.....	\$17,062,521.47	\$ 38,257.52	\$ 2,017,826.75	\$19,118,605.74
Farm Storage Paid to Growers.....	306,456.74	—	—	306,456.74
Share of Pool Expenses.....	1,280,228.74	—	112,044.41	1,392,273.15
Dividends to Pool.....	2,281,129.80	365,856.00	—	2,646,985.80
Share of Earnings to Pool re Principal Payments 1929-1930 Pool Overpayment Liability, etc.....	4,989,462.19	—	758,866.90	5,748,329.09
Interest Paid on 1929-1930 Pool Overpayment Liability.....	6,988,951.69	—	324,009.83	7,312,961.52
Transferred to Reserve Account.....	4,494,256.81	(87.26)	—	4,494,169.55
Transferred to Undivided Surplus Account.....	1,549,528.01	(38,170.26)	—	1,511,357.75
Total.....	\$38,952,535.45	\$ —	\$ 3,578,603.89	\$42,531,139.34
Net Earnings (as above).....				\$42,531,139.34
Depreciation Reserve as at 31st July, 1945.....				17,880,754.70
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, 1945.....				\$62,562,225.33

NOTE: Sundry Adjustments Shown in the Second Column Comprise the Following:—

- (a) Adjustments of Excess Charges for Prior Seasons, Amounting to \$38,257.52, of which \$87.26 was Charged to Reserve Account and \$38,170.26 to Undivided Surplus A/c.
 (b) Distribution of Portion of 1943-1944 Excess Charges Refund Set Aside for Purchase of Reserve Certificates—\$663,846.60.
 (c) Payment of Dividend to Pool—\$365,856.00—Charged to Undivided Surplus Account.

(Bracketed Items Represent Deductions).

LIBRARY RECORD FOR 1944-1945

	Books Mailed	Books Returned	Books	Requests Catalogues	Postage
1944					
August.....	758	650	26	4	\$37.20
September.....	553	569	23	—	31.30
October.....	590	651	26	—	33.92
November.....	668	655	41	—	37.73
December.....	744	738	58	—	42.41
1945					
January.....	937	917	67	—	52.51
February.....	858	802	61	605	47.34
March.....	1,180	1,026	267	1,622	62.17
April.....	984	983	72	42	53.71
May.....	838	894	36	30	46.08
June.....	677	725	22	12	37.13
July.....	681	718	28	27	39.67
	9,468	9,328	727	2,342	\$521.17

Number of Borrowers as at 31st July, 1945

Wheat Pool Members.....	1,674
Agents.....	106
	<u>1,780</u>

STATEMENT No. 9

**WHEAT POOL COMMITTEES
TOTAL NUMBER OF COMMITTEES
1944-1945**

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	4	5	9	8	13	5	—	66
District 3.....	3	4	3	4	7	4	3	5	3	8	—	44
District 4.....	3	7	9	5	5	2	4	7	3	6	—	51
District 5.....	10	7	5	7	7	4	6	10	9	5	—	70
District 6.....	9	10	7	8	9	12	11	7	7	8	—	88
District 7.....	8	5	5	5	7	9	6	5	7	4	7	68
District 8.....	8	9	10	8	8	8	6	7	6	3	—	73
District 9.....	5	7	5	8	3	9	6	7	6	7	—	63
District 10.....	6	6	4	8	14	8	2	7	3	9	—	67
District 11.....	9	11	12	5	4	7	12	7	10	9	—	86
District 12.....	10	7	9	7	6	7	7	8	11	8	—	80
District 13.....	9	12	3	10	8	7	12	7	9	11	7	95
District 14.....	5	7	8	11	3	7	7	12	7	9	7	83
District 15.....	9	8	9	8	8	5	8	5	6	7	4	77
District 16.....	7	8	9	7	4	11	5	9	7	8	9	84
												1166

STATEMENT No. 10

**COMMITTEES RE-ORGANIZED
1944-1945**

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	7	—	70
District 2.....	5	4	2	7	4	4	9	8	13	5	—	61
District 3.....	3	4	3	4	6	3	3	5	3	8	—	42
District 4.....	3	7	9	5	5	2	4	7	3	5	—	50
District 5.....	9	7	5	7	7	3	5	10	8	5	—	66
District 6.....	8	10	7	8	8	12	10	7	7	6	—	83
District 7.....	7	5	5	5	7	9	6	5	7	4	7	67
District 8.....	8	9	10	8	8	7	6	5	5	3	—	69
District 9.....	5	6	5	8	3	8	6	7	3	6	—	57
District 10.....	6	6	3	7	14	8	2	6	3	8	—	63
District 11.....	7	9	11	5	3	7	7	5	8	5	—	67
District 12.....	9	7	9	7	5	6	7	7	11	8	—	76
District 13.....	8	11	3	10	7	6	10	7	9	10	7	88
District 14.....	5	7	7	11	3	5	7	9	6	8	5	73
District 15.....	7	6	8	7	7	3	6	4	5	4	3	60
District 16.....	7	8	8	7	3	11	4	8	7	8	8	79
												1071

EXHIBIT A

STATEMENT No. 11

CANADIAN POOL AGENCIES LIMITED, WINNIPEG, MANITOBA

BALANCE SHEET AS AT JULY 31st, 1945

ASSETS

Agency Assets.....		\$ 33,217.76
Cash in Agency Bank Accounts.....	\$ 5,621.86	
Accounts Receivable.....	27,595.90	
	<u>\$ 33,217.76</u>	
Shareholders' and Patrons' Assets.....		\$ 113,110.46
Cash.....		\$ 11,072.12
In General Bank Account.....	\$ 11,002.12	
On Hand.....	70.00	
	<u>\$ 11,072.12</u>	
Accounts Receivable.....		\$ 21,139.99
Commissions—per Contra.....	\$ 3,813.71	
Loan Accounts—Secured.....	6,017.85	
Pool Insurance Company.....	6,252.98	
Miscellaneous.....	5,055.45	
	<u>\$ 21,139.99</u>	

LIABILITIES

Agency Liabilities.....		\$ 33,217.76
Accounts Payable—Insurance.....	\$ 29,404.05	
Commissions Payable—per Contra.....	3,813.71	
	<u>\$ 33,217.76</u>	
Shareholders' Liabilities and Reserve.....		\$ 25,343.44
Miscellaneous Accounts Payable.....	\$ 5,343.44	
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 Limited.....	11,285.06	
	<u>\$ 20,000.00</u>	
		<u>\$ 25,343.44</u>

Investments—at Cost.....	\$ 80,198.35	
\$80,000.00 Dominion of Canada Bonds 3½%—Maturing June 1, 1966.....	\$ 80,198.35	
(Quoted Value, July 31, 1945: \$82,900.00)		
Membership Deposits.....	\$ 200.00	
Insurance Agents' Associations.....	\$ 200.00	
Furniture and Fixtures.....	\$ 500.00	
Cost.....	\$ 6,601.91	
Less: Depreciation Reserve.....	6,101.91	
	\$ 500.00	
	<u>\$113,110.46</u>	
		<u>\$146,328.22</u>

Capital Stock.....	\$ 20,000.00	
Authorized.....	\$ 20,000.00	
Issued and Fully Paid.....	\$ 20,000.00	
(2,000 Shares of \$10.00 each)		
Patrons' Equity (Per Exhibit B).....	\$ 67,767.02	
Allocated as Follows:		
Alberta Wheat Pool.....	\$ 12,709.11	
Manitoba Pool Elevators.....	12,420.73	
Saskatchewan Co-operative Producers Limited.....	42,637.18	
	<u>\$ 67,767.02</u>	
Signed on Behalf of the Board:		
J. H. WESSON, <i>Director</i>		<u>\$146,328.22</u>
W. J. PARKER, <i>Director</i>		

AUDITORS' REPORT

We have audited the accounts of Canadian Pool Agencies Limited for the year ended July 31st, 1945, and have received all the information and explanations we have required. Bank balances have been confirmed by certificates obtained 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. Responsibility for payment of any income tax is disclaimed by the Company and no provision for any income tax liability has been made on the Balance Sheet.

We certify that, in our opinion, the above Balance Sheet and related statements are properly drawn up so as to exhibit, respectively, a true and correct view of the financial position of Canadian Pool Agencies Limited as at July 31st, 1945, 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, October 12, 1945.

