

**Saskatchewan  
Co-operative Wheat Producers  
Limited**

**Seventeenth  
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 CO-OPERATIVE WHEAT PRODUCERS LIMITED**

## **Directors' Report**

Regina, Saskatchewan, 4th November, 1941.

Before entering upon a review of the business activities of the past year, your Board of Directors desires to place on record the great loss sustained by the farmers' movement generally, and by your organization particularly, in the death since the time of the last annual meeting of three men who gave of their time and effort in building up the Saskatchewan Wheat Pool.

The late Mr. Leonard Widdup, of Kipling, was one of the original delegates of the organization and had held office without interruption since 1924. In 1928 he was elected director for District 7, and continued to hold that office until the time of his death. During the past three years Mr. Widdup held the office of Second Vice-President and also represented the Saskatchewan Wheat Pool as a member of the Central Board.

Of a quiet and unassuming nature, Mr. Widdup took a very keen interest in the business administration of your organization. He also held very strong views on those social questions affecting farm conditions in Western Canada and was an outstanding advocate of agricultural co-operation as the best method of improving conditions in western farm homes.

Mr. E. G. Darby, of Pangman, delegate for Sub-district 10 of District 2, also passed away within the last month. Mr. Darby represented his district for many years as a delegate and took a very active part in the work of the organization in his district. He was also active in the work of the annual meeting, where his presence will be sadly missed.

The late Mr. R. J. Moffat, of Bradwell, was a member of the provisional Board of Directors appointed in 1923 to complete the preliminary organization of the Wheat Pool. He was elected as one of the original delegates and held that office until 1939. He was also appointed a member of the first Board of Directors and, with the exception of one year, retained office until 1936. During this period Mr. Moffat acted as Managing Director for a number of years.

During the six years prior to the time of his death Mr. Moffat acted as a director of the Canadian National Railways, and brought to that important office valuable knowledge based on his experience with the Wheat Pool organization and also as an active rural municipal official.

The late Mr. Moffat maintained a keen interest in the Saskatchewan Wheat Pool right up to the time of his death.

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In presenting this Report to the Seventeenth Annual Meeting of Wheat Pool delegates, as in former years, your Board of Directors has endeavoured to submit a complete review of the operations of the Wheat Pool organizations for the year ended 31st July, 1941.

In addition to the operations of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, and the other subsidiary companies that constitute the Saskatchewan Wheat Pool, this report also presents a review of the activities of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited and Pool Insurance Company, the three inter-provincial Pool organizations of which the Saskatchewan Pool is a shareholder.



## Consolidated Balance Sheet

A copy of the Consolidated Balance Sheet (Statement No. 1) will be found attached to this report. This statement sets out the financial position of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited and Modern Press Limited, as at 31st July, 1941. The usual Explanatory Notes on the principal items of the Consolidated Balance Sheet are also appended.

At the end of the last fiscal year, 31st July, 1941, total current assets for the whole organization amounted to \$42,966,945.98, and current liabilities totalled \$34,471,621.82. The difference between these two items, \$8,495,324.16, 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 \$500,000.00. After making provision for this item, there remains a balance of \$7,995,324.16, which is available for working capital for the season 1941-42. This compares with working capital position of \$6,733,437.85 a year ago, an increase during the year of \$1,261,886.31.

## Consolidated Capital Statement

Attached to this report will be found the usual Consolidated Capital Statement (Statement No. 2) which sets out in detail the current financial position of the organization as at 31st July, 1941.

As already indicated, after providing for a programme of building and work under construction, estimated to cost \$500,000.00, the surplus available for working capital for the season 1941-42 is shown at \$7,995,324.16, an increase of \$1,261,886.31 over the previous year. This increase is accounted for as follows:

Surplus Income Saskatchewan Co-operative Wheat Producers Limited.....	\$ 900,445.20
Balance of Net Earnings Saskatchewan Pool Elevators Limited allocated as follows:	
Excess Charges Refund, Season 1940-41.....	\$900,000.00
Transferred to Reserve Account.....	858,864.38
Transferred to Undivided Profits Account.....	250,000.00
	<hr/> 2,008,864.38
Liquidation of Capital by provision for depreciation.....	1,328,695.90
New Capital subscribed.....	2,424.00
Decrease in Growers' Deferred Accounts Receivable.....	324.39
Decrease in Stocks of Repair Parts.....	7,288.98
	<hr/> \$4,248,042.85
<i>Less</i>	
Additions to Plant Values of Fixed Assets including amount provided to complete programme of building and work under construction.....	\$1,129,233.16
Cost of erecting additional temporary storage bins, less amounts written off.....	402,342.22
Additions to Investments—Net.....	31,029.00
Payment of Principal to Province of Saskatchewan re 1929-30 Pool Overpayment Account.....	662,027.81
Payment of Deferred Interest on 1928-29 Pool deductions.....	281,110.83
Payment of Excess Charges Refund, Season 1939-40, including provision for purchase of Deduction Certificates.....	479,684.13
Decrease in Reserve Account—Net (Sundry Items).....	729.39
	<hr/> \$2,986,156.54
<i>Increase in Working Capital.....</i>	<hr/> <hr/> \$1,261,886.31

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

Statement No. 3 attached to this report is the usual statement giving in detail the composition of surplus capital as at 31st July, 1941. The various items are largely self-explanatory, but again it may be worth noting that there is no reference in this statement to depreciation reserve.

As has been pointed out in previous years, for the purposes of accounting depreciation reserve does not provide new capital but simply liquidates capital previously invested or expended in the fixed assets against which the reserve applies.

It will be noted that the portion of the commercial reserve fund which is now in liquid form amounts to \$3,491,385.59, an increase from the previous year of \$726,272.31. This increase in the liquid position of the commercial reserve results chiefly from the application of depreciation reserves set aside from the earnings of the past season after providing for all additional capital expenditures, with the exception of a portion of the cost of the temporary terminal annexes under construction at Port Arthur, Ont., and also from the payment of a share of earnings of Saskatchewan Pool Elevators Limited to the parent company to liquidate part of the fund used in previous years to assist in meeting principal payments to the Province of Saskatchewan in connection with the 1929-30 Pool Overpayment. The amount of the commercial reserve fund used for the latter purpose which remains to be liquidated amounts to \$499,421.48. The liquidation of this balance is, of course, dependent upon the future earnings of Saskatchewan Pool Elevators Limited.

### **Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1941**

Attached to this report will be found the usual statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1941. This statement shows a balance of assets over liabilities of \$15,357,680.52, which represents the equity of growers in the assets of the Association based on book values. The amount shown is subject to the payment of taxes and dividends.

In comparison with the amount shown on 31st July, 1940, the above sum represents an increase of \$2,229,523.90, which is accounted for as follows:

Surplus Income, Saskatchewan Co-operative Wheat Producers Limited.....	\$ 900,445.20
Balance of Net Earning, Saskatchewan Pool Elevators Limited, allocated as follows:	
Excess Charges Refund Season 1940-41.....	\$900,000.00
Transferred to Reserve Account.....	858,864.38
Transferred to Undivided Profits Account.....	250,000.00
	<u>\$2,008,864.38</u>
New Capital Subscribed.....	2,424.00
Increase in Province of Saskatchewan Sinking Fund Interest Account.....	79,314.67
	<u>\$2,991,048.25</u>
<b>Deductions</b>	
Payment of Deferred Interest on 1929-30 Pool Deductions.....	\$ 281,110.83
Payment of Excess Charges Refund, Season 1939-40, including amount provided to Purchase Deduction Certificates.....	479,684.13
Decrease in Reserve Account—(Sundry Items).....	729.39
	<u>761,524.35</u>
Balance.....	<u><u>\$2,229,523.90</u></u>

In arriving at the amount of \$15,357,680.52 no deduction has been made for certain liabilities to shareholders appearing on the Balance Sheet. Excess Charges Refund Season 1940-41, amounting to \$900,000.00, is distributable only to those shareholders who delivered grain to Pool handling facilities during the season, while the distribution of the balance of \$528,099.10, which is carried in Undivided Profits Account, is subject to the decision of the Board.



If the two items above referred to are deducted from the Growers' Equity of \$15,357,680.52, there is a balance of \$13,929,581.42, which is equivalent to 73.822% of the total capital of \$18,869,050.24 provided by the shareholders in the form of elevator deductions, commercial reserve and capital. This figure of 73.822% compares with a percentage of 64.077% as at 31st July, 1940, an increase of 9.745% during the year.

It may be of interest to delegates to note the steady increase in the value of the Growers' Equity in the organization. As at 31st July, 1932, this item was shown at 32.847% of the Company's assets as compared with this year's figure of 73.822%. This means that the Growers' Equity has more than doubled in value during the intervening period.

#### **Statement of Payments, Province of Saskatchewan, in Respect of the 1929-30 Pool Overpayment Liability**

A statement has been prepared, and is attached to this report as Statement No. 5, showing the payments made to date to the Province of Saskatchewan in connection with the 1929-30 Pool Overpayment Liability, and also showing the balance of the regular payments to be made to the province in full settlement of the liability as provided for under the terms of the Supplementary Agreement dated 17th March, 1933.

It will be noted from the statement that the full amount of principal and interest required to liquidate the indebtedness on the basis of amortized payments to 1951, as set out in the Agreement, is \$22,101,297.58, of which practically one-half has been paid to date. Of the total amount paid to 15th September, 1941, amounting to \$11,030,756.10, the sum of \$5,853,762.65 has been applied as interest and \$5,176,993.45 as principal. Due to the continued decrease in the amount of the principal indebtedness the burden of interest will be reduced considerably during the balance of the payment period. Of the total amount of \$11,070,541.48 still to be paid, \$8,575,006.55 will be applied as principal and \$2,495,534.93 as interest.

#### **Saskatchewan Co-operative Wheat Producers Limited**

A complete copy of the Financial Statements of Saskatchewan Co-operative Wheat 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, 1941, appears as Statement No. 1, Page 11, of the Auditors' Report. Total current assets as at 31st July, 1941, are shown at \$4,054,994.35. The current liabilities total \$600,448.84. The difference between these two items, \$3,454,545.51, represents the current position of the parent company and is available for the purposes of working capital for the organization. This represents an increase of \$538,405.65 from the amount of working capital a year ago when this item was shown at \$2,916,139.86.

The increase in capital is largely accounted for by the payment of \$600,000.00 received from Saskatchewan Pool Elevators Limited in respect of the loan provided for the building of Pool Terminal No. 7. This payment reduces the balance of the note to \$2,000,000.00.

Repayment of the amount of \$30,135.00 invested in Pool Insurance Limited was received during the year, following the winding up of that Company, while an investment of \$59,264.00 was made in the capital stock of

Pool Insurance Company, the new subsidiary organized under Dominion charter to take over the business previously handled by the former company.

Explanations of the other items appearing on the Balance Sheet are given in the Auditors' Report.

#### *Income and Expense*

Total income for the year ended 31st July, 1941, amounted to \$1,252,646.75, details of which are shown in Statement No. 2, Page 12, of the Auditors' Report.

Operating expenses, detailed in Statement 2A, Page 13, of the Auditors' Report, amount to \$352,201.55, leaving a surplus income over expense of \$900,445.20. This has been applied in the reduction of the Company's share of the 1929-30 Pool Overpayment.

Included in the income of the Company is an item \$912,027.81 which represents a share of the earnings of Saskatchewan Pool Elevators Limited received from that Company (1) to provide the amount of \$662,027.81 required to meet the instalment of principal due to the Province of Saskatchewan on 15th September, 1941, in connection with the 1929-30 Pool Overpayment Liability, and (2) to provide an additional sum of \$250,000.00 to liquidate part of the commercial reserve fund which had been used in previous years for the same purpose.

Leaving out the above item, the ordinary income of the Company during the past season amounted to \$340,618.94 as compared with \$345,933.31 last year, a reduction of \$5,314.37 from the amount available a year ago. Total expenses amounted to \$352,201.55, showing a deficit on ordinary account of \$11,582.61. This deficit compares with an operating deficit of \$13,271.64 in the previous year, a reduction of \$1,689.03 which is accounted for by a reduction in expense of \$7,003.40, less a reduction in ordinary income of \$5,314.37.

There is included in operating expenses an item of \$10,029.13 representing the operating deficit of Modern Press Limited for the year ended 31st July, 1941.

Provision is also made for full depreciation on fixed assets.

#### **Saskatchewan Pool Elevators Limited**

Saskatchewan Pool Elevators Limited now owns and operates 1,094 country elevators in all parts of the province. The maximum number of elevators in actual operation during the past season was 1,088, as compared with 1,070 for the previous year.

The 1940 wheat crop production was the second largest in the history of the province, and the quality was generally high. The percentage of cars grading within the contract grades was 90, practically the same as a year ago. Three per cent. of all wheat shipments represented Durums which left only 7 per cent. of Red Spring shipments outside the contract grades.

#### *Grain Handlings*

A total of 102,957,913 bushels of all grain was handled through Pool country elevators during the year under review. The Company also handled 648,709 bushels of grain loaded over the platform, making total all grain handled for the year ended 31st July, 1941, of 103,606,622 bushels. Comparative figures for the last three years are as follows:

#### *Country Elevator Receipts*

<i>Grain</i>	1940-41 (Bushels)	1939-40 (Bushels)	1938-39 (Bushels)
Wheat.....	95,156,233	105,434,221	53,726,396
Oats.....	3,836,093	7,246,714	6,221,012
Barley.....	1,855,162	2,761,063	2,593,745
Flax.....	755,964	521,798	273,311
Rye.....	1,354,461	1,393,607	665,708
Total Receipts.....	102,957,913	117,357,403	63,480,172



### Platform Receipts

1940-41.....	648,709 bushels
1939-40.....	873,758 bushels
1938-39.....	825,964 bushels

The average volume of grain handled per elevator for the year ended 31st July, 1941, based on 1,088 elevators operated, amounted to 94,630 bushels as compared with average per elevator of 109,680 bushels a year ago.

During the year under review Saskatchewan Pool Elevators Limited handled 39.64% of all grain delivered to country elevators in the province as compared with 43.83% in the previous year. These percentages are based on figures of the Board of Grain Commissioners.

A year ago it was estimated that our percentage of deliveries was reduced by around 3% due to embargoes against terminal shipments. Your Board is satisfied that we lost fully twice that percentage last year as a result of the cycle system introduced under car control.

Attached to this report will be found the usual statement (Statement No. 6) showing the volume of grain handled by the Company since the inception of the organization.