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

EXHIBIT B**STATEMENT No. 12****CANADIAN POOL AGENCIES LIMITED
WINNIPEG, MANITOBA****SUMMARY OF PATRONS' EQUITY ACCOUNT****For the Year Ended July 31st, 1945**

	<i>Debit</i>	<i>Credit</i>
Balance at Credit July 31st, 1944.....		\$103,020.80
Distributed During 1944-1945:		
Patronage Dividend Year 1943-1944.....	\$103,020.80	
Alberta Wheat Pool.....	\$ 25,552.38	
Manitoba Pool Elevators	16,008.68	
Saskatchewan Co-operative Producers Limited	61,459.74	
	<u>\$103,020.80</u>	
		<u>\$103,020.80</u>
Patrons' Equities for Year Ended July 31st, 1945, as Per Exhibit C.....		\$ 67,767.02
Allocated as Follows:		
Alberta Wheat Pool.....	\$ 12,709.11	
Manitoba Pool Elevators	12,420.73	
Saskatchewan Co-operative Producers Limited	42,637.18	
	<u>\$ 67,767.02</u>	
Total at Credit July 31st, 1945, as Per Balance Sheet—Exhibit A.....		\$ 67,767.02
Allocated as Follows:		
Alberta Wheat Pool.....	\$ 12,709.11	
Manitoba Pool Elevators	12,420.73	
Saskatchewan Co-operative Producers Limited	42,637.18	
	<u>\$ 67,767.02</u>	
		<u>\$170,787.82</u>
		<u>\$170,787.82</u>

CANADIAN POOL AGENCIES LIMITED

Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended July 31st, 1945

Income:

Commissions.....		\$ 74,807.89
Fire.....	\$ 32,842.12	
Bonds.....	19,928.74	
Accident and Sickness.....	168.48	
Liability.....	99.36	
Automobile.....	2,331.92	
Robbery and Burglary.....	465.68	
Forgery.....	232.20	
Floater.....	436.50	
Windstorm and Cyclone.....	43.82	
Sprinkler Leakage.....	40.75	
Steam Boiler.....	41.70	
Riot and Civil Commotion.....	253.76	
Plate Glass.....	2.57	
Hail.....	18.00	
Lake Marine and Outturn.....	9,338.46	
Contingent.....	8,374.50	
Overriding.....	300.00	
	<u>\$ 74,918.56</u>	
Less: Brokerage Paid.....	110.67	
	<u>\$ 74,807.89</u>	

Other Income.....		\$ 3,527.24
Interest and Exchange—General.....	927.24	
Interest on Investments.....	2,600.00	
	<u>\$ 3,527.24</u>	

Total Income for Year.....	\$ 78,335.13
----------------------------	--------------

Expenses.....		\$ 10,568.11
Salaries.....	6,918.54	
Directors' Fees and Expenses.....	549.12	
Rent and Light.....	764.80	
Telephone and Telegraph.....	192.87	
Printing and Stationery.....	351.81	
Postage and Excise.....	151.68	
Taxes and Licenses.....	282.73	
Travelling Expense.....	272.94	
Depreciation.....	14.20	
Legal and Audit.....	479.00	
Insurance.....	54.30	
Annuity Expense.....	202.98	
Miscellaneous.....	633.14	
	<u>\$ 10,868.11</u>	
Deduct: Recovery from Interprovincial Pool.....	300.00	
	<u>\$ 10,568.11</u>	

Balance, Equities for Year Ended July 31st, 1945, Carried to Exhibit B.....	\$ 67,767.02
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POOL INSURANCE COMPANY
BALANCE SHEET AS AT DECEMBER 31st, 1944

ASSETS

Cash in Bank.....	\$223,545.29
Bank of Montreal—General Account.....	\$ 59,190.69
—Savings Account.....	164,354.60
	<u>223,545.29</u>
Accounts Receivable.....	\$ 80,173.78
Canadian Pool Agencies Limited.....	79,604.29
Advances to Inspection Staff.....	569.49
	<u>80,173.78</u>
Investments—Ledger value.....	\$249,106.25
Dominion of Canada Bonds:	Par Value
1935 Loan—3%—due 1955.....	50,000.00
Second War Loan—3%—due 1952.....	5,000.00
Fourth Victory Loan—3%—due 1957.....	87,500.00
Sixth Victory Loan—3%—due 1960.....	107,500.00
	<u>\$250,000.00</u>

LIABILITIES

Current Liabilities.....	\$ 70,926.28
Accounts Payable.....	\$ 59,556.89
Fire Losses in Process.....	5,118.28
Taxes Accrued.....	6,251.11
	<u>70,926.28</u>
Reserve for Unearned Income.....	\$ 54,847.57
Unexpired Portion of Premium Income.....	\$ 21,170.73
Unexpired Portion of Reinsurance	
Commissions.....	34,794.19
	<u>\$ 55,964.92</u>
Less: Commissions Paid on Business Not Yet	
Taken Into Income.....	1,117.35
	<u>\$ 54,847.57</u>

Market Value.....	<u>\$251,230.60</u>
Interest Accured Thereon.....	\$ 868.75
Automobiles.....	\$ 2,400.00

\$556,094.07

Capital Stock	\$185,000.00
Authorized—5,000 Shares at \$100.00.....	<u>\$500,000.00</u>
Subscribed—2,500 Shares at \$100.00.....	<u>\$250,000.00</u>
Paid Up Thereon.....	\$185,000.00
Capital Surplus	\$ 34,925.13
Premium at 12% on Capital Stock Subscribed.....	30,000.00
Surplus Realized on Investments Sold.....	4,925.13
	<u>\$ 34,925.13</u>

Shareholders' and Patrons' Equities—as per Exhibit B.....\$210,395.09

Allocated as Follows:	
Shareholders' Dividend.....	1.85
Patrons' Dividend:	
Manitoba Pool Elevators.....	29,039.24
Alberta Wheat Pool.....	59,165.47
Saskatchewan Pool Elevators Limited.....	122,188.53
	<u>\$210,395.09</u>

Signed on Behalf of the Board	
JOHN H. WESSON, Director.	<u>\$556,094.07</u>
W. J. PARKER, Director.	

AUDITORS' CERTIFICATE

In our opinion the Balance Sheet of Pool Insurance Company as at December 31st, 1944, 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. Responsibility for the payment of income tax is disclaimed by the Company and no provision of any income tax liability has been made on the Balance Sheet.

Winnipeg, Manitoba, February 21st, 1945.

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

EXHIBIT "B"**STATEMENT No. 15**

POOL INSURANCE COMPANY
SUMMARY OF SHAREHOLDERS' AND PATRONS' EQUITY
ACCOUNT

For the Year Ended December 31st, 1944

	Debit	Credit
Balance at Credit December 31st, 1943.....		\$234,800.39
Distributed During Year 1944.....	\$234,800.39	
Shareholders' Dividend, Year 1943:		
Alberta Wheat Pool.....\$.58	
Manitoba Pool Elevators	.59	
Saskatchewan Pool Elevators Limited.....	.58	
Patrons' Dividend, Year 1943:		
Alberta Wheat Pool.....\$	65,034.74	
Manitoba Pool Elevators	34,014.09	
Saskatchewan Pool Elevators Limited.....	135,749.81	
	<u>\$234,800.39</u>	
	\$234,800.39	\$234,800.39
Shareholders' and Patrons' Equities for Year Ended December 31st, 1944—as Per Exhibit C.....		\$210,395.09
Allocated as Follows:		
Shareholders' Dividend.....\$	1.85	
Patrons' Dividend.....	210,393.24	
	<u>\$210,395.09</u>	
Total at Credit December 31st, 1944, as Per Balance Sheet—Exhibit A.....		\$210,395.09
Allocated as Follows:		
Shareholders' Dividend:		
Alberta Wheat Pool.....	.55	
Manitoba Pool Elevators	.37	
Saskatchewan Pool Elevators Limited.....	.93	
Patrons' Dividend:		
Alberta Wheat Pool.....\$	59,165.47	
Manitoba Pool Elevators	29,039.24	
Saskatchewan Pool Elevators Limited.....	122,188.53	
	<u>\$210,395.09</u>	
	\$445,195.48	\$445,195.48

EXHIBIT "C"