### Grading Statement

The Company's grading statement at the end of the fiscal year showed a net grade loss of \$10,993.65 as compared with a loss of \$73,006.15 a year ago.

### Overages and Shortages

The following figures show the net overages and shortages in all grain handled through Pool country elevators during the past year as compared with the previous year:

		1940-41	1939-40
<i>Overage</i>	Oats 19,349 bushels.....	.50%	.67%
	Barley 9,323 bushels.....	.50%	.71%
	Rye 7,513 bushels.....	.55%	(.16%)
<i>Shortage</i>	Flax 4,585 bushels.....	(.61%)	(1.01%)

In view of the large carryover of wheat it was only possible for our travelling superintendents to weigh over stocks at a small percentage of the elevators, and for that reason no figures are shown for wheat.

### Insurance

One elevator was destroyed by fire as against two in the previous year. Insurance claims on buildings amounted to \$11,209.18 and on grain to \$18,824.97, making a total of \$30,034.15. This compares with a loss in the previous year of \$24,159.68 for buildings and \$32,418.81 for grain, a total of \$56,578.49. Loss ratio for the year was 9.86% against 29.04% for the previous year. All claims were settled in full.

### Financial Statements

Auditors' Report covering the year's operation of the Company is included in the Financial Statement submitted separately to the delegates.

As already indicated, crop production was the second largest in the history of the province. The estimated net value to farmers at country points of all wheat delivered in Saskatchewan is reported by the Sanford Evans Statistical Service as follows:

1940-41.....	\$126,191,561.00
1939-40.....	\$122,921,400.00
1938-39.....	\$ 67,013,653.00

As in previous years the only capital commitment to be made was the instalment on the 1929-30 Pool Overpayment Liability. This amounted to \$662,027.81 and has been paid to the Sinking Fund Trustees. Interest for the year amounted to \$465,824.75, payment of which was made on due date.

There are no direct liabilities against the Company's assets other than the contingent liability in connection with the 1929-30 Pool Overpayment.

As indicated above, the account was reduced by the amount of \$662,027.81, and now stands at \$8,575,006.55.

It will be noted from the Company's Balance Sheet that the total current assets as at 31st July, 1941, amounted to \$41,456,804.24. Total current liabilities amounted to \$36,452,856.45. The difference between these two items, \$4,503,947.79, represents the working capital position. This compares with \$3,784,778.12 for the previous year, showing an increase of \$719,169.67.

With the use of the funds of Saskatchewan Co-operative Wheat Producers Limited, total available working capital for the organization at the end of the year amounted to \$7,995,324.16, an increase of \$1,261,886.31. This sum is arrived at after allowing for payment of a patronage dividend of \$479,684.13 and of the sum of \$281,110.83 deferred interest on 1928-29 elevator deductions and commercial reserve. The amount is subject to any government taxes which may be levied as well as disbursements of earnings if made.

Details of elevator earnings and expenses for the year ended 31st July, 1941, are shown as Statement No. 2, Page 31, of the Auditors' Report. This statement shows total operating revenue amounting to \$9,426,491.26. After deducting operating expense of \$5,981,115.24, and various items for depreciation amounting to \$794,568.26, there is shown a net profit in the Elevator Operating Department of \$2,650,807.76.

The Country Elevator System showed an operating earning per bushel before depreciation of 3.325c per bushel as compared with 2.852c per bushel for the previous year, or a total operating earning before depreciation of \$3,445,376.02 as compared with \$3,372,009.09 for the previous season.

Profit and Loss Account for Saskatchewan Pool Terminals Limited for the year ended 31st July, 1941, appears as Statement No. 2, Page 40, of the Auditors' Report. Total operating revenue amounted to \$2,750,342.95, with operating expenses of \$1,399,941.56, leaving an operating earning of \$1,350,401.37 before providing for depreciation. This compares with operating earnings before depreciation of \$1,199,986.91 the previous year. After providing depreciation of \$421,757.38, the net earnings of Saskatchewan Pool Terminals Limited amounted to \$928,664.01. The principal reason for the improvement over a year ago arose from the substantially higher average stocks of grain carried throughout the year.

#### *Buffalo Terminal*

Profit and Loss Account for the Buffalo Terminal Department is shown as Statement No. 4, Page 33, of the Auditors' Report. This shows an operating revenue of \$59,550.00 with operating expenses of \$82,023.05, leaving an operating deficit before depreciation amounting to \$22,473.05. After providing for depreciation on buildings and equipment to the extent of \$89,760.27, the total loss for the year is shown at \$112,233.32. It may be noted, however, that the operating expenses include an item of \$46,627.93 representing rental to Saskatchewan Pool Elevators Limited based on interest on the investment in this plant. If this item were omitted the Buffalo elevator would show an actual cash return of \$24,154.88.

During the year under review the Buffalo elevator has remained under lease to the Superior Elevator Company.



## Combined Elevator and Terminal Profit and Loss Account

Statement No. 3, Page 32, of the Auditors' Report shows combined summary of Profit and Loss Account of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year ended 31st July, 1941.

Combined operating revenue for the year under review from all departments amounted to \$12,236,384.21. Operating expenses for the season amounted to \$7,463,079.85, leaving combined operating earnings before depreciation of the country and terminal elevator system of \$4,773,304.36. This compares with combined operating earnings from the same operations and on the same basis a year ago of \$4,537,988.12. Depreciation to the extent of \$1,306,085.91 has been provided for.

The following statement shows a summary of the combined Profit and Loss Account for the year ended 31st July, 1941:

Operating Earnings Before Charging Depreciation.....	\$4,773,304.36
<i>Less</i>	
Depreciation Reserve.....	\$1,306,085.91
Loss on Realization of Assets.....	19,666.32
Share of Pool Expenses.....	60,835.19
Interest on 1929-30 Pool Overpayment.....	465,824.75
	<u>\$1,852,412.17</u>
Net Earnings.....	<u>\$2,920,892.19</u>

From the above amount of \$2,920,892.19 payments already referred to, amounting to \$912,027.81, have been made to Saskatchewan Co-operative Wheat Producers Limited. After providing for this payment the balance of net earnings amounts to \$2,008,864.38. It may be noted that this balance of \$2,008,864.38 represents the surplus earnings for the year after meeting all charges and providing for full depreciation on fixed assets at the regular rate.

### *Distribution of Earnings*

The sum of \$2,008,864.38, representing the balance of net earnings, is available to re-establish operating reserve and to provide funds for distribution of dividends to shareholders or patrons.

It should be noted that no provision has been made for the payment of income and corporation taxes.

Your Board has given careful consideration to the distribution of this year's surplus earnings and has decided in view of all the conditions that these should be allocated as follows:

For transfer to Excess Charges Refund, Season 1940-41, to be distributed to members as a patronage dividend at the rate of one cent per bushel on deliveries for the Season 1940-41, the time, form and manner of such distribution to be in the discretion of the Board.....	\$ 900,000.00
For Transfer to Reserve Account.....	858,864.38
For Transfer to Undivided Profits Account.....	250,000.00
Total.....	<u>\$2,008,864.38</u>

### *Statement of Earnings*

Attached to this report will be found Statement of Earnings (Statement No. 7) covering the entire period of operations of the Company from 1st August, 1925, to 31st July, 1941, together with details of the distribution of these earnings.

### **Saskatchewan Pool Terminals Limited**

Handlings of grain through Saskatchewan Pool Terminals show a considerable reduction from the previous season. This year's handlings total 54,214,655 bushels as against 85,344,731 bushels for the previous year. This

condition developed because of the heavy stocks in store at the beginning of the past season amounting to over 20,000,000 bushels. Pool Terminals were applying incoming grain only in proportion to the shipment which could be made out of the elevators.

All terminal elevators were operated the full time and the handling of each elevator was as follows:

Terminal No. 4.....	14,973,783 bushels
Terminal No. 5.....	927,616 bushels
Terminal No. 6.....	17,264,220 bushels
Terminal No. 7.....	21,049,036 bushels

In connection with the small handling shown at Terminal No. 5, it should be noted that the elevator was filled with wheat for storage early in the season and no shipments were made until after the opening of navigation.

Grain in store as at 31st July, 1941, amounted to 20,931,785 bushels, approximately 650,000 bushels greater than on the same date the previous year, and is quite close to total storage capacity.

During the year under review 153,380 cars were unloaded at the Head of the Lakes of which Saskatchewan Pool Terminals handled 32,000 cars, or 21%, as against 51,400 cars, or 25%, during the previous season.

Pool Terminal No. 7 unloaded the largest number of cars at any single elevator at the Head of the Lakes, a total of 12,591 cars being handled at that elevator.

Lakehead shipments during the past year totalled 260,754,860 bushels of which Pool Terminals shipped 53,572,140 bushels, or 20.545% of the total. This compares with shipments of 70,750,000 bushels out of a total of 266,000,000 bushels for the same period a year ago when 26½% of the total movement from the Lakehead was shipped by Pool Terminals.

The reduction, both in receipts and shipments, is accounted for by the controls and restrictions in effect during the past season, both on our loadings in the country and vessel loadings at the Lakehead.

#### Screenings

Due to the reduction in handling the amount of screenings manufactured was also lower than the previous year. Some 19,789 tons of refuse screenings were disposed of at an average price of \$6.87½ per ton, 9,048 tons of No. 1 Feed screenings at an average price of \$17.07 per ton, and 261,359 bushels of Mixed Feed Oats at an average price of 27½ cents per bushel. These figures compare with 28,341 tons of refuse screenings at \$2.15½ per ton, 7,090 tons of No. 1 Feed screenings at \$13.46 per ton, and 513,713 bushels of Mixed Feed Oats at 25¾ cents per bushel sold during the season 1939-40.

During the season Saskatchewan Pool Terminals unloaded a total of 1,450,848 bushels of grain from the Manitoba and Alberta Pools as compared with 262,347 bushels the previous year.

During the past year arrangements were made for the construction of approximately 10,000,000 bushels of temporary terminal storage space. This forms part of a total of 50,000,000 bushels of temporary space provided at the Head of the Lakes by all the Grain Trade at the request of the Dominion Government. Seven million bushels of this temporary space is adjacent to Pool Terminal No. 7 and three million bushels are adjacent to Pool Terminal No. 5.

Only One Northern wheat in good condition is being stored in temporary annexes so that the risk of loss is minimized as far as possible.

In line with the Company's policy, buildings and equipment have been kept in first class working order throughout the year. Expenditures of nearly \$50,000.00



were authorized in connection with the installation of new cleaning equipment in Terminal No. 4 and Terminal No. 7. The Canadian National Railways also spent a substantial sum in providing new cleaning equipment and repairs at Pool Terminal No. 6.

In spite of the reduction in handling, the year's operations of Saskatchewan Pool Terminals Limited can be regarded as definitely satisfactory. For the current year it is difficult to forecast developments. Provided shipments remain at about the same levels as last year results for the current year should be much the same as the year under review. Any increase in export sales would naturally result in a larger turnover, while a reduction would have an adverse effect.

### Churchill

There was no movement of grain through Churchill during the year. At the beginning of the crop year there was in store a total of 2,494,600 bushels of wheat, and at the end of the year 2,617,396 bushels, the difference being shipped through last fall to fill the elevator to capacity.

All stocks are owned by the Canadian Wheat Board and our Export Department has kept in touch with the position and has asked for an opportunity to work out stocks at Churchill when there is any likelihood of shipments from the northern port.

### Shipping and Export Department

A large and profitable business was done by the Export Department during the year under review. Total sales of grain in all positions amounted to 28,649,574 bushels compared with 15,754,076 bushels in the previous year. The following figures show the total sales of all grains in all positions:

	<i>Bushels</i>
Wheat.....	25,743,034
Oats.....	1,635,346
Barley.....	1,197,165
Flax.....	34,132
Rye.....	39,897

In addition, 4,175 tons of screenings were disposed of.

Last year's report indicated that connections had been established which your Board was satisfied would result in our securing a larger share of the Cereal Import Committee's purchases in the future. This year's results have indicated that this has been done. Of the total of 25,743,034 bushels of wheat sold in all positions, 13,266,169 bushels were sold for direct export.

### General

The business of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year under review, although less in volume both in the country and at the Head of the Lakes, has shown substantially higher operating earnings than in the preceding year, in fact the business has been the most profitable since the inception of the Company, and can be regarded as generally satisfactory. The smaller volume was entirely due to inability to secure sufficient railway cars to provide space for further business in the country and boats to open up more space for new business at the terminals. The increase in earnings on a smaller volume of business was due primarily to carrying charges and storage on much larger stocks carried throughout the year.

For the current year we are faced with a much smaller crop to handle, and the position is further aggravated by inability to secure cars at many points where space is urgently needed. Taking both these factors into account, a substantial reduction in volume in the current year can be anticipated. Against this there is a large carryover in

our country and terminal elevators and the carrying of these stocks will provide revenue that will probably be equal to substantially increased handlings.

The distribution of cars based on permanent space, which was put into effect by the Car Allocation Committee last year, has been a source of great dissatisfaction to Pool members in the country as well as to the Board and Management. Strong protests were registered throughout the season in an effort to secure a more equitable distribution.

While the Car Allocation Committee was not continued into the current year, the Canadian Wheat Board, which became responsible for the distribution of cars, decided at the beginning of the season to continue the policy of last year's Committee. Protests from the organization and from many Pool members in the country were registered with the Board. The Wheat Board has now announced that it is satisfied conditions have changed sufficiently so that control of car distribution can be eliminated.

There is still a serious shortage of cars which, up to the present time has worked against the interests of our grower members who desire to deliver their grain to their own facilities. With the elimination of the method of allocating cars on the basis of a cycle, and with a larger number of cars available for the movement of grain, some improvement may be anticipated.

### **Saskatchewan Wheat Pool Construction Company Limited**

During the summer two Pool elevators were wrecked and rebuilt. Permits could not be secured this year from the Priorities Board to extend the programme and reconstruct five additional elevators which were authorized by the Board. No elevators were built at new points during the year. Two additional elevators were purchased, one of them after the end of the season to replace an elevator destroyed by fire.

The number of elevators now owned by the Company stands at 1,094.

The temporary bin construction programme in the country last year provided space to the extent of 17,522,000 bushels. Added to the space provided the previous year this gives a present total of temporary storage space at country elevators of 26,349,000 bushels.

The following figures represent the total amount of storage space now owned by your organization:

<i>Rated Capacity</i>	<i>Bushels</i>	<i>Bushels</i>
Country Elevators and Permanent Annexes.....		37,207,800
Temporary Bins.....		26,349,000
<i>Total Country Storage Space.....</i>		<i>63,556,800</i>
Terminal Capacity at Port Arthur.....	23,000,000	
Temporary Terminal Annexes.....	10,000,000	
<i>Total Terminal Space Port Arthur.....</i>		<i>33,000,000</i>
<i>Total Space Country and Terminal.....</i>		<i>96,556,800</i>

### **Laboratory Service**

In recent years Saskatchewan Pool Elevators Limited has maintained an additional service for Pool members by providing moisture and germination tests for seed grain. As indicating the extent of this service, the following figures show the number of tests made each year in the past three years:

	<i>Germination</i>	<i>Moisture</i>
1940-41.....	10,194	3,649
1939-40.....	6,534	537
1938-39.....	10,042	452

All wheat samples from Junior Variety Test Plots were weighed, cleaned and graded in this department.



For the year ended 31st July, 1941, over 1,000 samples of different kinds of grain were prepared and distributed to school children to assist in their regular school work.

In addition to the regular germination and moisture tests, during the year under review the department also checked many hundreds of samples of grain for mites, and also a large number for weight and dockage.

During the past season some work was done in comparing germination tests of different varieties of wheat. The samples used in these checks came directly from the farms with the variety marked. The results cover only one year's work and should not be regarded as final, but they may be of some interest to delegates:

#### Six-Day Average

Thatcher.....	Of 50 samples checked 46 or 92.00% ave. 97.52% in 6 days
Marquis.....	Of 15 samples checked 13 or 86.67% ave. 96.54% in 6 days
Apex.....	Of 32 samples checked 25 or 78.25% ave. 97.12% in 6 days
Renown.....	Of 16 samples checked 11 or 68.75% ave. 97.18% in 6 days
Regent.....	Of 35 samples checked 23 or 65.72% ave. 96.84% in 6 days

### Modern Press Limited

#### Financial Statements

Full particulars of the operations of Modern Press Limited for the year ended 31st July, 1941, are contained in the Financial Statements and Auditors' Report submitted separately to the delegates.

After providing for depreciation on fixed assets at the usual rates, amounting to \$4,993.79, and after making provision for doubtful accounts to the extent of \$1,000.00, the operations of the Company show a loss of \$10,029.13 made up of a loss of \$24,023.96 on the publication of The Western Producer less a profit of \$13,994.83 on the operations of the Job Printing Department. This result compares with a loss of \$21,627.23 for the previous season, an improvement of \$11,598.10.

The net deficit for the year is again charged to Saskatchewan Co-operative Wheat Producers Limited.

#### Job Printing Department

The results of this year's operations in this department may be regarded as satisfactory. The net profit of \$13,994.83 compares with a profit of \$15,897.76. A reduction of approximately 8% in sales of the Job Printing Department for the year, while partially offset by the reduction in cost of stock and expense, accounts for the decrease in net profit in this department.

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

	1940-41	1939-40	Increase (Decrease)
Job Sales, etc.....	\$76,887.03	\$83,533.66	(\$6,646.63)
Cost of Stock.....	\$28,170.69	\$29,405.76	(\$1,235.07)
Expenses.....	32,224.61	35,388.81	( 3,164.20)
Profit before Depreciation.....	\$16,491.73	\$18,739.09	(\$2,247.36)
Depreciation.....	2,496.90	2,841.33	( 344.43)
Net Profit.....	\$13,994.83	\$15,897.76	(\$1,902.93)

#### The Western Producer

As indicated above, the deficit arising from the publication of The Western Producer for the year ended 31st July, 1941, amounted to \$24,023.96 after providing for depreciation of \$2,496.89. This compares with a deficit a year ago of \$37,524.99, a reduction in the deficit during the year of \$13,501.03.

A comparison of the financial operations of The Western Producer for the year under review as compared with those of the previous season is shown below:

	1940-41	1939-40	Increase (Decrease)
Advertising.....	\$ 92,938.91	\$ 83,435.00	\$ 9,503.91
Subscriptions.....	20,191.20	35,162.15	( 14,970.95)
Miscellaneous.....	1,129.75	1,140.76	( 11.01)
<b>Total Revenue.....</b>	<b>\$114,259.86</b>	<b>\$119,737.91</b>	<b>(\$ 5,478.05)</b>
Newsprint.....	40,066.43	44,858.47	( 4,792.04)
Expenses.....	95,720.50	109,563.10	( 13,842.60)
<b>Loss before Depreciation.....</b>	<b>\$ 21,527.07</b>	<b>\$ 34,683.66</b>	<b>(\$13,156.59)</b>
Depreciation.....	2,496.89	2,841.33	( 344.44)
<b>Loss for the Year.....</b>	<b>\$ 24,023.96</b>	<b>\$ 37,524.99</b>	<b>(\$13,501.03)</b>

Revenue from advertising reached a new high, and the increase in this item is the major factor contributing to the substantial reduction in the operating loss this year. Newsprint costs, one of the large items in the production of a newspaper, showed a reduction from \$44,858.47 to \$40,066.43. This is due entirely to slightly smaller circulation and a shorter roll as the price of newsprint remained the same in both years. Your Board understands that there will be no price increase in newsprint prior to the end of March next.

The following figures provide a fairly comprehensive picture of production costs incidental to the publication of The Western Producer for the last three years:

	1938-39	1939-40	1940-41
Total Gross Press Run.....	5,560,332	5,800,859	5,252,920
Total Net Press Run.....	5,637,183	5,760,465	5,217,225
Total Spoiled Copies.....	43,149	40,394	34,695
Per Cent. Spoils to Net Run.....	.765%	.701%	.66%
Average Net Run Per Issue.....	108,407	110,778	98,438
Cost Per Copy (Net Run).....	2.6373c	2.7300c	2.6505c
Cost of 52 Issues (Per Copy).....	\$1.3714	\$1.4196	\$1.3783
Lowest Net Press Run.....	99,000	97,145	96,025
Highest Net Press Run.....	115,900	117,550	101,475

As indicated above, net advertising revenue showed another substantial increase, with a net revenue of \$92,938.91, or an amount of \$9,503.91 over the previous year's record of \$83,435.00.

### Circulation

During the fiscal year under review a total of 48,561 subscriptions were received. This shows a decrease of 18,571 from the previous year. The year closed with a total net paid circulation of 99,407 as compared with 94,819 on the same date a year ago. Distribution of circulation by provinces at the end of the year for the two-year period is as follows:

	1940-41	1939-40
Saskatchewan.....	57,177	56,242
Alberta.....	29,080	26,457
Manitoba.....	8,167	6,180
British Columbia.....	3,305	4,019
Miscellaneous.....	1,678	1,921
<b>Total.....</b>	<b>99,407</b>	<b>94,819</b>

These figures show a gain in circulation of 4,588 during the year with all the prairie provinces showing an increase.

### Editorial

During the year under review the general editorial policy of The Western Producer hitherto followed has been continued. Particular attention has been given to the development of the Co-operative Movement and to activities of co-operative organizations supporting the work of the Wheat Pools in their effort to secure improved living conditions for western agriculture.

As in the previous year, the dominant fact in Canadian life today is that, together with the Mother Country and the other parts of the Empire, Canada is engaged in a life and death struggle. It is logical, therefore, with a large supply of news of world-shaking events, that there has



been a tendency on the part of the press and radio to overlook domestic events such as those affecting agriculture and, therefore, of special interest to farmers. There is also a tendency, particularly in western daily newspapers, to play down criticism of government policy. In these circumstances, the responsibilities of The Western Producer fully to report and support policies from time to time as advocated by farm organizations become all the more important. Readers of The Western Producer will have observed that, in recent months, much more space, both in the news and editorial columns, has been devoted to the activities of farm organizations.

Because of the very widespread interest in the development of agricultural policy in the United States, the paper has also tried to meet the desire for information in this connection by publishing from time to time suitable addresses by leading American citizens, setting forth the method, nature and purpose of these policies.

In the critical period now facing agriculture, your Board of Directors believes that The Western Producer will play an increasingly important part as the voice of organized agriculture in Western Canada.

#### *Agricultural Department*

In the second year of war Great Britain found herself in the position where a revision of her food supply programme was necessary.

As a result of the invasion of the Low Countries and of Denmark, the Mother Country turned to Canada for a much greater supply of bacon, dairy products and eggs. This called for a rapid increase in the production of these products and, at the same time, because of ever-widening assaults by Germany on neutral countries and the resultant blockade, Canada's market for wheat was further narrowed.

Under these conditions the agricultural department of The Western Producer has endeavoured to meet the responsibilities which they brought because of its standing as an agricultural journal in Western Canada. Fortunately it was not necessary to deviate from the policy determined upon and followed in the past. To this extent it is felt that the policy of this department, which has been fully reviewed in previous annual reports, is a good one, and has been fully vindicated under the stress and strain of wartime conditions. It has continued to be the policy of the agricultural section of The Western Producer not merely to present news for news sake, but also to secure and make available to its readers detailed information about agricultural policies, practices and problems than is usually possible for the daily press and the radio. This function has proved particularly useful in the present emergency.

The agricultural section of The Western Producer has endeavoured to keep abreast of changes, not only in agricultural policy but in the position of agriculture as a whole. Probably more than ever before the western farmer today needs authentic information about farm practices conducted in the light of scientific progress and the needs of a wartime economy.

#### *Women's Section*

Judging by correspondence, reader interest in the Women's Pages has been well sustained during the past year. Due to war, perhaps, fewer members have written on controversial subjects, but many are seriously concerned about plans for the new social order promised after the war.

Hundreds of letters of appreciation, some of them pathetically grateful, have been received from Old Age

Pensioners, and others between 65 and 70 years of age, for the publicity given to their cause. Worthwhile contacts with pension groups in Alberta and British Columbia have been established.

The Garden Page, under the able direction of Mrs. S. V. Haight, continues to be one of the most popular features. Mr. W. W. Ashley, a former president of the Saskatoon Horticultural Society, through his annual announcement in *The Western Producer*, distributed 1,521 packets of elm seeds and 187 packages of seedlings. These seeds were sent out for the cost of postage and, added to Mr. Ashley's previous record, make a total of 11,694 packages distributed during the past five years. Contributions to the Garden Page have been received from districts as widely separated as North Peace River and New Mexico.

Considerable space has been donated to the Red Cross and other war work and to suggestions for conserving and preserving more home-grown products to help meet the rising cost of living.

More attention has been given to home reading with increasing response from readers. Much of the credit for this goes to Miss Jessie Montgomery, Librarian, Alberta University Extension Library, for her fine book reviews which have been greatly appreciated.

During her holiday in February, the Women's Editor visited Vernon and Kelowna, B.C., and, through the kindness and courtesy of Mr. C. Hayden, Editor of "Country Life in B.C.", and officials of the B.C. Tree Fruits Limited, was able to visit many important fruit packing and processing plants, as well as growers' farms in the Okanagan. The information gathered has proved invaluable in more intelligent understanding of fruit growers' problems. Appreciation of the visit was expressed by many of the people concerned. One co-operative official wrote: "We received the marked copy of *The Western Producer* which contained your write-up on "A Box of Apples". I would like to congratulate you on this very fine article because we feel that it is the first real effort that has been made by anyone on the prairie to write an account outlining the true difficulties of the fruit rancher".

Cordial co-operation with the Women's Pages has been maintained by Home-makers' Clubs, United Farm Women, Women's Co-operative Guilds, Horticultural Society and Homecraft Clubs.

The Junior and Teen Age sections continue to afford an outlet and incentive for much original activity, both mental and practical, among younger readers. Outstanding ability is shown by many new members and older members who have grown beyond the teen age still keep up occasional touch and express their appreciation of the service they have received. Several Young Co-operators are now attending University and Normal and figured noticeably in the scholarship and prize lists this year. Many of them have called to say that the "Pages" had been of the greatest value to them in arousing and maintaining their ambitions.

A new discussion corner, the Hobby Corner, received an enthusiastic response, and revealed interesting activities and possibilities among future naturalists, biologists, etc., on the prairie.

The Smilebeams Club, formed with the object of cheering invalids and shut-ins, and conducted by Miss Bessie Wheeler, of Rosthern, has carried on throughout another year. The interest taken by New Canadians in this as well as other features of the Young Co-operators, has been gratifying. For instance, a dramatic group in a



Doukhobor community prepared plays, organized a concert, and presented a share of the proceeds to the Smilebeams Club.

The number of new entries to the Young Co-operators this year was 560.

Mary Maple's column, which aims chiefly at serving older and solitary persons in the three provinces, maintains a letter-forwarding service among members which is widely used and appreciated.

### *Reader Services*

That the popularity of the features listed hereunder has been maintained during the current year is evidenced by the number of orders received. The figures given under the heading "Household Arts" cover a wide variety of patterns, comprising Embroidery, Cutwork, Needlepoint, Crocheted and Knitted Designs, also instructions for making a large selection of useful or ornamental items for the home, including Quilts, Rugs, Panel Pictures, Cushions, etc. Although we have more than one source of supply for these patterns, we have embodied them all under the general term of "Household Arts" in order to simplify this statement.

The subjects dealt with in the Home Service Booklets have been added to to a considerable extent during the year in order to give up-to-date recreational and educational material in a form attractive to both young and old:

Household Arts.....	11,239
Home Service Booklets.....	6,405
Dress Patterns and Fashion Books.....	4,629
Dress Patterns (20c).....	6,635
	<hr/>
	28,908

The aggregate total of all the above services shows an increase of 1,620 over the previous year.

### **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**

Attached to this report will be found the report of the directors of Canadian Pool Agencies Limited to the annual meeting of its shareholders.

The Balance Sheet for the year ended 31st July, 1941, and also Statement of Income and Expense and of Patrons' Equity in this interprovincial subsidiary are attached to this report as Statement No. 11, Statement No. 12, and Statement No. 13.

### **Pool Insurance Company**

Reference to the present position and standing of Pool Insurance Company, the other interprovincial subsidiary, has already been made in the annual report of Canadian Co-operative Wheat Producers Limited.

### **Publicity Department**

Routine activities of the Publicity Department were continued during the year under review. Emphasis has been placed upon the principles of co-operation and the value of that principle as applied to the marketing of grain and farm products generally.