POOL INSURANCE COMPANY

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended December 31st, 1944

Premiums on Business Written in 1944.....	\$594,655.96	
Less: Ceded to Other Companies.....	504,920.36	
		\$ 89,735.60
Add: Decrease in Unearned Premium Reserve.....		3,365.14
Premiums Earned in 1944.....		\$ 93,100.74
Deduct: Losses and Adjustment Expense.....	\$229,971.56	
Less: Reinsurance Recoveries.....	195,533.52	
		\$ 34,438.04
Net Underwriting Income.....		\$ 58,662.70
Add: Commissions on Reinsurance Placed with Other Companies (earned portion only).....		\$213,528.82
Special Allowances by Lloyds in Lieu of Taxes.....		9,951.55
Inspection Fees on Elevators in British Columbia.....		144.87
Total Revenue Before Commissions Paid.....		\$282,287.94
Deduct: Commissions Paid—(on earned premiums only).....		\$ 33,452.48
Balance Available for Expenses and to Patrons and Shareholders.....		\$248,835.46
Deduct: Expenses		
Excess Loss Insurance Premium.....	\$ 3,667.85	
Taxes, Licenses and Association Dues.....	12,654.21	
Inspection Service:		
Salaries.....	\$9,841.14	
Board and Lodging.....	2,638.42	
Transportation.....	3,715.63	
Insurance.....	776.99	
Miscellaneous.....	262.48	
		\$ 17,234.66
Administration:		
Salaries.....	\$9,169.06	
Rent and Light.....	709.75	
Directors' Fees and Expenses.....	845.11	
Telephone and Telegraph.....	147.73	
Legal and Audit.....	552.05	
Annuities and Unemployment Insurance.....	241.83	
Travelling Expense.....	155.67	
Miscellaneous.....	729.05	
	\$12,550.25	\$ 46,106.97
Add: Interest Earned.....		\$202,728.49
		7,666.60
Balance—Available to Patrons and Shareholders for the Year 1944—Carried to Exhibit B.....		\$210,395.09

STATEMENT No. 17

**SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS
LIMITED**

COMPARATIVE STATEMENT OF HANDLINGS

Seasons 1943-1944 and 1944-1945

Agencies		Season 1943-44	Season 1944-45	Increase or (Decrease) Season 1944-45
Prince Albert:	Cattle and Calves.....	5,552	5,882	330
	Hogs.....	20,475	15,855	(4,620)
	Sheep.....	1,098	1,688	590
Regina:	Cattle and Calves.....	20,853	24,912	4,059
	Hogs.....	81,017	47,854	(33,163)
	Sheep.....	4,848	5,302	454
Saskatoon:	Cattle and Calves.....	10,618	14,726	4,108
	Hogs.....	18,330	9,861	(8,469)
	Sheep.....	1,838	3,584	1,746
Moose Jaw:	Cattle and Calves.....	7,502	10,748	3,246
	Hogs.....	34,674	20,820	(13,854)
	Sheep.....	7,025	7,602	577
Country Sections:				
Prince Albert:	Cattle and Calves.....	5,466	7,634	2,168
	Hogs.....	67,650	57,331	(10,319)
	Sheep.....	2,720	3,508	788
Regina:	Cattle and Calves.....	—	226	226
	Hogs.....	—	1,115	1,115
	Sheep.....	—	—	—
Moose Jaw:	Cattle and Calves.....	—	3,775	3,775
	Hogs.....	—	13,682	13,682
	Sheep.....	—	519	519
St. Boniface:	Cattle and Calves.....	—	13,736	13,736
	Hogs.....	—	27,356	27,356
	Sheep.....	—	1,118	1,118
Saskatoon:	Cattle and Calves.....	22,293	21,356	(937)
	Hogs.....	167,070	93,303	(73,767)
	Sheep.....	6,646	6,292	(354)
TOTAL:	Cattle and Calves.....	72,284	102,995	30,711
	Hogs.....	389,216	287,177	(102,039)
	Sheep.....	24,175	29,613	5,438

A GREAT Accomplishment

It is no exaggeration to describe the Saskatchewan Wheat Pool as a truly great accomplishment. That is exactly what it is: the accomplishment of the farmers of Saskatchewan . . . result of their work and their strong belief. It is possible to set down in dollars and cents, as has been done in this report, part of what the operation of Pool elevators has meant to Pool members. It is possible also to describe what the Wheat Pools have done to improve the way of life of the western farmer through their constant campaign for better agricultural policy. And these are shown to be no mean achievements. But only the close acquaintance with his organization that an active Pool member obtains, will make plain the full significance which this vast, democratically operated co-operative organization has for the whole economic and social life of the province, and in fact, for Canada.



**Saskatchewan Pool
Elevators
Limited**

Head Office: REGINA

CANADIAN LIVESTOCK CO-OPERATIVE (WESTERN) LIMITED

STATEMENT No. 18

BALANCE SHEET

As at July 31st, 1945

ASSETS

Current Assets:

Cash in The Royal Bank of Canada.....	\$ 20,875.40
Accounts Receivable—Schedule 1.....	\$ 10,988.81
Less: Reserve for Doubtful Accounts.....	513.95
	10,474.86

Dominion of Canada Bonds—at Cost.....	\$ 20,000.00
(Market value \$20,075.00)	
Accrued Interest Thereon.....	\$ 450.00
	\$ 20,450.00

Due from Trust Account.....	84,745.15
-----------------------------	-----------

\$136,545.41

Trust Assets:

Cash in The Royal Bank of Canada.....	\$ 33,877.49
Sales Accounts Receivable.....	66,286.85
Inventories—at Cost	
Livestock.....	\$ 4,017.60
Feed.....	530.20
	4,547.80

104,712.14

LIABILITIES

Current Liabilities:

Accounts Payable.....	\$ 1,656.79
Accrued Salaries.....	19,832.08
Surplus Payable.....	76,381.51
	\$ 97,870.38

Trust Liabilities:

Due to Local Associations.....	\$ 4,140.92
Producers Livestock Pooling Fund.....	2,407.74
Transit Compensation Fund.....	4,056.47
Saskatchewan Compensation Fund.....	5,808.61
Local Association Compensation Funds.....	2,953.25
Exchange on Outstanding Cheques.....	600.00
Due to General Account.....	84,745.15
	104,712.14

General Reserve..... 3,355.1

Other Assets:

Winnipeg Livestock Exchange Memberships (5).....	600.00	
Office Furniture and Equipment.....	\$ 4,141.34	
Less: Reserve for Depreciation.....	2,001.34	
	<u>2,140.00</u>	
Prepaid Operating Expenses.....	481.02	
		<u>\$244,478.57</u>

Approved on behalf of the Board,
 W. McGREGOR, *Director*
 L. W. ELLIOTT, *Director*

Members' Equity:

Manitoba Co-operative Livestock Producers Limited.....	\$ 18,367.60	
Memberships.....	8.00	
	<u>\$ 18,375.60</u>	
Saskatchewan Co-operative Livestock Pro- ducers Limited.....	\$ 20,157.34	
Memberships.....	8.00	
	<u>20,165.34</u>	
		<u>38,540.94</u>
		<u>\$244,478.57</u>

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

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

Winnipeg, Manitoba.
 August 14, 1945.

Canadian Co-operative Wheat Producers Limited

DIRECTORS' REPORT 1944-1945

To the Shareholders,

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

Gentlemen:

The event of greatest moment, not only to Canadian agriculture but to the whole world, since our last annual meeting, was the ending of the war with the Axis powers, a conflict unparalleled in its terrific toll of human lives and its waste of material resources and human labour, the accompanying organization of brutalities, torture and murder under the Axis powers, and, most significant of all, from the standpoint of future human relations, the catastrophic manner of its ending.

The full extent of the effects of the events of the last six years upon modern social and economic organization and the amenities of civilized life is too difficult to estimate. The loss of life in the European area alone has been computed at 55 million, and the material cost at 670 billion dollars. The cost to civilization put into figures is beyond the grasp of the human mind: the magnitude of the results of this, the greatest conflict between power for power's sake and power for human welfare in the history of civilization, will only be realized in the painful processes of recovery. In that process the co-operation which brought victory to the forces of human welfare will have to be continued and considerably expanded if western civilization is not to decline and possibly die.

For western agriculture there is the supremely satisfactory thought that it did its full share toward the achievement of victory. With less labour available, and much of its machinery patched up, it accomplished a remarkable job of food production. In all lines of agricultural production there was during the war years increased production under trying circumstances, and the western farmer can look over his record for those years and feel that he fully answered the calls that were made on him.

Government Policy 1944-1945

The initial payment of \$1.25 a bushel for No. 1 Northern wheat in store at Fort William as established in September, 1943, was effective until July 31, 1945, and consequently applied to the 1944-45 crop. This was announced in the House of Commons on April 27, 1944, by Hon. J. A. MacKinnon, who also stated that the policy for oats and barley would be continued for the 1944-45 crop with the equalization payments of ten cents a bushel for oats and fifteen cents for barley. The Government had previously announced an increase in the price of No. 1 C.W. flaxseed from \$2.50 to \$2.75 a bushel in store at Fort William.

No limitation on deliveries of wheat was announced at that time but at the beginning of the crop year 1944-45 the Wheat Board announced a delivery quota of five bushels per authorized acre. The quota was gradually increased and on May 4, 1945, the Board announced an open delivery at all delivery points, subject to local limitations of space, up to July 31, 1945.

Government Policy 1945-1946

Hon. J. A. MacKinnon, Minister of Trade and Commerce, announced the Government's policy for wheat and feed grains for the crop year 1945-46 on March 2, 1945. The initial payment of \$1.25 a bushel for No. 1 Northern wheat in store at Fort William with the issue of participation certificates was to be continued, with a firm limitation on producers' marketings of fourteen bushels per authorized acre. The restriction, Mr. MacKinnon said, was set for the purpose of controlling commercial stocks of wheat. It was the hope of the Government, he said, that acreage under wheat would be reduced for the 1945-46 crop.

Minimum prices of 45 cents a bushel for oats and 60 cents a bushel for barley, top grades in store at Fort William, would be continued with equalization payments of 10 cents a bushel on oats and 15 cents a bushel on barley. The fixed price of \$2.75 a bushel for flaxseed would also be continued.

Government Policy

An important change in Government policy was announced in the House of Commons by Mr. MacKinnon on September 19. By order-in-council, he said, the Government had instructed the Wheat Board "to offer wheat for sale for export overseas at prices not higher than the current export price of \$1.55 a bushel basis No. 1 Northern in store Fort William-Port Arthur or Vancouver." To provide relative stability of income for producers, "the Government undertakes that in the five-year period ending July 31, 1950, producers will receive not less than \$1.00 per bushel Basis No. 1 Northern in store Fort William-Port Arthur or Vancouver on the authorized deliveries for each crop year. For the balance of the 1945-46 crop year, at least, the Canadian Wheat Board initial advance will continue at \$1.25 where it was set two years ago."

On September 20, 1945, Hon. J. G. Gardiner announced in the House of Commons that because of the short crop of barley the feeds administrator had advised the grain trade on August 22 that no more permits would be issued for the export of barley. The equalization payment on barley, he said, would be increased to 20 cents a bushel, effective as from August 1, on all barley delivered and sold on which the malting premium of five cents a bushel had not been paid.

Mr. MacKinnon recently announced that all restrictions on the delivery of wheat from the farms had been removed for the crop year 1945-46.

Interprovincial Pool Meetings

A meeting of the boards of the three Pools was held in Regina, September 22-23, 1944. It was decided at this meeting to make the reduction in handling charges as given in our report last year. The meeting also discussed income tax and marketing policies. A protest was made by wire to the Canadian Wheat Board on the number of cars apparently withdrawn from grain loading. Protest was also wired to the Wheat Board, Hon. J. A. MacKinnon and Hon. J. G. Gardiner, that the volume of wheat being moved was insufficient to meet the export demand, and urging that action be taken to make possible the maximum amount of Canadian grain in export position. Mr. MacKinnon was also asked to empower the Board of Grain Commissioners to allot cars "to and at any delivery points."

Resolutions to go before the annual meeting of the Western Agricultural Conference, preparatory to presenta-

tion to the annual meeting of the Canadian Federation of Agriculture, were discussed at a meeting of the three boards at Regina, January 13. The principle of an International Wheat Agreement was discussed and it was agreed unanimously to recommend to the International Wheat Council that "in the regulation of supply under the International Wheat Agreement an exporting nation be given the right to restrict its marketed volume by applying the quota system to deliveries from the farm relative to the national quota under the agreement and compelling retention upon the farm of unmarketable wheat as an alternative to compelling a reduction in the acreage sown."

It was also recommended that "when a minimum world price is established it be on a level which will establish a proper value for this important food commodity."

These recommendations were duly laid before the International Wheat Council and we were advised that a copy of the resolution containing them was given to every member of the Council.

At a meeting of the three boards in Regina, July 19-20, 1945, the handling charges that were in effect prior to the reduction for the 1944-45 crop, after a full discussion covering all phases of the subject, were restored and storage charges were increased to 1/45th of a cent a bushel.

It was agreed at this meeting that each provincial Pool meet the Government of the Province and discuss international commodity agreements, the permanency of the Canadian Wheat Board, the Wheat Board handling of all grains, the maintenance of agricultural income, and, in general, the main questions affecting agriculture.

Western Agricultural Conference Meeting

Delegates from the provincial federations of agriculture of the four western provinces met in Regina, January 15-16, for the annual meeting of the Western Agricultural Conference, including one representative from each province for United Grain Growers. A substantial number of visitors attended the sessions of the Conference and took part in the discussion of the eighty-two resolutions which had come from the provincial organizations to be dealt with preparatory to the annual meeting of the Canadian Federation of Agriculture. Some of these resolutions were reserved for consideration by the western bodies only, but the majority were approved for presentation to the Canadian Federation.

The Conference gave special attention to post-war problems of marketing, and re-affirming its adherence to the policy of organized marketing with producer control, approved in principle draft of a Dominion Natural Products Marketing Act and referred it to the Canadian Federation of Agriculture for study. International economic planning, Empire economic planning and a Canadian economy to fit in this world economy was also approved by the Conference, and as a step in that direction the Canadian Federation of Agriculture was asked to request Canadian co-operative leaders to investigate the feasibility of establishing commercial agencies in other countries.

Of the total resolutions coming before the Conference over fifty were referred to the Canadian Federation of Agriculture, all of them dealing with questions of national scope.

On account of the greatly increased business now coming before the Conference it was decided by formal resolution that the Conference meet at least twice a year.

Mr. L. Hutchinson, Alberta, was elected President of the Conference, succeeding Mr. J. H. Wesson, Saskatche-

wan, who had been President since the establishment of the Conference in 1935. Mr. B. E. Lewis, Manitoba, was elected First Vice-President, succeeding Mr. Hutchinson; P. E. French, British Columbia, was elected Second Vice-President, succeeding E. J. Chambers.

The Conference agreed that all resolutions intended for the Canadian Federation of Agriculture from the member organizations of the Conference should be submitted to the Conference before going to the annual meeting of the Federation.

C.F.A. Annual Meeting

The ninth annual meeting of the Canadian Federation of Agriculture was held in Regina, January 18-20, 1945. Over one hundred resolutions were submitted for consideration of the Federation, about half of them from the Western Agricultural Conference, but a considerable number of them were taken care of by the Board of Directors. The main discussions were on questions relating to prices and marketing. All of the resolutions coming from the Pool organizations were adopted by the meeting.

All of the officers of the Federation were re-elected at a meeting of the Board of Directors following the annual meeting.

On February 12 representatives of the Federation met the Prime Minister and a number of members of the Cabinet and presented a memorandum covering the resolutions passed at the annual meeting. The recommendations of the Federation included the following:

- Abolition of daylight saving time.

- A general agricultural prices support programme.

- Continuation of subsidies on fluid and concentrated milk; increase of the subsidies on cheese and butter; continuation of the two-cent consumer subsidy on milk.

- Continuation of the minimum of \$1.25 a bushel for wheat; a minimum delivery quota of 280 million bushels; continuation of the equalization payments on oats and barley, the ceiling prices of these grains to be an initial payment; a price of \$3.25 a bushel for flaxseed.

- A national price policy for food and agriculture.

- A national marketing programme for all agricultural products.

- Dominion marketing legislation.

- A permanent policy of floor prices for agricultural products.

- Appointment of a Board of Livestock Commissioners.

- Control of supply when necessary by quotas of deliveries and not restriction of area sown.

- Extension of the Prairie Farm Rehabilitation Act to other provinces.

- Averaging of farm income for income tax purposes.

- A better basis for application of the tax to livestock dispersal sales.

- That farmers be not required to deduct income tax from farm workers.

The Federation also prepared and submitted a brief to the Dominion-Provincial Conference which was held in Ottawa. The brief contained the following recommendations:

- Continued support for agricultural prices.

- A Dominion Co-operative Act.

- Greater co-ordination of agricultural services as between the Dominion and the provinces.

- Expansion of agricultural research.

- Continuation of the annual Dominion-Provincial Conference on Agricultural Production.

- A Dominion health insurance plan along the lines of the C.F.A. plan submitted to the Government in 1943.

- A Dominion Marketing Act.

The Canadian Federation of Agriculture has representation on seventeen Government advisory com-

mittees, eleven of which are in direct connection with agriculture. The committees are:

Agricultural Advisory Committee to the Food Board and Minister of Agriculture.
Advisory Committee to the Canadian Wheat Board.
Advisory Committee of the Meat Board.
Central Committee of Production Goals 1945.
Beef Advisory Committee Wartime Prices and Trade Board.
Dairy Producers Advisory Committee Wartime Prices and Trade Board.
Poultry Producers Advisory Committee Wartime Prices and Trade Board.
Honey Producers Advisory Committee Wartime Prices and Trade Board.
Maple Syrup Advisory Committee Wartime Prices and Trade Board.
Fresh Fruits and Vegetables Advisory Committee Wartime Prices and Trade Board.
Seeds Advisory Committee.
National War Finance Committee.
National Selective Service Advisory Board.
War Assets Corporation.
Central Committee on Demobilization and Rehabilitation.
Canadian Broadcasting Corporation.
National Employment Committee.