### *Radio*

Sunday news broadcasts which were commenced in October, 1939, have been continued throughout the year. These have proved popular and a valuable means of keeping in contact with the Pool membership. The news

coverage for this broadcast is supplied by British United Press, an international news gathering organization which is recognized as being particularly reliable.

During the hockey season 35 games were broadcast by the Pool, followed by eight 10-minute broadcasts which were associated with the finals, broadcasting rights for which were disposed of nationally and were not available to the Saskatchewan Wheat Pool. The demand for printed schedules demonstrated the popularity of these broadcasts. Approximately 40,000 of these were distributed. About half this number were distributed through agents, the balance in response to repeat orders from agents and requests received by the Publicity Department direct from individuals interested. Broadcasts were carried over CJRM. Coverage, according to information received, was generally satisfactory except for some corners of the province where CJRM did not appear to reach effectively. A change in wave length may have offset some of these disadvantages but came too late in the hockey season to make it possible to determine the full effects of the change. There is little doubt that Pool hockey broadcasts are among the most popular radio features of the winter season and constitute a medium by which Pool speakers are able to reach a very large percentage of the population.

Throughout the year daily broadcasts were continued over CKCK, which were devoted to mid-session grain prices, closing grain prices, market news and the co-operation review and news broadcast. The co-operation review broadcast is devoted entirely to reviews of co-operative developments throughout the world, with special stress on those angles of co-operative development that might be most readily applied in Western Canada. A popular feature of the market news broadcasts has been the village and town history broadcasts. The village series was started on 13th November, 1939, and was completed on the 23rd April, 1941, after completing the broadcasting of the histories of 363 villages. This was immediately followed by the histories of Saskatchewan towns, which were started on the 24th April, 1941. Efforts were made to have the history of every town in the province included in the series.

### *Library*

Pool library circulation has shown a steady increase throughout the year. The records show that greater interest is being taken in this service. The present post office regulations which allow for free return of library books have been a big factor in increasing the popularity of the library.

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

The policy of purchasing books of good quality has been maintained and efforts are being made to keep a reasonable balance in the various classifications in the library. Library interest at present seems to be concentrated on books dealing with current events and, in response to this demand, efforts are being made to build up a good current events section.

Nearly 250 travelling libraries are now out in the country. These consist of units containing about two dozen volumes. On request these units are placed in country elevators for the use of borrowers. Records of the travelling libraries show that these libraries are not being used extensively, in fact in many instances there appears to be very little interest shown. This may be due in part



to the wider selection that is available in the main library. In consideration of these circumstances no provision is being made for extending the travelling library facilities.

### *Advertising*

Advertising placed by the department has been concentrated in *The Western Producer* and the weekly newspapers of Saskatchewan.

The three Pools co-operated in a series of joint advertisements carried in *The Western Producer*, in line with policy of former years.

The Saskatchewan Wheat Pool has maintained a very close relationship with the weekly press of the province through the Saskatchewan Division of the Canadian Weekly Newspapers' Association. This is being reflected in sympathetic understanding of the aims and objects of the Pool and has resulted in considerable editorial material which has been very beneficial to this organization. Weekly papers reach out to many corners of the province that are missed by the dailies. This medium of advertising is probably increasing in effectiveness.

### *Calendar*

The usual Pool calendar was prepared and extensions to the Pool Elevator System were incorporated in the map.

Approximately 140,000 copies were distributed and the supply was only sufficient to take care of the demand. Since the air training plan has been in operation in Saskatchewan there has been considerable interest in Pool calendars and Pool maps and Pool elevators have become guides in the skylanes for British Commonwealth air training students. This has resulted in a demand for quite a number of calendars.

### *Exhibitions*

The Wheat Pool again participated in Class A exhibitions at Regina and Saskatoon, and at Class B fairs throughout the province. Large numbers of people visited Wheat Pool booths, where pamphlets and Pool maps were available to them. Exhibits included displays of grain, slides, banners, miniature test plots and pictures. These booths at the fairs made it possible for the Pool to establish contact with hundreds of rural residents of the province, and have been a means of distributing literature to those who are interested.

### *Crop Reports*

There is increasing interest in and a growing demand for the weekly crop reports put out by the Saskatchewan Wheat Pool. These reports are very widely used outside our own organization and are generally recognized as being particularly reliable. They are published each week in *The Western Producer*, and are used in full, or in part, in some of the daily papers in the province. Publication of these reports throughout the season has very valuable publicity value for the Pool.

## **Country Organization Department**

### *Wheat Pool Committees*

The total number of Wheat Pool committees on record as at 31st July, 1941, was 1,179, as compared with 1,179 in 1940, 1,184 in 1939, and 1,186 in 1938. Eight new committees were organized during the year, and eight went out of existence. Every year there are changes of this kind due to re-organization of territory and amalgamations. The distribution of committees by district and

sub-district is shown in Statement No. 9 attached to this report.

Generally speaking, committees that are alive and active indicate their activity by holding regular meetings, electing their officers each year, and reporting them to Head Office. Statement No. 10 attached to this report shows the number re-organized and newly organized during the year.

Of the 1,033 committees listed by district and sub-district in this statement, eight are new and 1,025 reported re-organization during the year. The following comparison gives the number of committees that did not report re-organization:

Total number on record.....		1,179
Number reorganized.....	1,025	
New committees.....	8	
	<hr/>	1,033
Number not reporting.....		<hr/> 146

Of this total, however, only 34 committees have not sent in their reports of re-organization for two years or more. The apparent lapse in maintaining full communication with the central organization is, therefore, only temporary, particularly as the majority of them continue sending in reports of various kinds, and can always be depended upon for any special work that is required. Nevertheless there is still room for improvement, and it is suggested that the delegates accept their responsibility for maintaining the committees on a more efficient basis.

One of the special activities of the year was an effort to review the objectives of the Wheat Pool organization, its necessity, and the machinery by means of which it operates. Meetings of delegates were held by district for the specific purpose of studying the Act of Incorporation, the Articles of Association of the Company, and the delegates' and Wheat Pool committees' By-laws. A memorandum on Handbook No. 1 was prepared and an Organization Chart used for this purpose. Subsequently the delegates undertook to conduct similar discussions with the Wheat Pool committees in their respective sub-districts.

Such meetings undertaken periodically have considerable value as an appraisal or stocktaking of the resources available and the uses to which they are being put in the building of a sound and effective organization. They also serve to prevent the blurring of lines of responsibility between the various functional parts of the organization, which tends to occur if not reviewed for a long period of time. It is the intention to use at least one district delegates' meeting for this purpose each year, and the delegates are urged to conduct similar meetings with their Wheat Pool Committees.

#### *Committee Conventions*

The Wheat Pool committees of all the 160 sub-districts took part, either singly or jointly with other sub-districts, in committee conventions during the months of May, June and July. A total of 126 conventions were held, of which 93 were single sub-district meetings, 32 held jointly by two sub-districts and one in which three sub-districts participated. A reading of the minutes of these meetings indicates that the most effective meetings were those in which the committees of one sub-district met alone to consider their organization problems and find solutions for them.

Taken as a whole, the changes in the agenda this year assisted in directing the attention of the committee mem-



bers more successfully to the work for which they were called together. Using the organization chart, the delegates were given the opportunity to bring to the committees a more complete picture of the structure of the Wheat Pool organization and their part in it. In those sub-districts where it had not already been done, advantage was taken by the presence of all the committees to initiate organization for the survey of co-operative activities.

### *Co-operative Education*

The issue of information regarding policies and operations of the Company, and other matters of interest to agriculture and the Co-operative Movement by means of Monthly Programmes to Wheat Pool Committees, has been continued during the past year. Among these may be mentioned a summary of the recommendations to the federal government regarding wheat policy from time to time; a criticism of the government wheat policy; a summary of the Triple A programme of the U.S.A.; and two programmes on the financial position of the Company and the distribution of earnings.

The two new films, *By Their Own Strength* and *New Horizons*, were completed during the year. The first named has had a number of showings and has been well received. Its great value is that it reminds the older people in Saskatchewan of the struggles through which they have gone, and informs the younger people and newcomers of the trials and achievements of agriculture through organization. The lesson it teaches was never needed more than it is today. "*New Horizons*" has not yet been generally distributed. It was felt that the first picture carried the lesson most needed at the moment. The showing of the two together might tend to blunt the effectiveness of both. This film is, therefore, being kept in reserve for the time being.

Effective educational work is being done by means of the still pictures, and these are being used not only in meetings with committees and small groups, but at large meetings at which the strip film is used with good results instead of the addresses usually given at moving picture meetings.

Some experiments have been conducted during the past year with a view to developing a practical form of co-operative education for Pool elevator agents. The Co-operative Education Committee, working with the district representatives and travelling superintendents, has worked out a plan which is already showing good results in three or four districts. The plan is for the superintendents to arrange the agents in their sections in groups of five to seven. When work and road conditions permit, the members of a group collect at a convenient point and discuss a programme of study set out at a meeting of the travellers, the district representative and the director of the district, who also attend the group meetings in series. The agents show a keen interest in the study plan and it is hoped that every division and section will have its organized study groups in the near future.

The programme of two-day co-operative schools, sponsored by the Saskatchewan Wheat Pool Employees' Association in conjunction with the Co-operative Union of Canada, Saskatchewan Section, was again carried on during the early summer months. In all eight schools were held as compared with twelve the previous year. The average attendance also was somewhat reduced. A representative of the Co-operative Education Committee of your Board acted on the committee and the relationship was close throughout.

It was decided that, owing to the generally unsettled conditions, the lectures should be given wholly by representatives from the provincial co-operatives and local talent. This experiment worked out most satisfactorily and augurs well for the future. Many of the lectures were given by members of the Co-operative Education Committee of your Board and the district representatives of the Country Organization Department, who also filled in acceptably wherever it became necessary.

Special acknowledgment should be given to the Extension Department of the University of Saskatchewan for the unsparing services and valuable contributions rendered by Prof. K. W. Gordon and Prof. R. D. Ramsay to the success of the schools.

Following the regional schools last year, one-day schools were planned and carried out in a number of districts during the fall and winter. Six of these were organized in District 7 alone. It is expected that the same procedure will be followed this winter.

The one-day Ukrainian co-operative schools, conducted by Mr. Stratyckuk, with the collaboration of Ukrainian educational organizations, were continued during the winter months. Twenty schools in all were held, with a total attendance of 860, or an average of 40 per school.

The annual co-operative school, held under the auspices of the Extension Department of the University of Saskatchewan in co-operation with the Co-operation and Markets Branch of the Provincial Department of Agriculture, met during the week 7th to 12th July. Here again the uncertain conditions prevailing helped to reduce the attendance which amounted to 64 students. Their average age was 22 years.

It is interesting to note that nearly 50% of these students attended as joint guests of the Saskatchewan Wheat Pool and Ukrainian educational organizations, and were the fruit of the one-day Ukrainian schools. Twelve of the fifteen prizes for the best essays and best kept notes went to these young men and women. A number of the staff of the Country Organization Department attended the school and acted acceptably as lecturers and led the discussions on a number of subjects.

Relations with the Extension Department of the University of Saskatchewan continue to be cordial and, it is hoped, mutually beneficial. Assistance in the organization of farm schools and of study groups under the Adult Education Programme is given at all times and series of educational meetings are being arranged to fit in with the University programme of work. It has been necessary to restrict the development of Junior Club Work to some extent during the past year, but wherever the work goes on the co-operation of the Wheat Pool's field staff can be depended upon.

The general co-operative activities of the department under the co-ordination agreement have been continued as heretofore. Since the last annual meeting, at the request of the provisional Board of Directors of Canadian Co-operative Implements Limited, the field staff of the department has assumed some of the duties of supervision of the organization work of that undertaking. The engrossing character of this work has somewhat modified the activities of the staff in other directions until the time arrives when the Implement Association has completed its organization. Every effort is being made, however, to give the fullest possible attention to the ordinary activities of the department.



From 1st August, 1940, to 31st July, 1941, 25 co-operative trading associations and five trading and live-stock associations, four community halls, 16 district implement associations and five miscellaneous associations have been incorporated under the Co-operative Associations Act, making 55 incorporations in all as compared with 123 for the same period in the previous year. Three associations were incorporated under the Co-operative Marketing Associations Act, 17 under the Credit Union Act and one under special legislation, viz., The Saskatchewan Co-operative Credit Society Limited.

The total number of associations operating in Saskatchewan under the Co-operative Associations Act now is 757 as compared with 716 last year, 24 under the Co-operative Marketing Associations Act and 63 under the Credit Union Act. Incorporated by special legislation, there are three wholesale and manufacturing associations, four pooling associations, two livestock associations and four others. Two associations are operating under the Joint Stock Companies Act and two under Dominion charters. In all there are 862 co-operative associations in Saskatchewan operating under the various types of legislation named.

### **Junior Co-operative Activities**

#### *Variety Testing Project*

Another variety testing project was undertaken during the past year. The project was again conducted under the supervision of Dr. J. B. Harrington, Professor of Field Husbandry at the University of Saskatchewan, and, as in previous years, the actual field work was carried out by Junior Co-operators who were carefully selected by the delegates.

During the years 1935 to 1940 the tests conducted by your organization have had as their primary object the determination of the comparative grain yield of the varieties under test. Since the outbreak of war the trend has been toward a greater diversification in field crops, and there has been a considerable amount of interest in the feeding values of wheat, oats and barley. While much data is available in regard to feeding trials, there has been little information in connection with the actual pound for pound grain and straw yields of wheat, oats and barley for feeding purposes. The 1941 test was designed to obtain as much information as possible along these lines.

As finally agreed upon, the test consisted of three varieties each of wheat, oats, and barley. The wheat varieties consisted of Thatcher, Apex and Regent. The oats varieties were Victory, Vanguard, and Valor. (The latter is a new variety developed by Dr. Harrington. It is early maturing, and the object behind its development is that farmers may be assured of a feed crop, particularly in areas which suffer frequently from severe drought and grasshopper infestations). The barley varieties in the test were O.A.C., Newal, and Rex.

Altogether 297 individual tests were conducted and as in most areas there were two tests in each sub-district the project covered the whole of the grain growing areas of the province. In spite of the unfavourable conditions which existed over a wide region, the majority of the tests reached maturity and, even in the instances where drought or insect damage was so severe that little remained to be harvested, there were only a few tests which failed to give some valuable information.