The representation of the Canadian Federation of Agriculture on these boards may be taken as an indication of the development of the influence of organized agriculture during recent years.

International Farm Conference

A delegation of British farmers, consisting of representatives of the National Farmers' Union of England and Wales, the National Farmers' Union and Chamber of Agriculture, Scotland, and the Ulster Farmers' Union, on its way home from a visit to Australia and New Zealand, met in conference with the Canadian Federation of Agriculture in Winnipeg on April 12. The delegation had proposed in the other Dominions that an international agricultural conference be held in London, and the formation of an international farmers' organization, and the proposals had been accepted. The same proposals were discussed at the conference in Winnipeg and adopted. Subsequently the delegation met with representatives of the American Farm Bureau Federation, the National Farmers' Union, and other farm organizations of the United States, in Washington, where the proposals were tentatively accepted.

It was later announced by the Canadian Federation of Agriculture that owing to the abnormal conditions created by the war the conference had been postponed to 1946.

Income Tax Commission

The negotiations with the Government in connection with the payment of income tax by the Pools and other co-operative organizations ended in the appointment of a Royal Commission to inquire into the whole subject by order-in-council dated November 16, 1944.

The Commission commenced public sittings at Vancouver, January 15-18, 1945. Subsequent sittings in the West were held at Calgary, January 22-24; Edmonton, January 25-27; Regina, January 29-31 and February 1-3; Winnipeg, February 5-8.

From Winnipeg the Commission went to Toronto and held sittings in that city; Ottawa, Montreal, Quebec City, Moncton, Halifax, in the order named, the sitting in Halifax closing on March 7. The Commission then returned to

Ottawa where it sat from April 9 to May 3. Considerable evidence was heard at the Ottawa sittings from insurance companies, mutual and joint stock.

On April 23-24 a brief was presented to the Commission by the Saskatchewan Wheat Pool, followed by an examination of Mr. J. H. Wesson. The Alberta Wheat Pool presented a brief on April 25, which was followed by an examination of Mr. Ben S. Plumer and Mr. R. D. Purdy. Manitoba Pool Elevators submitted a brief on April 26, which was followed by an examination of Mr. W. J. Parker.

United Grain Growers Limited submitted a brief on April 30, and on May 1-2 evidence was heard from and on behalf of the Northwest Line Elevators. On May 3 a brief was submitted (but not read) by Mr. W. B. Francis on behalf of the International Co-operative Association, an organization composed of United States and Canadian co-operatives. The final examination of Mr. W. C. Good, for the Co-operative Union of Canada, concluded the sittings and the Commission adjourned on May 3 to collect information relating to the taxation of co-operatives in the United States and Great Britain.

The final session of the Commission was held in Ottawa, July 25-27, when supplementary submissions were read or filed from certain organizations.

Production

The area under wheat in the prairie provinces for the 1944-45 crop was increased from 16,091,000 acres to 22,443,800 acres, and the third estimate of the Dominion Bureau of Statistics gives a production of 410,600,000 bushels as against 267,800,000 bushels in the previous year. By provinces the production is given as follows, with the previous year in brackets: Manitoba 54,900,000 bushels (39,000,000); Saskatchewan 250,000,000 bushels (146,000,000); Alberta 105,700,000 bushels (82,800,000).

The area under oats was reduced from 11,789,500 acres to 10,446,000 acres, and production declined from 392,000,000 to 370,800,000 bushels. The area seeded to barley was also reduced from 7,896,000 acres to 6,763,400 acres and production fell from 204,000,000 to 178,400,000 bushels. The area sown to rye was increased from 498,100 acres to 572,550 and production increased from 5,870,000 bushels to 7,109,000 bushels. Flaxseed sowing fell from 2,918,400 acres to 1,297,500 acres and production fell from 17,600,000 bushels to 9,405,000 bushels.

The carryover of Canadian wheat in North American positions at July 31, 1945, in figures given by the Bureau of Statistics, was 258,394,578 bushels, as compared with 356,531,079 for the previous year. The carryover was the smallest since that of 1939, namely, 102,910,853 bushels. The Bureau's estimate of carryover, it may be mentioned, now includes all wheat in North American positions, including wheat held in bond by United States flour mills, and wheat on farms, in store or in transit.

Stocks of coarse grains at July 31 were as follows (previous year in brackets); Oats 97,899,584 bushels (108,479,383); barley 28,809,130 bushels (45,949,269); rye 2,010,607 bushels (5,594,285); flaxseed 2,889,499 bushels (3,648,642).

Stocks carried on farms in the prairie provinces are given as follows (previous year in brackets); Wheat 27,000,000 bushels (52,850,000); oats 54,500,000 bushels (61,830,000); barley 17,000,000 bushels (22,825,000); rye 465,000 bushels (1,000,000); flaxseed 750,000 bushels (814,000).

The carryover indicates a disappearance of approximately 533,670,000 bushels of wheat during the year, of which exports will account for 348.5 million bushels. The Bureau of Statistics estimates that wheat fed to livestock during the year will be between 70 and 80 million bushels.

A total of 352,693,901 bushels of wheat was delivered from the farms of the prairie provinces during the crop year 1944-45, including 7,668,811 bushels of Durum wheat, as against 329,000,000 bushels for the previous year.

The Bureau of Statistics reports that exports of Canadian wheat—and flour in terms of wheat—for the crop year 1943-44, totalled 343,755,320 bushels, including 2,714,428 bushels of Durum wheat. These exports went to 48 countries, the largest volume, 114,521,914 bushels, going to Great Britain and Northern Ireland.

Preliminary estimates place the exports for the crop year 1944-45 at 348,473,863 bushels.

Freight assistance was paid on 25,084,938 bushels of wheat moved to eastern provinces during the crop year 1944-45, as against 29,137,639 bushels in the previous year. Since the beginning of this freight assistance in October, 1941, a total of 87 million bushels has been shipped into feed deficit areas. The bulk of these shipments has gone to Ontario and Quebec.

1945-1946 Crop

The first estimate of the crop of 1945 by the Bureau of Statistics shows that although the area sown to wheat in the prairie provinces was increased from 22,443,800 acres to 22,566,000 acres, owing to extremely adverse weather conditions production declined from 410,600,000 bushels in 1944 to 297,000,000 bushels. There were comparatively small increases in the acreage sown to oats and barley and decreases in the acreage for rye and flaxseed. The Bureau estimates the production of these other grains as follows, previous year in brackets: Oats 279,000,000 bushels (370,800,000); barley 147,000,000 bushels (178,400,000); rye 4,991,000 bushels (7,109,000); flaxseed 7,144,000 bushels (9,405,000).

The estimate of wheat production by the Pool organizations for the three prairie provinces is 305,515,000 bushels from 22,023,132 acres. The Pools estimate the oat production at 297,006,200 bushels, barley 146,036,000 bushels: no estimate has been made for the three provinces for rye and flaxseed.

United States

The 1945 wheat crop of the United States is estimated by the U.S. Bureau of Agricultural Economics at 1,152 million bushels, the largest crop on record in the country, being 7% above the previous record of 1,079 million bushels in 1944. The total production is made up of 837 million bushels of winter wheat, the largest on record, and 315 million bushels of spring wheat, which is the same as the production of a year ago.

During the year the disappearance of wheat in the United States amounted to 1,237 million bushels distributed as follows: Human food 550 million; fed on farms where grown 116 million; purchased as feed 260 million; alcohol production 85 million; seed 81 million; exports 145 million.

With a carryover of 281 million bushels at July 31, 1945, stocks in the United States amount to 1,433 million bushels. Approximately 782 million are estimated for

domestic uses and 360 million for export, leaving 291 million bushels to be carried over next year. The Bureau estimates that if wheat prices are maintained as at present and world crops are normal the United States may begin to pile up surpluses in 1947.

Australia

Australian wheat stocks at July 31 were reported at approximately 33.5 million bushels which has to meet all requirements until the new season's wheat becomes available. The drought which has done so much damage throughout the country, both to crops and livestock, broke during June and heavy rains fell in the principal wheat growing areas. The wheat area for 1945-46 will be about 13 million acres which it is expected will give a crop of approximately 140 million bushels, as against 50 million for 1944-45, the smallest crop in thirty years. It is estimated that, given the estimated crop, Australia will have no more than from 40 to 50 million bushels for export.

Argentina

In the month of April the Government of Argentina issued a decree to the effect that the Government would take full control of the grain trade to enable it adequately to carry out its international obligations. According to the Dominion Bureau of Statistics (August) the decree has been rescinded owing to rising opposition.