While the individual test was somewhat larger than in previous years, consisting of 112 rows in addition to

outside protection, the Junior Co-operator carried out the exacting work in a most satisfactory manner. In this regard, it is interesting to note that in these tests, which are conducted by farm boys and girls the majority of whom have had no previous experience in this class of work, the percentage of error is only slightly more than in the tests conducted at the Experimental Farms or at the University of Saskatchewan where close and skilled supervision is available throughout the whole growing season.

Interest by the Junior Co-operators in this year's test was stimulated by the fact that each supervisor received a sign upon which his name was printed. The Co-operator was also supplied with a suitable badge indicating that he or she was a supervisor of a Wheat Pool variety test.

It will be appreciated that a test of this nature, which not only includes grain yield and a comparison of the principal characteristics of the different varieties but also yield of straw per acre, involves a considerable amount of detail. The work of threshing, weighing and grading is now being carried out at the Head Office of your organization. The protein testing will be conducted at the University of Saskatchewan. In addition to this the University will make a thorough laboratory test of the comparative seed characteristics of the different varieties and will conduct some research in determining hull percentages in oats and barley. Immediately this work has been done the compiling, summarizing and statistical work will be carried out, and it is hoped that the results will be available early in the coming year in order that they may be studied before 1942 seeding operations begin. Last year's report was published in March as a 100-page booklet. It was well received by members of the organization, technical agriculturists and many others interested in the agricultural industry of the province. It may be mentioned that letters requesting the booklet were received from nearly 500 farmers in Saskatchewan.

The value of these variety test projects has been demonstrated in a number of ways. Each year new co-operators are shown how an accurate test of variety should be made. The ability to make a close study of the behaviour of the varieties throughout the growing season is also of considerable educational value. By undertaking the work the Co-operator comes in close contact with the organization, and is able to appreciate to some extent the widespread activities of the Wheat Pool in its endeavour to assist the agricultural life of the country. To members of the organization the data contained in the report has been of assistance in choosing the most suitable variety for use in the different parts of the province.

To the Saskatchewan Cereal Committee, which formulates the official recommendations of varieties to be used in the different cereal zones, the results of the variety test are of considerable value. As a matter of fact, for a number of years the committee has used the results of these tests to a considerable degree as a basis for its recommendations.

### *Junior Grain Clubs*

During the year under review continued support was given to the Junior Grain Club Movement in Saskatchewan. The Extension Department of the University of Saskatchewan, which is responsible for the Junior Grain Clubs, reports that there was a considerable drop in the number of clubs this year, and an increase in both the swine and poultry clubs. Agricultural developments during the past year have probably had some bearing on



this change. Also, there are no important new varieties coming on the market at the present time and the incentive to get started early with a new and promising variety has not been available.

In anticipation of this change, last year the Extension Department prepared regulations for corn clubs, grass clubs, and made arrangements with one of the large malting companies for contract barley clubs. As a result nine corn clubs were established in the southwest part of the province growing Gehu Yellow Flint corn for grain. Under the contract barley clubs a large malting company undertook to provide 15 bushels of good O.A.C. 21 barley seed for club members who would undertake to grow 10 acres of this barley under contract for them. This new development was immediately popular and 12 of these clubs were established. A larger number could have been organized but the available seed was only sufficient to establish the 12 clubs.

It is an interesting development that, while club members undertook to sell their total production to the malting company through any elevator they normally traded with, most, if not all, of the barley is being handled through the Pool Elevator System.

Club members receive the regular malting premium if the grade goes into the malting grades and, in addition, a special two cent premium.

The grass clubs were not popular and only one was established.

In connection with Junior Grain Clubs, the following statement shows the number of clubs growing the different varieties compared with the previous season:

	1940	1941
Apex Wheat.....	86	13
Thatcher Wheat.....	23	28
Regent Wheat.....	66	36
Renown Wheat.....	27	8
Marquis Wheat.....	13	4
Red Bobs Wheat.....	1	1
Rival.....	0	1
Vanguard Oats.....	7	7
Victory Oats.....	5	9
Eagle Oats.....	0	1
Banner Oats.....	2	1
O.A.C. Barley (including contract clubs)	2	13
Bison Flax.....	0	1

In all, a total of 123 clubs operated in the past season with an approximate membership of 2,304.

In addition to the grain and other clubs operated, three potato clubs have been established, growing certified seed.

The service provided by the Extension Department has been generally along the same lines as in previous years. Each member has received three letters during the season, one before seeding, one before the judge visited the plot, and one before the judge scored the threshed grain. Each member has been visited once during the year on his farm. This, of course, is valuable personal service as the Junior Grain Club judge usually meets the parents as well as the individual club member. Every club as a group has also been visited on the club achievement day or seed fair, and the educational aspect of the club work has been particularly stressed during the year. A list of one hundred general questions on grain production has been sent out to each member, and each club leader was advised where bulletins and other information could be secured to assist in answering the questions. Each club member was asked

to complete an examination on grain production at his achievement day or seed fair.

As in former years, each club automatically competes in the club efficiency contest. In this way an effort is made to rate the efficiency of the clubs, and only those clubs which scored reasonably well in this competition are invited to send representatives to the inter-club competitions.

Because of war conditions and the enlistment of a large number of club members, and young club leaders, a considerable number of clubs were compelled to suspend operations during the past year. The Extension Department will do everything possible to maintain and develop this important movement throughout the province, and in this work the Pool organization will co-operate fully.

### *Homecraft Clubs*

The Homecraft Clubs for Girls, under the direction of the Department of Women's Work of the University of Saskatchewan, has again ended a successful year. A detailed report of the activities of the Homecraft Clubs is being prepared and will be distributed separately to the delegates.

### **General**

Your Board believes that the Junior Club Movement, directed by the Extension Department of the University of Saskatchewan, plays an important part in the agricultural life of the province. Assistance to this movement has been an important objective of our country organization activities, and is participated in by Pool elevator agents, Pool delegates, Wheat Pool committees and the field staff in all parts of the province. The assistance which the Wheat Pool has been able to render is readily acknowledged by the University authorities.

In addition to voluntary assistance the usual grant of \$7,500.00 was made to the University as recommended by the delegates at the last annual meeting.

During the past year the Dominion grant for this work has been withdrawn, and your Board is satisfied that without the Wheat Pool grant to the University it would have been difficult, if not impossible, for the Extension Department and the Women's Work Department to have continued this work on its present scale.

### **Enrollment of New Members**

For the year under review 2,424 applications for shares were received and allotted. In addition, 758 applications were received during the month of July and shares were allotted by the Board at the August meeting.

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:

<i>Year Ended</i>	<i>Applications</i>	<i>Total Shares Issued</i>
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.....	3,182	113,139



## WHEAT SITUATION

The report of Canadian Co-operative Wheat Producers Limited has set out the international wheat situation. It has also outlined the steps taken by your Board, in conjunction with the other Pools and the Canadian Federation of Agriculture, during the past year, to secure a reasonable market price for the western wheat crop. The Central report also covers the activities of the organization up to the meeting between Pool representatives and the Wheat Committee of the Cabinet at Ottawa on 9th August. It may be advisable to review further action taken by the Wheat Pool organizations to secure a reasonable price for the western wheat crop so that all possible information may be before delegates in considering future policy.

As indicated in the Central report, a memorandum was presented to the Wheat Committee of the Cabinet by the Wheat Pool organizations on 9th August, 1941. After setting out the whole situation the Wheat Pool representatives submitted certain recommendations, as follows:

1. That the initial payment by the Wheat Board should be increased to \$1.00 per bushel basis One Northern, Fort William.
2. That the stocks of wheat represented by the carryover as at 31st July, 1941, should be taken off the market and held as a national emergency war reserve.
3. That as from 1st August, 1941, all sales of wheat should be credited to the crop season 1941-42.
4. That the crop year 1941-42 should be declared an emergency year under the terms of the Prairie Farm Assistance Act irrespective of market prices prevailing.

These recommendations were promised consideration.

As no further word had been received by the Pools by the time of the August Board meeting, a telegram was forwarded to Ottawa on 18th August pointing out that the 1941 wheat crop was now beginning to move and asking for advice as to the government's decisions on the representations submitted by the Pool delegation. The following day a telegram was received which indicated that in reply to the points raised in the Pool memorandum (1) the Wheat Committee of the Cabinet was unable to see its way to recommend to Council an increase in the initial price to \$1.00 per bushel; (2) and (3) the telegram indicated that, in accordance with the policy announced by the government, the Wheat Board would take delivery of up to 230 million bushels of the 1941 crop and, should a demand arise for more than this quantity, the intention was that such an additional amount would be taken from existing stocks; (4) the telegram advised that no definite decision had been reached but it was unlikely that the request could be met as this would require amendments to existing legislation.

Naturally your Board was deeply disappointed and dissatisfied with the decision of the Wheat Committee of the Cabinet. A further message was sent to Ottawa that, in view of the vital importance of this matter to western farm homes, the Wheat Pool Board would strongly urge that the memorandum submitted by Pool representatives should be submitted without further delay to a meeting of the Cabinet Council for its consideration.

On 27th August a telegram was received from the Acting Minister of Trade and Commerce advising that, in accordance with the request contained in our telegram of 21st August, the matter of Pool representations submitted to the Wheat Committee on 9th August had been fully considered in Council the previous day. The Council was not in favour of increasing the initial advance to

\$1.00 per bushel nor could it meet the Pool's request on points two and three for the reason that bonuses on wheat production had already been provided for on the limited acreage seeded to wheat and a maximum delivery of 230 million bushels from the 1941 crop.

In view of the failure, first of the Wheat Committee of the Cabinet and then of the Cabinet Council, to take any steps to relieve a situation which was becoming more acute, a decision was made to organize a series of mass meetings throughout the province so that the whole matter could be placed squarely before the people.

Sixteen mass meetings were held, eight of which were addressed by the President and eight by the First Vice-President. Large crowds packed the meeting places with audiences from one thousand to over two thousand, and it may be stated that no such evidence of interest in the wheat problem had been publicly manifested since the fall of 1923 and the spring of 1924 when Mr. Aaron Sapiro addressed a similar series of gatherings which resulted in the organization of the Pool.

Following these sixteen meetings, arrangements were made to hold a similar meeting in each of the sub-districts in the province, to be addressed by a director or a substitute. Pool delegates will be familiar with the result of these meetings in their own sub-districts.

An interprovincial meeting was held in Winnipeg on the 2nd and 3rd October and the whole situation was again reviewed. The steps taken by the Saskatchewan Pool to place the whole situation before the people were approved by the Manitoba and Alberta Pools. Action is also being taken in these provinces.

It is not necessary here to refer in detail to the radio broadcast of the Minister of Agriculture, delivered on the 7th October, which purported to deal with the wheat situation, nor of a later interview issued from Ottawa which dealt with the meetings being held throughout the province.

During the week beginning the 13th October, and even prior to that time, reports emanating from Ottawa indicated that the government was proposing to establish a price control programme the effect of which would be to freeze prices at recent levels.

In view of the disastrously low wheat prices at present prevailing, and the danger that if prices were frozen the price of wheat and other agricultural commodities might also be included, it was decided that another effort should be made, and on 15th October an appeal was directed to the Prime Minister of Canada. As this appeal sets out in fairly concise form the viewpoint of your Board, which we believe has been endorsed by an overwhelming majority of farmers and business men in this province, it may be worthwhile to include it in full in this report. It reads as follows:

"In view of a statement in today's press that an official announcement of price control policy is expected to be made by the Prime Minister on Thursday night, and in view of other published statements indicating that the problem of western farm income has figured prominently in official discussions of price control action, I have been requested by the Board of Directors of this organization to submit the following statement for your consideration:

Reports published in last night's newspaper indicated that there would be no change in the government's basic wheat policy "and the formula of assistance based on calculation of wheat income will remain in effect." It is somewhat difficult to interpret just what is meant by this statement. However, the press report went on to say that "at the same time steps will be taken to boost the effective price of wheat through the exist-



ing means of acreage payments." It may be assumed from this that the government has in mind the payment of another type of bonus based on the number of acres which growers may have seeded to wheat.

In appealing to you for further serious consideration of establishing a reasonable price for wheat to farmers, we believe we are expressing the viewpoint of the large majority of farmers in this province, as well as the business interests.

Because of various statements and newspaper comment appearing in newspapers as to the actual price of wheat, much confusion exists at the present time.

Actually the cash price of wheat, basis No. 1 Northern in store Fort William, at the present time is  $73\frac{3}{4}$  cents per bushel, and the Wheat Board price, basis No. 1 Northern in store Fort William, is 70 cents per bushel. It is upon the basis of these prices that a grower receives settlement for his wheat when delivered to a country elevator.

Using the Wheat Board initial price as a basis, there is general agreement that the average price a farmer receives when he delivers his grain at a country point is around 50 cents a bushel.

One of the vital factors facing Western Canada today is found in this fact that farm income from wheat for the crop year ended 31st July, 1941, amounted to \$239,363,000.00, while from the current year's production, based on a maximum of 196,000,000 bushels likely to be sold at an average price of 50 cents per bushel, farm revenue from wheat for the current crop year is likely to be in the neighborhood of \$98,000,000.00, a decline of over \$140,000,000.00. This is the vital problem with which our western farmers are faced.

The government's wheat policy for the current crop year involves the payment out of the Treasury of a maximum of \$35,000,000.00 to compensate farmers for loss of revenue through a reduction in the acreage seeded to wheat. Based on any acreage figures which are yet available, we are satisfied that payments under this bonus scheme will probably not exceed \$20,000,000.00.

If this payment is to be regarded as farm revenue from wheat and the amount of \$20,000,000.00 is added to the estimated revenue from the sale of wheat of \$98,000,000.00, western farmers will receive \$118,000,000.00 for 196,000,000 bushels or approximately 60 cents per bushel, which could be regarded as equal to around 80 cents per bushel in store Fort William.

It has been suggested that the sum of around \$10,000,000.00 will likely be paid out under the terms of the Prairie Farm Assistance Act. It should be noted, however, that most of this money will be paid out to farmers who have little or no wheat to sell. We believe it would be more correct to designate such a payment as an indemnity for partial or complete crop failure, part of the premium for which was paid by all of the farmers having grain to sell through the operation of the one per cent. levy provided under the Act.

However, if we add this additional sum of \$10,000,000.00 to the amount already estimated at \$118,000,000.00, the figure arrived at is 66 cents per bushel, which could be regarded as in the neighborhood of 86 cents per bushel basis in store Fort William.

While this computation is mathematically correct, it does not convey a clear picture of the position.

The price per bushel realized by the individual farmer varies according to the number of bushels produced per acre. Under the present policy, and taking full advantage of all possible payments, a half section farmer with 300 acres under cultivation, of which 200 acres were seeded to wheat in 1940, complying with the government's policy to reduce wheat acreage by one-third, would receive widely different prices per bushel, depending on his yield per acre.

If he retained 260 bushels of his crop for seed for the following year and sold the balance in each case, with a yield of 13 bushels per acre, his price per bushel at the farm would be approximately 70 cents per bushel; with a yield of six bushels the price would be \$1.41 per bushel, while if his yield was reduced to four bushels per acre the price per bushel would work out at over \$2.80 per bushel.

These figures illustrate the difficulties which are inevitable when we endeavour to establish a price for wheat on an acreage rather than on a per bushel basis.

May we respectfully suggest that if a further much needed payment is made to growers on the basis of acreage it will lead to even greater confusion.

Wheat has played an important part in the development of Canada as a nation. We submit that even in these difficult times wheat should have a price, and that the price should be commensurate with its value both as a basic foodstuff and also as the commodity which, more than any other single commodity, has contributed to the expansion of our export trade as well as to the development of our home industries.

The Saskatchewan Wheat Pool has long been on record in favour of a practical scheme of crop insurance. It welcomed the

passage of the Prairie Farm Assistance Act as a first step in bringing about a crop insurance scheme to which farmers would contribute. We would welcome a substantial increase in the payments provided under the Act and are definitely of the opinion that the protection afforded should be available to growers without reference to the market price of less than 80 cents upon which the statute is based.

At the present time the individual farmer with grain to sell pays a levy of one per cent. of the purchase price on all grain delivered by him. A reasonable increase in the price of wheat would enable the farmer to pay a larger share of the cost of such increased indemnity.

We would respectfully point out that there is a significant difference between establishing a fair price for the wheat which a farmer has to sell and providing assistance to those farmers who through no fault of their own have suffered partial or complete crop failures.

The government has undertaken to establish wage levels for industry. All reports indicate that control prices are likely to be announced for many other commodities.

In suggesting that the Wheat Board be authorized to pay an initial price of \$1.00 per bushel and at the same time that trading be prohibited on the Winnipeg Grain Exchange at prices less than \$1.00, we believe we are expressing the opinion of the great majority of the people of Western Canada.

We realize that the burdens of office bear heavily on the Prime Minister of Canada under today's conditions and we hesitate to add to the load. It is our firm conviction that the purchasing power of a bushel of wheat is the most important factor in our economic life and, because of this, we would be grateful if further consideration could be given to our recommendations for an increased price per bushel.

This appeal is made to you on behalf of the many thousands of farmers of this province who constitute the membership of this co-operative organization, and whose living conditions are determined largely by the per bushel price of wheat."

On Saturday, 18th October, the Prime Minister, in a radio broadcast, outlined the government's price control programme. It is probable that the kernel of the policy is found in this statement:

"On and after 17th November, 1941, no person may sell any goods or supply any services at a price or rate higher than the maximum price or rate charged by him for such goods or services during the four weeks from 15th September to 11th October of the present year."

The Prime Minister also announced that the government had decided "to undertake the control of all prices." That this control is likely to be extended to wheat is indicated by the following statement:

"The principle of the price ceiling will be applied to agricultural prices while at the same time total agricultural income will be supported, where necessary, by government action."

And again: "In the case of most agricultural products and fish the maximum prices will be based upon market prices during the four weeks prior to 11th October."

The government action necessary to support agricultural income with respect to wheat is announced as follows:

"It is therefore the intention of the government to make supplementary payments to farmers in the spring wheat area on the basis of their cultivated acreage as defined under the Prairie Farm Assistance Act."

Payments under the Prairie Farm Assistance Act are made on the basis of one-half of the cultivated land with a maximum of 200 acres.

For the time being, therefore, it would appear to be the policy of the government to continue to allow speculative trading in wheat to take place at or above the 70 cent peg, which now operates at the request of the Dominion Government, up to the highest market price recorded during the four-week period above referred to.

The following are the highest cash prices of grains recorded during the four-week period 15th September to 11th October, 1941:

1 Northern Wheat.....	\$ .77 $\frac{1}{2}$	per bushel (Oct. 3)
2 C.W. Oats.....	.50 $\frac{1}{2}$	per bushel (Oct. 1)
2 C.W. 6 row Barley.....	.62 $\frac{1}{2}$	per bushel (Oct. 1)
2 C.W. Rye.....	.64 $\frac{1}{2}$	per bushel (Sept. 18)
1 C.W. Flax.....	1.61 $\frac{1}{2}$	per bushel (Sept. 15)



The sole argument which has been advanced for the continued operation of the speculative market has been that it should act as a barometer of world conditions, and should record price levels based on these same conditions. The present position then is that so far as wheat is concerned this market can not function at levels less than 70 cents per bushel because of a Dominion Government order, and under the new programme it can not now provide trading facilities for wheat at prices higher than 77 $\frac{3}{8}$  cents per bushel because of another government order.

It is generally conceded that a 70 cent price level for wheat is a ruinous one, nevertheless the Dominion Government realizes the importance of this western commodity. In his radio address, already referred to, the Prime Minister stated: "It is recognized, however, that wheat and other non-perishable products held in reserve constitute an invaluable war asset." Also, in an address delivered at Winnipeg on 29th August the Minister of Agriculture declared: "*I am one of those who still believes that high grade wheat is going to play an important part in the winning of the war, and for that reason will demand a higher return as wheat than as feed grain. I am therefore not yet searching around for a plan to throw what may turn out to be the greatest peace producing asset this country has to the hogs. . . . Wheat is the easiest handled, shipped and stored of all the food products and must be conserved to save the starving millions which the mad rampage upon which Hitler has led the Nazis is bound to produce.*"

And yet the present government policy, while admitting that further funds are necessary to maintain existence in western farm homes, nevertheless refuses to establish a reasonable price for our basic western commodity and prefers to follow a system of paying substantial sums from the public treasury to enable farm families to keep body and soul together. Government wheat policy up to date has been a policy of inflexible opposition to the recommendations of representative farm organizations.

In years of crop failure due to drought, rust and grasshopper infestation, it became necessary for our various governments to provide assistance to many farmers by way of relief. It is the opinion of your Board that the effect of the present policy is to place all western wheat growers on a relief schedule.

The only reason so far publicly given in justification of the government's objection to increasing the amount of the initial payment on wheat was that advanced by the Minister of Agriculture in his radio address on 7th October last. At that time he said: "We stated that to increase the advance was to encourage the farmer to produce more than the 230 million bushels of wheat for market." This would indicate that the present carryover weighs heavily in the mind of the government when formulating wheat policy. This, of course, is somewhat at variance with the recent statement of the Prime Minister, already referred to, that wheat held in reserve constitutes an invaluable war asset. Also the statement of the Minister of Agriculture in Winnipeg that our wheat may turn out to be the greatest peace producing asset this country has. It also indicates a somewhat different attitude from that adopted in the United States.

In his report on "A.A.A." activities during 1940, Mr. R. M. Evans, the Administrator (who addressed our last annual meeting), said: "In the ever normal granary we have built up supplies of wheat which are about three

times normal and we have reserves of corn that are four or five times as great as those previously carried." There was a "similar abundance" of other crops. "It will be from these reserves," he said, "that Great Britain and the other countries opposing aggression will draw their supplies."

Surpluses are not confined to wheat. In other parts of the world surpluses of other vital commodities are being accumulated as a result of loss of markets or lack of shipping, or both.

At the present time one of the principal economic advisers of the British Government is in North America for the specific purpose of determining how these surpluses may best be handled in the interest of the allied war effort.

Canadian manpower and Canadian munitions will play a vital part in the destruction of Nazi aggression. Canadian food supplies for our own forces overseas and for the gallant British people are as vital as are supplies of munitions of war. In this fight for freedom, bread and butter, beef and bacon, are essential to high efficiency in our fighting forces and British workers. When the day of victory comes these same commodities will play an important part in restoring sanity to the world.

### **FUTURE POLICY**

In considering future policy there are some factors which your Board believes should be kept in mind.

Under war conditions the authority of government must continue to increase. As government authority and control invade new fields, while it is the duty of all Canadians to co-operate to the fullest possible extent, it is also the right, as it is the duty, of groups or classes affected to protest against discrimination where such discrimination becomes apparent.

In recent days the Government of Canada has instituted a programme of control of prices which will ultimately affect the economic life of the nation. Where a reasonable parity has been established between the prices of the various goods and services affected, no serious harm can result. In the case of labour, the worker is assured a wage rate at the highest level prevailing during the period from 1926 to 16th December, 1940. In addition he is to receive a cost of living bonus to cover the increase in living costs which has resulted from rising prices since the outbreak of war. In Canadian industry generally, the prices assured for industrial production are such as to cover all production costs plus a return on capital invested. In the case of wheat, market prices are still at depression levels, while the goods and services entering into its production costs have continued to increase.

It is the considered opinion of your Board that no system of price control can function effectively where such a tremendous disparity exists as between the economic position of great classes of Canadians. If the government's price control programme is to be made effective, then the wages of the farmer, dependent largely on wheat revenue, must be placed on a parity with the wages of industry and labour.

The government recognizes the present disparity and has undertaken to support total agricultural income.

So far as wheat is concerned, the government proposes to make supplementary payments to farmers on the basis of the cultivated acreage as defined under the Prairie Farm Assistance Act. The Prairie Farm Assistance Act provides that the Minister (of Agriculture)



may award certain specific payments to farmers by way of assistance because of partial or complete crop failure. The payments are to be made on the basis of one-half of a farmer's cultivated land with a maximum of 200 acres.

But the government does not say to labour that, recognizing that wage levels are insufficient to maintain a normal existence, the Minister (of Labour) may award certain specific payments to workers by way of assistance if for any reason they have been prevented from completing the work upon which they are engaged, and that the payments will be made on the basis of one-half of the size of the equipment operated by the worker with a maximum of a certain number of horse power.

Neither does the government say to industry that, recognizing that the prices being paid for certain guns, tanks, planes or other vital war supplies are below the level which will enable the payroll to be met and the plants to be maintained, the Minister (of Munitions and Supplies) may award certain specific payments to industry by way of assistance because for any reason they have been unable to produce large quantities of guns, tanks, etc., and that the payment will be made on the basis of one-half of the factory floor space with a maximum of a specific number of square feet.

Instead, under government policy, workers are guaranteed a price for their labour. Industry is guaranteed a price for its production.

Your Board believes that farmers are entitled to and must receive guarantees similar to industry and labour. To paraphrase the famous saying of Lincoln: "Canada cannot continue to exist half slave and half free."

As representing the wheat growers of this province, we must continue to take all legitimate action available to see that this disparity is repaired—that this discrimination is removed.

Payments under the wheat acreage reduction policy were provided in order to indemnify the wheat grower because of the loss of revenue bound to arise from the reduction in his wheat acreage and the restrictions on deliveries. Payments under the Prairie Farm Assistance Act, part of which are provided by the present one per cent. levy on all wheat sold by farmers, are primarily indemnities paid to farmers in the case of partial or complete crop failure. The crop failure sections of the Prairie Farm Assistance Act were welcomed by your organization as a first step in the direction of establishing a crop insurance scheme, something which has received the unanimous approval of this organization throughout the years.

As your Board sees it, the solution to the wheat problem is two-fold. **First there must be a fair price established for the wheat which a producer may market, and, second, there must be some indemnity by way of crop insurance** to assist the man who, through no fault of his own, suffers partial or complete crop failure. Your Board is satisfied that the present Prairie Farm Assistance Act can be amended to enable this insurance indemnity to be made.

Taking another parallel, the indemnity which a worker may receive under the Workmen's Compensation Act is of very definite value in tiding over the worker and his family during a period of difficulty and distress. It is the rate of wages, however, which a worker receives for his labour which determines the standard of living of his family and, to a great extent, determines also living conditions of the community in which he lives.

Particularly in this province, the wages which a farmer receives for his labour are largely represented by the price which he receives for a bushel of wheat.

Your Board, therefore, recommends for the consideration of the delegates:

1. That in order to establish equity as between all classes in Canada no price ceiling should be established on agricultural commodities below the average price level of 1926-29, which may be regarded as parity. In connection with grain, this average price would be approximately as follows:

1 Northern Wheat, basis Fort William.....	\$1.41
2 C.W. Oats, basis Fort William.....	.60
3 C.W. Barley, basis Fort William.....	.73
2 C.W. Rye, basis Fort William.....	1.00
1 C.W. Flax, basis Fort William.....	2.07

2. Since under the new order established by the government's policy of price control speculative trading can play no part in the marketing of wheat, the futures market should be closed and the marketing of all wheat should be the responsibility of the Canadian Wheat Board.

3. As a first step in establishing parity price, all wheat used for domestic consumption in Canada should be sold at a fixed price which for the time being should be the average 1926-29 level above referred to.

4. With respect to wheat delivered to the Wheat Board, the initial payment should not be less than \$1.00 per bushel, basis One Northern in store Fort William, at the time of delivery, with further payments throughout the year.

In the marketing of the crop, we are not suggesting any price which Great Britain would be asked to pay for her wheat. That is a matter of negotiation between the respective governments. **It is the opinion of Canadian farmers that the British people must receive food supplies at whatever price they can pay—or without price if the conditions warrant.** What we do suggest is that any deficit which might develop in supplying British wheat requirements should not be a charge on the over-burdened shoulders of the wheat producers, but should be the responsibility of Canada as a whole, as part of our national contribution to the war effort.

5. Since the marketable surplus of western coarse grains will likely be required to maintain production of livestock and dairy products in increasing quantities for Great Britain, speculative trading in these commodities should be prohibited and the marketing of these grains undertaken by the Wheat Board on the basis of parity prices.

6. That until such time as the need for a greater measure of control is evidenced by the failure of western farmers to meet the national requirements, either for our vital overseas shipments, or for domestic consumption, no restrictions should be placed on the acreage seeded to any type of grain.

The failure of the present government policy to take cognizance of the possibility of a crop failure in Western Canada has shown its weakness. The present year's experience confirms the opinion of your Board that the best control which the Dominion Government can establish is one based on the amount of grain which a grower may deliver to market.