Official figures place the exportable surplus of Argentina at less than 80 million bushels as at August 15, most of which has been sold, but no indication has been given of stocks held on the farms. In addition some 71 million bushels were held "for internal consumption and earmarked for international agreement and donations" and this wheat is not included in the exportable surplus. The exportable surplus a year ago was approximately 176 million bushels. The wheat acreage for the 1945-46 crop is officially given as 14,127,000 acres, which is 1,242,000 acres below that of last year.

British Production

For the first time since the outbreak of the war the British Government recently permitted the publication of figures for England and Wales showing the acreage sown to the more important crops in 1944, as compared with 1934. Of interest to us are the figures for wheat and barley. In 1944 the area under wheat was 3,000,000 acres; in 1938 it was 1,830,000. The peak year was 1943 when it reached 3,250,000 acres. Barley acreage in 1944 was 1,700,000 as against 885,000 in 1938.

Britain's farm programme, 1945-47, calls for considerable increase in arable acreage, and heavy increase in dairy and meat stock and poultry and eggs. The increase in terms of food production was recently put by the Minister of Agriculture as follows: Milk from 1,315 million gallons to 1,490 million; beef and veal from 352,000 tons to 384,000; mutton and lamb from 104,000 tons to 116,000 tons; pig meat from 112,000 tons to 200,000 tons; eggs from 73,000 tons to 100,000 tons.

As the agricultural policy of the new Government is a continuation of that of its predecessor, these objectives of production are no doubt still in force.

It may be noted that, according to the U.S. Department of Agriculture, the United Kingdom exceeded all other nations in the percentage increase in food production

during the war years as compared with the 1935-39 average, with the United States ranking second and Canada third.

World Wheat Situation Reviewed

The International Wheat Council, comprising representatives of the governments of the United Kingdom, United States, Canada, Argentina and Australia, held its ninth meeting in London in the last week of August, 1945.

The Council reviewed the present and prospective world wheat position and concluded that the present estimates of the world's import requirements for the year ending July 31, 1946, exceed by a substantial margin the present estimates of the supplies available for export during that period from Argentina, Australia, Canada and the United States.

The Council considers that the preliminary figures of import requirements are likely to prove excessive, but nevertheless it takes a grave view of the marked apparent deficit between presently estimated supplies available for export and import requirements. The Council believes, however, that provided rigid controls of feeding of wheat to livestock are maintained in both exporting and importing countries, and that in so far as practicable wartime extraction ratios are also maintained, it should be possible to increase the supplies of wheat available for export sufficiently to meet in full the import requirements for direct human consumption. The Council has, therefore, recommended to its constituent governments that they should take all the steps necessary to ensure that the maximum amount of wheat is made available for human food.

The 1945 world production of wheat is estimated by the U.S. Department of Agriculture at 5,400 million bushels as against an estimate of 5,650 million bushels for the preceding year. These figures may be compared with the average world production for the five years 1930-34 of 5,553 million bushels and the 5,810 million average for the five years 1935-39.

Report of the Canadian Wheat Board

The annual report of the Canadian Wheat Board for the crop year 1943-44 was tabled in the House of Commons on April 12, 1945. The report is the most comprehensive yet issued by the Board and deals fully with the wide range of policies now administered by the Board.

Board receipts of wheat in 1943-44 amounted to 293,366,243 bushels or 91% of total wheat marketings for the crop year. The report describes ten major activities of the Board and contains financial statements relating thereto, along with the auditor's report. Of particular interest is the background material contained in the report, and concise explanations of wartime problems experienced in the marketing of western grains.

The Consolidated Balance Sheet as at July 31, 1944, shows a surplus from the operations of the Board on the 1943 crop account western division for the period August 1 to July 31, 1944, of \$18,191,131.

On September 21, Hon. J. A. MacKinnon announced the appointment of W. C. McNamara as Commissioner of the Canadian Wheat Board and Charles E. Huntting as Assistant Chief Commissioner in succession to D. A. Kane who had resigned owing to ill health.

According to the Combined Food Board at Washington, food deficiencies for 1945-46 are as follows: Meat and bacon 1,795,000 tons; canned fish 383,000 tons; cheese

96,000 tons; canned milk (full cream) 425,000 tons; milk powder (full cream and skim) 149,000 tons; fats and oils 1,437,000 tons; sugar (refined) 1,853,000 tons. There is no deficiency of butter.

Subsidies

As recorded in The Economic Annalist, which is published by the Department of Agriculture, the Government in 1944 paid out \$104,552,961 in subsidies, of which \$4,454,167 was paid in Manitoba, \$19,468,733 in Saskatchewan and \$14,627,804 in Alberta. In addition, \$66,923 was paid in the prairie provinces on canning crops, making a total for these provinces of \$38,617,627.

Amounts paid in the various branches of agriculture were:

Fluid Milk.....	\$12,818,405
Butterfat.....	24,165,855
Concentrated Milk.....	2,078,419
Milk-Cheddar Cheese.....	4,329,999
Cheese Bonus on Quality.....	1,591,700
Cheese-factory Improvement.....	87,906
Hog Premiums.....	14,069,228
Fertilizer Subventions.....	412,664
Lime Subsidy.....	271,894
Feed Freight Assistance.....	14,565,607
Alfalfa Meal.....	52,304
Feed Wheat Drawback.....	7,700,534
Feed Assistance: Plan A.....	521,510
Plan B.....	362,136
Wheat Acreage Reduction.....	8,979,711
Prairie Farm Assistance.....	9,456,859
Prairie Farm Income.....	1,318
Canning Crops.....	2,549,074
Berries for Jam.....	473,300
Wool (partial payments).....	64,518
	<hr/>
	\$104,552,961

Hog premiums were started early in 1944: bonuses on wheat acreage were discontinued in 1944 and the amount entered in the above list represents deferred payments.

Subsidies paid for the years 1939 to 1944 total \$319,127,144.

Farm Income

Subsidies paid directly to farmers include dairy products, hog premiums, canning crops, fruits and wool, and these totalled \$62.1 million. The Economic Annalist makes up farm income for 1944 as follows:

Cash Income from the Sale of Farm Products.....	\$1,689,600,000
Subsidies Paid Direct to Farmers.....	62,100,000
Total Cash Income.....	\$1,751,700,000
Supplementary Income Including P.F.A.A., P.F.I.A. and W.A.R.A.....	18,400,000
Wheat Participation Certificates.....	47,300,000
Total Cash Income from Farm Products.....	\$1,817,400,000

This income compares with \$1,434,000,000 in 1943.

For the prairie provinces the Dominion Bureau of Statistics gives the following income, exclusive of Government payments (previous year in brackets); Manitoba \$168.4 million (\$145.7); Saskatchewan \$503.3 million (\$327.5); Alberta \$314.1 million (\$220.7).

We should again warn that these computations of farm income involve details which cannot be accurately ascertained and they should, therefore, be regarded as simply approximate and as indicating in a more or less general way the economic position of the farmer.

P.F.A.A. Levy

Collections under the Prairie Farm Assistance Act for the crop year ending July 31, 1945, totalled \$5,385,-

355.90. The amounts for each province were: Manitoba \$754,366.36; Saskatchewan \$3,218,572.23; Alberta \$1,412,417.31. The total collected from this levy as at July 31, 1945, amounted to \$19,293,381.73.

During the crop year 1944-45 the following amounts were paid out of this fund: Manitoba \$161,757.72; Saskatchewan \$3,162,919.06; Alberta \$2,851,577.96; total \$6,176,254.74. The total paid out since the inception of the fund in 1939-40 to July 31, 1945, is \$45,630,671.

Farm Costs vs. Farm Prices

Latest index figure for wholesale prices of farm products, according to The Economic Annalist issued by the Dominion Department of Agriculture, is shown at June, 1945, to be 105.7, as compared with 1926 at 100. The following interesting comparison between the index for farm prices and the index for farm costs has been issued by the Canadian Federation of Agriculture:

INDEX OF WHOLESALE FARM PRICES

June, 1945.....	105.7
Average for 1939.....	64.3
Average for 1933.....	51.
Increase of 1945 over 1939.....	64.3%
Increase of 1945 over 1933.....	107. %

INDEX OF COSTS OF FARM COMMODITIES AND SERVICES (INCLUDING FARM LABOUR, TAXES AND INTEREST)

May, 1945 (1935-39 at 100).....	142.
Average for 1939.....	99.1
Average for 1933.....	90.
Increase of 1945 over 1939.....	43.3%
Increase of 1945 over 1933.....	57.7%

INDEX EXCLUDING FARM LABOUR, TAXES AND INTEREST

May, 1945.....	120.5
Average for 1939.....	96.1
Average for 1933.....	88.4
Increase of 1945 over 1939.....	25.4%
Increase of 1945 over 1933.....	36.2%

Wheat Agreement

The announcement of the Dominion Government of a selling price for wheat of \$1.55 a bushel and a guarantee of not less than \$1.00 a bushel on authorized deliveries for producers for the crop years 1946-50 raises the important question of bringing into operation the International Wheat Agreement. No announcement has been made regarding the application of the Draft Wheat Agreement to postwar world trade in wheat. It may require another conference of the nations, the agreement may be referred to the Economic Council of the United Nations Organization, or it may go before the Food and Agriculture Organization which meets in Quebec, October 16. That difficulties have arisen in connection with the agreement has been revealed by ministers in the House of Commons.