**Surplus stocks of grain retained on a farm in excess of the deliverable quota will provide a partial measure of crop insurance against years of crop failure which are inevitable in this country.**



7. Restrictions on wheat deliveries should be maintained on the same general basis as the present year; that is, growers should be able to deliver the amount which it may be estimated can be disposed of within the year, both for export and domestic consumption. Reports show that last year's exports totalled approximately 230 million bushels. Bread is not rationed in Britain and is the one food which is plentiful. For obvious reasons, it is probable that the British Government will do its utmost to maintain that position.

It is difficult at this time to suggest a figure representing the amount of wheat which growers may market next season. However, in establishing this figure, we believe the government should have in mind:

- (a) the volume of exports of wheat and flour for last season as well as the current year's sales, and
- (b) that, in addition to the estimated 50 million bushels of wheat used in domestic consumption as flour, the demand for wheat for feed purposes may be substantially increased.

8. The Canadian Government has recognized the important part which the present wheat surplus will play in winning the war and writing the peace.

Your Board believes that 1942 deliveries of wheat should be regarded as a separate pool, and should be disposed of within the year of delivery; further, that no part of the carrying charges on the present surplus should be charged against 1942 deliveries.

9. In connection with the application of delivery quotas to individual growers, your Board realizes that growers with small acreage may be entitled to special consideration.

10. *Crop Insurance*.—It is the considered opinion of your Board that so far as wheat is concerned support for agricultural income should come on the basis of price per bushel rather than on an acreage basis in those cases where a grower has produced an average crop. At the same time, we recognize that other assistance will be necessary in cases of partial or complete crop failure, and that support in such cases should be available on an acreage basis.

11. That suitable amendments should be introduced to the Prairie Farm Assistance Act so that an adequate and practical crop insurance scheme may be established irrespective of market prices prevailing, or the number of townships suffering crop failure.

### **Agricultural Policy**

In its presentation to the Dominion Government, at the close of its annual meeting last January, the Canadian Federation of Agriculture (with which your organization is associated) made the following statement:

"In order to enable these millions of Canadians engaged in the business of agriculture to play their proper part in the greatest crisis the world has known two things are necessary: (1) There must be an immediate and substantial increase of farm income in relation to the national income; (2) a properly co-ordinated national policy for agriculture, including marketing as well as production, must be instituted. The Canadian Federation of Agriculture therefore proposes:

(a) That since agricultural production costs have already increased and will inevitably continue to increase as the war develops, our governments should adopt measures to establish a proper relationship between the prices of agricultural commodities and the goods and services the farmer must purchase. Otherwise there could easily be a decline in the efficiency of agricultural production which would seriously hamper the war effort.

(b) That immediate steps should be taken to develop a national wartime programme for agriculture. In taking this stand the Canadian Federation of Agriculture realizes that changing international conditions may call for changes in policy but make it all the more necessary that there should be a greater degree of consultation between government authorities and the representatives of organized agriculture.

In working out a national agricultural programme which will function during wartime, consideration must at the same time be given to plans which will assist in the necessary readjustment of agriculture to peace conditions when the war is finally won. The Canadian Federation of Agriculture is prepared to pledge its whole-hearted assistance and support to the development of such a programme."

The Federation's presentation, copy of which was supplied to all delegates at the time, then discussed in detail the needs of the major branches of agriculture, both as to immediate requirements and as to a long-term policy. Since that time the Federation has established an office at Ottawa, with an experienced permanent secretary in charge. It is the principal function of this office to keep close contact with developments likely to affect agriculture and at the same time to submit recommendations and suggestions to the various agricultural departments as the necessity arises. These recommendations are not limited to questions of marketing but also involve production problems, such as the problem of farm labour. The attractive opportunities in industry have drawn much of the normal farm labour to the cities and a condition now exists which makes it practically impossible for farmers to compete with industry for labour. Also, as the war continues, farmers' sons who, after all, provide the foundation of our farm labour in Western Canada, continue to enlist in the armed forces and the problem of labour in Western Canada becomes more acute.

### Conclusion

Thousands of our young men have already joined all branches of the Canadian armed forces for what they believe to be the defence of the rights and privileges of democracy. It is our first duty to support these men at home and overseas. At the same time it is equally our duty to see that when these young men return they will find that democracy has justified itself at home.

At the present time Ottawa is studded with boards of various types, concerned principally with meeting problems relating to the war. Many of the members of these boards are drawn from the industrial and financial interests of Canada. Organized agriculture at the moment is represented at Ottawa by a small office maintained by the Canadian Federation of Agriculture already referred to.

If the hardships which followed the last war are to be avoided, steps must be taken *now* to start planning for the post-war period. In the multiplicity of boards now operating at Ottawa there should be room for one composed of men with firsthand practical knowledge of Canadian agricultural conditions which will devote its entire attention to evolving plans for meeting post-war problems as they are likely to affect agriculture.

In the meantime, continued aggressive development of the Co-operative Movement will, we believe, do much to point the way to a likely solution of many of these problems.

Respectfully submitted.

J. H. WESSON, *President*

A. F. SPROULE, *First Vice-President*

A. D. YOUNG, *Second Vice-President*

MARSH ADAMS

OLAF NYLUND

HENRY LEWIS

T. G. BOBIER

OSCAR L. GLAZE

JOHN N. BURRILL

W. J. BALL

BROOKS CATTON

L. W. ELLIOTT

N. C. STEWART

H. A. CROFFORD

J. P. JENKINS

A. W. FRIESEN



GEORGE A. TOUCHE & CO.

*Chartered Accountants*

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356 MAIN STREET  
WINNIPEG

25th September, 1941

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

We have examined the books and accounts of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited, and Saskatchewan Pool Terminals Limited, for the year ended 31st July, 1941, and have reported in statutory form on the Balance Sheets of each 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 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.

No provision has been made for income taxes.

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

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

**STATEMENT No. 1**

**CONSOLIDATED BALANCE SHEET, AT 31st JULY, 1941**

**ASSETS**

**Cash and Securities**

Cash in Banks.....	\$ 1,958,307.68
Cash Funds—Payors.....	117,591.63
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	1,699,142.50
	<hr/>
	\$ 3,775,041.81

**Accounts Receivable—Current**

Sundry.....	445,418.04
Stocks of Grain (as certified by responsible officials)	38,619,849.39
Stock in Trade (as certified by responsible officials)	8,063.37
Prepaid Taxes, Insurance and Other Expenses.....	118,573.37
	<hr/>
	\$42,966,945.98

**Total Current Assets**

**Accounts Receivable—Deferred**

Province of Saskatchewan—Sinking Fund Interest Account.....	\$ 725,198.24
Growers' Accounts.....	47,257.94
	<hr/>
	772,456.18

**Investments and Memberships (at cost)**

Canadian Co-operative Wheat Producers Limited.....	\$50,000.00
Canadian Pool Agencies Limited.....	6,670.00
Pool Insurance Company (Amount paid thereon—an amount of \$24,990.00 is uncalled).....	59,264.00
Consumers' Co-operative Refineries Limited.....	2,150.00

**LIABILITIES AND CAPITAL**

**Cheques, Vouchers, etc., Outstanding**

Cheques and Money Orders.....	\$ 1,900,399.53
Grain Drafts, Cash Tickets, etc.....	1,784,870.40
Outstanding Certificates.....	12,144.53
	<hr/>
	\$ 3,697,414.46

**Accounts Payable—Current**

Bank Loans.....	\$29,842,500.00
Province of Saskatchewan re 1929-1930 Pool Overpayment	
Principal.....	\$662,027.81
Accrued Interest.....	172,719.89
	<hr/>
	834,747.70
Less Prepayment of Principal....	620,000.00
	<hr/>
	214,747.70
Sundry.....	716,959.66
	<hr/>
	30,774,207.36

**Total Current Liabilities**

**\$34,471,621.82**

**Deferred Liabilities**

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	8,575,006.55
Excess Charges Refund—Season 1940-1941.....	900,000.00
	<hr/>
	9,475,006.55



Winnipeg Grain Exchange.....	25,550.00	
Winnipeg Grain and Produce Exchange Clearing Association Limited.....	12,250.00	
Lake Shippers' Clearance Association Limited.....	3,000.00	
Rural Telephone Shares.....	1,367.00	
	<hr/>	
Less Reserve.....	160,251.00	
	50,000.00	
	<hr/>	110,251.00
<b>Fixed Assets (Less Reserves for Depreciation)</b>		
Country Elevators and Coal Sheds.....	\$ 7,734,698.52	
Terminal Elevators.....	4,472,775.48	
Land, Buildings and Machinery—Regina and Saskatoon.....	140,107.67	
Agents' Residences.....	323,330.91	
Work under Construction.....	574,901.42	
Sites—Terminal Elevators, etc.....	365,326.25	
Office Furniture and Fixtures.....	45,030.64	
Automobiles and Sundry Equipment.....	99,212.22	
	<hr/>	13,755,383.11
<b>Deferred Charges</b>		
Overpayment 1929-30 Pool—Company's Share less Reductions.....	\$ 8,349,229.79	
Operating Expenses 1930-1931 Pool.....	377,804.53	
Temporary Storage Bins.....	742,800.46	
Stocks of Repair Parts and Supplies.....	56,472.16	
	<hr/>	9,562,306.94
		<hr/>
		\$67,131,343.21
		<hr/>

<b>Elevator Deductions.....</b>	12,188,060.07
<b>Commercial Reserve.....</b>	6,567,851.17
<b>Capital.....</b>	113,139.00
<b>Reserve.....</b>	3,687,565.50
<b>Insurance Reserve.....</b>	100,000.00
<b>Undivided Profits.....</b>	528,099.10

**Contingent Liabilities**

In respect of Buildings and Work under Construction—Estimated.....	\$500,000.00
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Approved on behalf of the Board.

J. H. WESSON, Director.

A. F. SPROULE, Director.

\$67,131,343.21

This is the Balance Sheet referred to in our Report of 25th September, 1941.

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

# CONSOLIDATED BALANCE SHEET

The following explanations prepared by the Treasurer may be of value in considering the foregoing statement.

## ASSETS

### CASH AND SECURITIES:

**Dominion of Canada and Province of Saskatchewan Bonds—\$1,699,142.50:** This represents \$200,000.00 Dominion of Canada 3% Perpetual Bonds; \$800,000.00 Dominion of Canada 3% Victory Loan Bonds 1951; and \$1,011,000.00 Province of Saskatchewan 4½% Debentures 1951 at cost.

### ACCOUNTS RECEIVABLE—CURRENT

**Sundry—\$445,418.04:** This item is composed principally of accrued handling charges on grain in store in Country and Terminal Elevators at 31st July, 1941, less the liability for stored grain. Values have been based upon Winnipeg closing prices at that date or Wheat Board initial payment prices, wherever applicable, less freight where necessary, or upon open sales contracts where such apply.

**Stocks of Grain—Less Stored Grain—\$38,619,849.39:** This amount represents the value of grain on hand in Country and Terminal Elevators at 31st July, 1941, less the liability for stored grain. Values have been based upon Winnipeg closing prices at that date or Wheat Board initial payment prices, wherever applicable, less freight where necessary, or upon open sales contracts where such apply.

**Stock-in-Trade—\$8,063.37:** Includes the value of Job Stock, Work in Progress and Newsprint on hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

**Prepaid Taxes, Insurance and Other Expenses—\$118,573.37:** This amount represents prepayment of various current operating expenses.

### ACCOUNTS RECEIVABLE—DEFERRED

**Province of Saskatchewan—Sinking Fund Interest Account—\$725,198.24:** 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.

**Growers' Accounts—\$47,257.94:** Items comprising this amount are made up as follows:

Advances against Reserves.....	\$ 2,421.43
Seed Grain Advances against Reserves.....	37,210.01
Contract Notes 1928-1933 Pool.....	7,626.50
	<u>\$47,257.94</u>

**Investments and Memberships—\$110,251.00:** 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 Wheat Producers Limited in Season 1936-1937, to provide against loss in the Company's investment in Canadian Co-operative Wheat Producers Limited. Repayment of the amount of \$30,135.00 invested in Pool Insurance Limited was received during the year, following the winding up of that Company, while an investment of \$59,264.00 was made in the Shares of Pool Insurance Company, organized under Dominion Charter to take over the business previously handled by the former Company. An additional membership in the Winnipeg Grain Exchange was purchased during the year to permit of the registration of the Elevator Company under the revised regulations of the Exchange.

### FIXED ASSETS:

**Country Elevators and Coal Sheds—\$7,734,698.52:** Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$15,184,840.09	\$7,454,681.62	\$7,730,158.47
Coal Sheds.....	7,799.18	3,259.13	4,540.05
	<u>\$15,192,639.27</u>	<u>\$7,457,940.75</u>	<u>\$7,734,698.52</u>



**Terminal Elevators—\$4,472,775.48:** The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,092,310.95	\$1,855,425.75	\$1,236,885.20
Terminal No. 5.....	1,203,342.88	718,128.06	485,214.82
Terminal No. 6.....	75,371.80	51,980.50	23,391.30
Terminal No. 7.....	3,979,177.87	1,971,088.12	2,008,089.75
Buffalo Terminal.....	1,795,205.48	1,076,011.07	719,194.41
	<u>\$10,145,408.98</u>	<u>\$5,672,633.50</u>	<u>\$4,472,775.48</u>

The above values are exclusive of Sites which are shown under the heading of "Sites—Terminal Elevators, etc.", details of which appear below. Terminal No. 6 is a leased elevator and the amount shown above in respect of same is for equipment only.

**Land, Buildings and Machinery, Regina and Saskatoon—\$140,107.67:** This includes the following items:

Regina	Plant Value	Depreciation	Net
Head Office Building.....	\$180,000.00	\$128,250.00	\$ 51,750.00
Site.....	25,397.75	.....	25,397.75
Fixtures and Equipment.....	11,809.97	11,809.97	.....
<b>Saskatoon</b>			
Modern Press Building.....	25,566.49	12,327.54	13,238.95
Site.....	9,200.00	.....	9,200.00
Machinery and Equipment....	72,553.34	32,032.37	40,520.97
	<u>\$324,527.55</u>	<u>\$184,419.88</u>	<u>\$140,107.67</u>

**Agents' Residences—\$323,330.91:** Included in this asset are 369 Agents' Residences valued at \$579,920.90, against which there is a Reserve for Depreciation amounting to \$256,589.99.