On September 26, 1945, Hon. J. A. MacKinnon made the following statement in reply to Mr. Bracken who asked about "the present status of the interim International Wheat Agreement." Mr. MacKinnon said:

"I think I can best answer the Hon. member's question by stating that for the past eight months the Canadian Government has been doing its utmost to reach some agreement with the other wheat exporting nations of the world. A conference was recently held in London at which there were discussions, but the conference broke up without any decision being arrived at because of disagreement among the nations participating."

The following day, September 27, Mr. Gardiner stated that ever since 1932 efforts had been made to get a satisfactory international wheat agreement, but although

there had been numerous discussions "when it came down to getting definite arrangements as to what the price and the acreage were to be we have always been confronted with some difficulties which have usually resulted in lack of agreement—I would not say in disagreement but in lack of agreement."

Mr. Gardiner also stated that if it is ever possible to make public the records of these discussions it will be found "that in every case the advances made by this country toward the other countries were in a line which if they had been agreed to would have satisfied the demands of farm organizations from one end of Canada to the other."

I. C. A. Congress

An international meeting which has considerable meaning for our organization took place in London in the week of September 10. This was the first Congress of the International Co-operative Alliance since 1937, and it took place in the Jubilee Year of the Alliance, which was founded in London at a meeting of representatives of co-operatives from many European countries, August 19-22, 1895, for the purpose of "promoting co-operation in all its forms" throughout the world. The opening session of this meeting was presided over by Earl Grey, who was Governor-General of Canada, 1904-1909, and who, during his tenure of office, gave evidence in support of co-operation to a parliamentary committee at Ottawa.

In its application for a place on the Economic and Social Council of the United Nations Organization, the Alliance stated:

"The world-wide co-operative movement is the largest purely economic movement in the world, and is an important and growing factor in the world economy, with 143,060,953 family members in 43 countries, of whom 63,935,295 are members of rural consumer, marketing and credit co-operatives; 59,514,157 are affiliated with urban consumer co-operatives; 10,879,632 are members of non-agricultural occupational co-operatives; 8,408,354 are members of co-operative housing associations; and 523,515 are organized in other types of co-operatives."

At the meeting in September postwar plans for the expansion of co-operatives were discussed, including the formation of an international co-operative oil society. The meeting was attended by representatives of co-operatives from many countries.

Co-operatives and UNIO

A formal proposal for the establishment of an international co-operative office in the Economic and Social Council of the United Nations Organization, was made at the San Francisco Conference. The proposal came from the International Co-operative Alliance and was presented to the Conference by the Co-operative League of the United States. It called for an agency "to collect and disseminate information about co-operatives of all types throughout the world and to propose measures suitable for the promotion of free exchange of commodities and services among nations."

It may be mentioned here that the charter for world peace and security adopted at the San Francisco International Conference goes far beyond the covenant of the League of Nations. It provides for a general assembly consisting of five members from each member nation; a security council entrusted with the responsibility of maintaining peace and security; an economic and social council for the promotion of economic and social well-being among all nations; an international court of justice; a trusteeship

council for the administration and supervision of territories placed thereunder. The Economic and Social Council may bring into relationship with the United Nations special agencies of an international character which have responsibilities in connection with "economic, social, cultural, educational, health and related fields." The duties of the Council cover a wide field in economic and social affairs and it is confidently expected that an international co-operative office will be included in the Council to collect and disseminate information about co-operatives of all types throughout the world. Such recognition of the movement would, of course, give it an influential place in all international plans for economic and social betterment.

Co-operative Associations

A directory of co-operative associations in Canada was published by The Economics Division of the Department of Agriculture in May, 1945, for the year ending July 31, 1943. Following are the figures for the four western provinces with those for the eastern provinces in brackets for the purpose of comparison: Number of associations 802 (842); membership 418,463 (122,245); sales of produce \$181,025,227 (\$82,185,374); sales of merchandise \$26,083,200 (\$27,339,101); total business including other income \$208,158,133 (\$110,061,449).

In addition the directory lists six interprovincial organizations whose business could not be allocated to provinces, as follows: Members 45,118; sales of produce \$32,288,673; sales of merchandise \$2,266,840; total business \$34,566,016.

Computing this co-operative business according to the number of occupied farms in the province, the western provinces lead easily, the Department giving the leading provinces as follows: British Columbia \$642 per farm; Saskatchewan \$621; Manitoba \$553; Alberta \$461; for Canada as a whole the average was \$403. During the past twelve years, the Department reports, the annual average for all Canada was \$233 per farm; for the leading provinces it was: Saskatchewan \$383; British Columbia \$338; Alberta \$315; Manitoba \$268.

Conclusion

The ending of the war is also the ending of an era. The organization which the waging of war made imperative has created in many countries an attitude of mind toward social and economic questions and the place of government in promoting human welfare which differs profoundly from the general attitude of the nineteenth and early twentieth centuries. The faith in the operations of free economic forces in determining just and equitable economic relationships, which was the dominant characteristic of nineteenth century economics, is gone. In its place is a conviction growing stronger every day that man must plan and intelligently build the order which is to correspond with his ideals and satisfy his sense of right and justice.

We start this new era with commitments of the United Nations to establish peace and security, to solve the world's economic, social and humanitarian problems by the methods of international co-operation; to promote and encourage respect for human rights without distinction as to race, sex, language or religion. To achieve these ends the nations must work together and working together implies conscious purposeful direction toward the common objective. The keynote, then, to the building of this better world is co-operation.

For agriculture it should be public policy to provide every facility to enable our farmers to meet human needs for food and to give full effect to the decisions of the Hot Springs Conference; in a word, to make food abundant so that mankind may be freed from want. Economically this means the guarantee of economic security to the producer and making food available to all. It requires proper and efficient organization nationally and corresponding organization in the sphere of international trading. Suggestions to this end are already part of the programme of Canadian agriculture.

For the rest we feel we should urge upon our people to give earnest study and thought to the problems the world is facing and the methods pursued in seeking solutions. The atomic bomb, while it hastened victory, has given us also a great moral problem. The use of the atomic bomb cannot be prevented by the exercise of physical power; only an aroused moral consciousness among the nations will prevent such use of this discovery as may well destroy civilization: the right use of its scientific basis might just as well create an ideal civilization. Here again our co-operative movement has the solution, for in teaching man the art of living and working together it builds morally as well as economically and socially. It should be a prime purpose of our co-operatives to lay more and more emphasis upon the social value of the foundation principles of the co-operative movement and to bring them into greater prominence in the arena of public debate, so that men may see clearly how they point the way to the realization of the democratic ideals.

Respectfully submitted,

JOHN H. WESSON, *President*
W. J. PARKER, *Vice-President*
BEN S. PLUMER, *Executive*
G. G. COOTE
GEO. N. McCONNELL
A. D. YOUNG
T. G. BOBIER
E. H. KEITH
J. W. BALDWIN

Canadian Pool Agencies Limited

DIRECTORS' REPORT

1944-1945

To the Shareholders,

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

Gentlemen:

We submit herewith, for your approval, the Seventeenth Annual Report and Balance Sheet of your Company, together with Statements of Income and Expenses for the year ended July 31st, 1945, showing a balance available to shareholder patrons in the amount of \$67,767.02, as compared with \$103,020.80 last year. The substantial reduction in the operating result is directly attributable to the fact that the Company discontinued charging commission to Pool Insurance Company on fire insurance on country elevators and grain. When Pool Insurance Company was organized, it was deemed advisable to pay commission as other companies had done in the past, in order that it would be easily discernible whether or not the organizing of the Company resulted in any savings. It has now been established that Pool Insurance Company has created savings that had previously gone to other insurance companies, and there is no need to continue the practice of paying commission to Canadian Pool Agencies Limited. Pool Insurance Company, therefore, benefits at the expense of the Agency, and it puts Pool Insurance Company in a much stronger position.

Continuing the usual practice, your Agency is operated on the principle that service comes before profit, and in this regard we have been able to secure some small reductions in rates which, while being direct savings to the parent organizations, result in decreased earnings of the Agency.

During the year fifteen types of insurance were handled by the Agency. By far the greatest is fire insurance, next comes Fidelity bonds, and then Lake Marine Insurance. With the increase in export business done by the Saskatchewan Pool, our Lake Marine Insurance has doubled over the previous year.

The operating surplus in accordance with the usual practice is paid within a few months of the close of business to the three provincial Pools.

Appended hereto is the Balance Sheet and Statements of Patrons' Equity and Income and Expenses of your Company as at July 31st, 1945.

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 and Liabilities

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

Loan Accounts: These loans are all personal loans and are fully guaranteed. Interest is thus earned on a small part of our surplus funds without tying them up for any lengthy period.

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 organization. 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 \$80,000.00 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 \$82,900.00, which is in excess of the cost price of the Bonds. While there has been some fluctuation in the value of these Bonds, it is our belief that they offer the best medium of obtaining an earning without risk of loss.

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

Furniture and Equipment: During the year one small item of equipment was 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 \$14.20.

Accounts Payable: This amount represents miscellaneous accounts included in this year's expenses, but which had not been paid at the date of the statement.

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.

Equity to Shareholders

Capital Stock: The ownership of the Capital Stock of the Company is held by the three provincial Pool organizations as follows:

	No. of Shares	Values
Manitoba Pool Elevators.....	666	\$ 6,660.00
Saskatchewan Co-operative Produc- ers Limited.....	667	\$ 6,670.00
Alberta Wheat Pool.....	667	\$ 6,670.00
Total.....	2,000	\$20,000.00

Patron's Equity: The item of \$67,767.02 represents the excess of income over expenses for the year ended July 31st, 1945. This amount is available for payment as patronage dividends, and represents a return of 90.45% of the total commission received by your Agency. Divided on the basis of patronage, each Pool will receive the following:

Alberta.....	\$12,709.11	
Manitoba.....	12,420.73	
Saskatchewan.....	42,637.18	\$67,767.02

Further details of Patrons' Equity are shown in Exhibit "B."

Income and Expense Accounts

Income: We have set out the original sources of commission earnings in the belief that this information may be of interest. You will note that the greatest volume of income is derived from Fire Insurance, Fidelity Bonds, Lake Marine and Automobile Insurance.

Expenses: The various expense items are clearly set out in the Statement and represent net figures after charging Pool Insurance Company 50% of these expenses, which are equally applicable to both companies.

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

Respectfully submitted,

JOHN H. WESSON, *President*
W. J. PARKER, *Vice-President*
BEN S. PLUMER, *Executive*
G. G. COOTE
GEO. N. McCONNELL
A. D. YOUNG
T. G. BOBIER
E. H. KEITH
J. W. BALDWIN

Equity to Shareholders

Capital Stock: The ownership of the Capital Stock of the Company is held by the three provincial Pool organizations as follows:

Value	Shares	No. of
\$ 6,000.00	600	Alberta Pool Insurance
\$ 6,000.00	600	Manitoba Pool Insurance
\$ 6,000.00	600	Saskatchewan Pool Insurance
\$ 6,000.00	600	Alberta Wheat Pool
\$ 24,000.00	2,400	Total

Patrons' Equity: The item of \$67,167.02 represents the excess of income over expenses for the year ended July 31st, 1915. This amount is available for payment as patronage dividends and represents a return of 40¢ per share of the total commission received by your Agency. Divided as the basis of patronage, each Pool will receive the following:

\$11,161.11	Alberta
\$11,161.11	Manitoba
\$11,161.11	Saskatchewan
\$11,161.11	Total

Further details of Patrons' Equity are shown in Exhibit "B".

Pool Insurance Company

DIRECTORS' REPORT

1944

Winnipeg, Manitoba,

February 27th, 1945.

To the Shareholders,

Pool Insurance Company,

Wheat Pool Building,

Winnipeg, Manitoba.

Gentlemen:

We have pleasure in submitting herewith, for your approval, the Sixth Annual Report and Financial Statements covering operations for the year ended December 31st, 1944.

The result for the year is a surplus of \$210,395.09, as compared with \$234,800.39 last year. This very favourable showing was attained in the face of the highest loss ratio experienced by the Company since its organization and is, we feel, again proof of the value of the Company to its members.

To furnish a true perspective on this result, it should be mentioned that, in accordance with resolution passed at your Directors' Meeting of October 13th, 1944, no commission has been paid to Canadian Pool Agencies Limited on elevator building or grain premiums since August 1st, 1944. This resulted in a reduction of some \$32,500.00 in expenditures for commissions paid.

The total premium income amounted to \$594,655.96, as compared with \$619,040.65 last year. After placing re-insurance, the net earned premium income was \$93,100.74, with net losses of \$34,438.04, or a loss ratio of 36.99% as compared with 17.41% last year. During the year six elevators and their contents were totally destroyed by fire, the largest number of total losses in the Company's experience. These elevators were: in Manitoba, Belmont and Giroux; and in Saskatchewan, Duck Lake, Laura, Outlook and Ritchie.

In addition to these total losses, fourteen small losses were sustained, twelve at elevators and two at dwellings.

The inspection of all Pool property insured by your Company is, we consider, an essential part of our operations, but with the gasoline restrictions it is difficult to maintain the regular inspection service we desire. It is possible that several years of restricted inspection work are making their effect felt in this year's higher loss experience, but this is a point on which it is difficult to speak with certainty. We continue to receive the co-operation of country elevator agents and other interested parties in the elimination of fire hazards in and around the properties your Company insures. However it cannot be stressed too often that continued vigilance in this regard must be maintained at all times.

You may be interested in the values 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 December 31st, 1944. The value of the grain is the daily average for the year:

Country Elevators.....	\$28,035,171.00
Grain Therein.....	69,621,896.94
Dwellings.....	1,555,971.00
Furniture, Fixtures and Miscellaneous.....	285,030.28
	<hr/>
	\$99,498,069.22

Your Company continues to reinsure 85% of the liability on country elevators, grain and office furniture, as it has done since August 1st, 1943. No reinsurance is placed on agents' dwellings as it is felt that the experience on this type of risk warrants the retention of the entire risk.

The total revenue shown in the statement is made up of the earned premiums on our percentage of the risks, and commission earned on the reinsurance, less losses and earned commission paid to Canadian Pool Agencies Limited. In addition, the item of \$9,951.55 is the amount paid to us by Lloyds for their share of taxes and Underwriters' Association expenses. The small item of \$144.87 represents the allowance to cover inspection costs, made by the Insurance Company, which insures 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. The next important item covers taxes, licenses and underwriters' fees.

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 General and Savings Bank Accounts are shown.

Accounts Receivable: Under this heading is an amount due from Canadian Pool Agencies Limited covering business placed with the Company through the Agency and a small balance due on inter-office account. The item of \$569.49 represents the amount advanced to our Inspectors to cover travelling expenses.

Investments: You will notice the market value of the Company's investments exceeds ledger value by \$2,124.35.

Automobiles: We have depreciated the value of the four automobiles used by our Fire Prevention Inspectors by \$600.00, leaving the asset as shown on the statement at \$2,400.00.

Liabilities

Accounts Payable: This item is composed of premiums due reinsuring companies, and includes some items of expense which had not been paid prior to the year end. The item covering taxes accrued represents War Revenue Tax and Fire Prevention Taxes due the Governments.

Revenues for Unearned Income: These reserves are calculated on the basis of one hundred per cent. of the unearned premiums on our own retention and one hundred per cent. of the commission on the unexpired portion of the reinsurance as at December 31st, 1944.

Capital Stock: The ownership of the Capital Stock of Pool Insurance Company is held by the three provincial Pool organizations—Alberta Wheat Pool, Saskatchewan Pool Elevators Limited, and Manitoba Pool Elevators. Up until July, 1944, the provincial Pool organizations held 833, 833 and 834 shares respectively. At that time it was decided that ownership of the stock should more nearly approximate the volume of business done by the different

organizations with the Company. Consequently the stock of the Company is now held as follows:

Alberta Wheat Pool.....	750 Shares
Saskatchewan Pool Elevators Limited.....	1,250 Shares
Manitoba Pool Elevators.....	500 Shares

The paid-up Capital was increased during the year by \$10,000.00, as required under our Act of Incorporation, and now totals \$185,000.00 plus \$30,000.00 premium on Capital, or a total investment of \$215,000.00 divided as follows:

Saskatchewan Pool Elevators Limited.....	\$107,500.00
Alberta Wheat Pool	64,500.00
Manitoba Pool Elevators.....	43,000.00
	<u>\$215,000.00</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.

A brief was submitted on behalf of your Company to the Royal Commission on Co-operative Taxation.

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, *President*
W. J. PARKER, *Vice-President*
BEN S. PLUMER, *Executive*
G. G. COOTE
B. N. McCONNELL
A. D. YOUNG
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