**Work Under Construction—\$574,901.42:** This represents sundry construction work in progress at various Country Elevator points at the year end, along with the amounts paid to that date on the construction of Temporary Terminal Storage Annexes which were in course of completion at Port Arthur, Ontario. The balance of the approved programme of Capital Expenditures, estimated at \$500,000.00, is shown as a Contingent Liability.

**Sites—Terminal Elevators, etc.—\$365,326.25:** 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.....	1,056.25
Cottage Sites.....	34,487.76
	<u>\$365,326.25</u>

#### DEFERRED CHARGES:

**Overpayment 1929-1930 Pool—Company's Share—\$8,349,229.79:** The following is a summary of this account for the past year:

Balance at 31st July, 1940..... \$9,328,989.66

#### Deductions

Increase in Province of Saskatchewan  
4½% Debentures, 1951, Sinking

#### Fund Interest Account

Balance of Account at 31st July, 1941	\$725,198.24
Balance of Account at 31st July, 1940	645,883.57
Increase.....	\$ 79,314.67
Surplus Income—Season 1940-1941.....	900,445.20
	<u>979,759.87</u>
Balance at 31st July, 1941.....	<u>\$8,349,229.79</u>

**Operating Expenses 1930-1931 Pool—\$377,804.53:** This amount comprises the Net Operating Expenses of the 1930-1931 Pool. As no provision was made in the 1930 Wheat Crop Equalization Payments Act for payment of this item, the amount becomes a charge to be written off from future earnings of the Company.

**Temporary Storage Bins—\$742,800.46:** Of 462 Temporary Storage Bins built in 1939, 2 were demolished during the year and an additional 726 Bins were erected on elevator sites at various points in 1940. A summary of the account is shown below:

	1939 Bins	1940 Bins	Total
Cost of Construction.....	\$453,944.33	\$1,033,076.12	\$1,487,020.45
Less Written off—Season 1939-1940.....	113,486.09	.....	113,486.09
	<u>\$340,458.24</u>	<u>\$1,033,076.12</u>	<u>\$1,373,534.36</u>
Less Demolitions—Net.....	1,066.73	.....	1,066.73
	<u>\$339,391.51</u>	<u>\$1,033,076.12</u>	<u>\$1,372,467.63</u>
Less Written off—Season 1940-1941.....	113,129.11	516,538.06	629,667.17
	<u>\$226,262.40</u>	<u>\$ 516,538.06</u>	<u>\$ 742,800.48</u>

It will be noted from the above that 25% of the cost of the Bins built in 1939 was written off as a charge to expenses during each of the Seasons 1939-1940 and 1940-1941, while 50% of the cost of the Bins built in 1940 was written off as a charge to last season's expenses. The latter write-off is in accordance with the rate permitted by the Federal Income Tax Department in respect of Bins built in 1940, but which rate does not apply to Bins built in the previous year.

## LIABILITIES

### CHEQUES, VOUCHERS, ETC., OUTSTANDING:

**Outstanding Certificates—\$12,144.53:** 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—\$214,747.70:** This amount represents the balance of the principal payment due 15th September, 1941, together with interest accrued to 31st July, 1941, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

**Sundry—\$716,959.66:** This amount consists principally of Accrued Expenses, Customers' Margin Accounts, Loan Accounts and Shippers' Accounts. The latter item comprises the balance of the Excess Charges Refund—Season 1939-1940, which was retained for the purchase of Deduction Certificates to be transferred to the respective members in settlement of one-half of their refund.

### DEFERRED LIABILITIES:

**Province of Saskatchewan re 1929-1930 Pool Overpayment—\$8,575,006.55:** This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1941, the balance of which is provided for under the heading of "Accounts Payable—Current." The balance of the liability is payable in ten amortized payments of principal and interest, commencing 15th September, 1942.

**Excess Charges Refund—Season 1940-1941—\$900,000.00:** This amount represents a portion of the earnings of Season 1940-1941 set aside to be distributed to members as a patronage dividend of one cent per bushel on deliveries for the season 1940-1941, the time, form and manner of such distribution to be in the discretion of the Board.

### CAPITAL RESERVES, ETC.

**Elevator Deductions—\$12,183,060.07; 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, fixed assets and loans to Saskatchewan Pool Elevators Limited, etc.

**Capital—\$113,139.00:** This amount includes new capital subscribed during the year to the extent of \$2,424.00.

**Reserve Account—\$3,687,565.50:** Details of this account are shown below:

Balance at 1st August, 1940.....		\$2,829,430.51
Less Corporation Tax—Season 1939-1940		
Province of Saskatchewan.....	\$ 95,723.60	
Province of Ontario.....	36,946.03	
		<u>132,669.63</u>
		\$2,696,760.88
Canadian Pool Agencies Limited—Share of Earnings—Season 1939-1940.....	\$ 25,776.78	
Pool Insurance Limited—Share 1939 Re- serve.....	3,202.44	
Pool Insurance Limited—Share 1940 Earnings.....	59,958.26	
Lake Shippers' Clearance Association— Share of Earnings—Season 1939-1940	4,678.13	
Canadian Wheat Board—Adjustment of Carrying Charges—Season 1939-1940	38,324.63	
Transfer of Portion of Earnings—Season 1940-1941.....	858,864.38	
		<u>990,804.62</u>
		<u>\$3,687,565.50</u>



**Insurance Reserve—\$100,000.00:** This Reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded, and replaces the usual excess coverage which has been discontinued. No losses were charged to this account during the past season.

**Undivided Profits—\$528,099.10:** The following is a statement of this account:

Balance at 31st July, 1940.....	\$257,783.23
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**ADDITIONS:**

Portion of Earnings—Season 1939-1940 set aside for Excess Charges Refund....	\$500,000.00
Amount paid out.....	\$239,981.01
Amount to be used for purchase Deduction Certificates.....	239,703.12
	<u>479,684.13</u>

Balance Transferred.....	20,315.87
Transfer of Portion of Earnings—Season 1940-1941.....	250,000.00

Balance at 31st July, 1941.....	<u><u>\$528,099.10</u></u>
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**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**MODERN PRESS LIMITED**  
**SASKATCHEWAN POOL ELEVATORS LIMITED**  
**and**  
**SASKATCHEWAN POOL TERMINALS LIMITED**  
**CONSOLIDATED CAPITAL STATEMENT AS AT 31st JULY, 1941**

[illegible]



## STATEMENT No. 2 (2)

## CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1941

Current Assets.....	\$42,966,945.98
Current Liabilities.....	34,471,621.82
<b>Current Position as per Balance Sheet.....</b>	<b>\$ 8,495,324.16</b>
<i>Less:</i>	
Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....	500,000.00
<b>Balance—Surplus available as Working Capital for Season 1941-1942.....</b> (Subject to Dividends and Taxes)	<b><u>\$ 7,995,324.16</u></b>

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

**SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1941**

	Capital	Commercial Reserve	Elevator Deductions	Reserve	Insurance Reserve
<b>SOURCE OF CAPITAL FUNDS</b>					
Stock Subscriptions.....	\$ 113,139.00				
Deductions from Pool Payments.....		\$ 6,567,851.17	\$12,188,060.07		
From Surplus Earnings.....				\$ 3,687,565.50	\$ 100,000.00
Province of Saskatchewan—Loan.....					
<b>TOTAL CAPITAL RECEIPTS.....</b>	<b>\$ 113,139.00</b>	<b>\$ 6,567,851.17</b>	<b>\$12,188,060.07</b>	<b>\$ 3,687,565.50</b>	<b>\$ 100,000.00</b>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>					
Fixed Assets (Including Temporary Bins, Temporary Terminal Annexes and Expenditures approved for completion of Program of Building and Work under Construction).....	\$ 113,139.00	\$ 1,985,258.47	\$12,188,060.07	\$ 711,726.03	
Investments.....		110,251.00			
1929-1930 Pool Overpayment.....		499,421.48			
Operating Expenses 1930-1931 Pool.....		377,804.53			
Advances, etc. to Growers.....		47,257.94			
Stocks of Repair Parts and Supplies.....		56,472.16			
<b>TOTAL CAPITAL EXPENDITURES.....</b>	<b>\$ 113,139.00</b>	<b>\$ 3,076,465.58</b>	<b>\$12,188,060.07</b>	<b>\$ 711,726.03</b>	<b>\$</b>
<b>BALANCE—SURPLUS CAPITAL.....</b>	<b>\$</b>	<b>\$ 3,491,385.59</b>	<b>\$</b>	<b>\$ 2,975,839.47</b>	<b>\$ 100,000.00</b>



## STATEMENT No. 3—Continued

	Undivided Profits	Excess Charges Refund Season 1940-1941	Deferred Loans Outstanding	TOTAL
<b>SOURCE OF CAPITAL FUNDS</b>				
Stock Subscriptions.....				\$ 113,139.00
Deductions from Pool Payments.....				18,755,911.24
From Surplus Earnings.....	\$ 528,099.10	\$ 900,000.00		5,215,664.60
Province of Saskatchewan—Loan.....			\$ 8,575,006.55	8,575,006.55
<b>TOTAL CAPITAL RECEIPTS.....</b>	<b>\$ 528,099.10</b>	<b>\$ 900,000.00</b>	<b>\$ 8,575,006.55</b>	<b>\$32,659,721.39</b>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>				
Fixed Assets (Including Temporary Bins, Temporary Terminal Annexes and Expenditures approved for completion of Program of Building and Work under Construction).....				\$14,998,183.57
Investments.....				110,251.00
1929-1930 Pool Overpayment.....			\$ 8,575,006.55	9,074,428.03
Operating Expenses 1930-1931 Pool.....				377,804.53
Advances, etc., to Growers.....				47,257.94
Stocks of Repair Parts and Supplies.....				56,472.16
<b>TOTAL CAPITAL EXPENDITURES.....</b>	<b>\$</b>	<b>\$</b>	<b>\$ 8,575,006.55</b>	<b>\$24,664,397.23</b>
<b>BALANCE—SURPLUS CAPITAL.....</b>	<b>\$ 528,099.10</b>	<b>\$ 900,000.00</b>	<b>\$</b>	<b>\$ 7,995,324.16</b>
<b>TOTAL CURRENT ASSETS—(As per Consolidated Balance Sheet, Statement "1").....</b>				<b>\$42,966,945.98</b>
<b>TOTAL CURRENT LIABILITIES—(As per Consolidated Balance Sheet, Statement "1").....</b>				<b>34,471,621.82</b>
<b>BALANCE—Current Position.....</b>				<b>\$ 8,495,324.16</b>
<b>Less Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....</b>				<b>500,000.00</b>
<b>BALANCE—Surplus Capital (Subject to Dividends and Taxes).....</b>				<b>\$ 7,995,324.16</b>

**STATEMENT No. 4**

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

**STATEMENT OF ASSETS, DIRECT LIABILITIES AND  
GROWERS' EQUITY AS AT 31st JULY, 1941**

**ASSETS**

Fixed Assets ( <i>Less</i> Reserve for Depreciation).....	\$13,755,383.11
Investments and Memberships ( <i>Less</i> Reserve).....	110,251.00
<b>Other Assets (Deferred Accounts Receivable, etc)</b>	
Province of Saskatchewan—Sinking Fund Interest Account.....	725,198.24
Growers' Notes and Accounts Receivable.....	47,257.94
Temporary Storage Bins— <i>Less</i> amount written off.....	742,800.46
Stocks of Repair Parts and Supplies.....	56,472.16
<b>Surplus Capital (After providing for Expenditures to complete Programme of Building and Work under Construction)</b>	7,995,324.16
Amount provided to complete Programme of Building and Work under Construction.....	500,000.00
<b>Total Net Assets.....</b>	<b>\$23,932,687.07</b>

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

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 8,575,006.55
---	-----------------

**Equity**

<b>TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS.....</b>	<b>\$ 8,575,006.55</b>	<b>35.830%</b>
--	------------------------	----------------

**BALANCE OF ASSETS OVER LIABILITIES**

Growers' Equity (Subject to payment of Dividends and Taxes).....	15,357,680.52	64.170%
	<b>\$23,932,687.07</b>	<b>100.000%</b>



**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**

**STATEMENT No. 3**

**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, 1941; ALSO  
BALANCE OF REGULAR PAYMENTS TO BE MADE FROM 15th SEPTEMBER, 1942, TO 15th SEPTEMBER, 1951**

<b>Original Indebtedness</b> (After allowing for Bond Discount and 1928-1929 Pool Final Payment Loan).....	\$13,752,194.98
<b>Less</b> Charged to Surplus Interest Account.....	194.98
	<u>\$13,752,000.00</u>

**STATEMENT OF PAYMENTS MADE**

Date	Total Paid	Allocation Interest	Principal	Balance
1st Oct., 1932.....	\$ 746,739.87	\$ 678,854.87	\$ 67,885.00	\$13,684,115.00
15th Sept., 1933.....	1,099,487.84	651,401.36	448,086.48	13,236,028.52
15th Sept., 1934.....	1,132,292.23	661,801.43	470,490.80	12,765,537.72
15th Sept., 1935.....	1,132,292.23	638,276.89	494,015.34	12,271,522.38
15th Sept., 1936.....	1,132,292.23	613,576.12	518,716.11	11,752,806.27
*15th Sept., 1936.....	168,254.05		168,254.05	11,584,552.22
15th Sept., 1937.....	1,123,879.52	579,227.60	544,651.92	11,039,900.30
15th Sept., 1938.....	1,123,879.54	551,995.02	571,884.52	10,468,015.78
15th Sept., 1939.....	1,123,879.52	523,400.78	600,478.74	9,867,537.04
15th Sept., 1940.....	1,123,879.54	493,376.86	630,502.68	9,237,034.36
15th Sept., 1941.....	1,123,879.53	461,851.72	662,027.81	8,575,006.55
<b>Total Paid.....</b>	<b>\$11,030,756.10</b>	<b>\$ 5,853,762.65</b>	<b>\$ 5,176,993.45</b>	

**STATEMENT OF PAYMENTS TO BE MADE**

Due Date	Amount	Allocation Interest	Principal	Balance After Completing Payment
15th Sept., 1942.....	\$ 1,123,879.53	\$ 428,750.33	\$ 695,129.20	\$ 7,879,877.35
15th Sept., 1943.....	1,123,879.53	393,993.87	729,885.66	7,149,991.69
15th Sept., 1944.....	1,123,879.53	357,499.59	766,379.94	6,383,611.75
15th Sept., 1945.....	1,123,879.53	319,180.59	804,698.94	5,578,912.81
15th Sept., 1946.....	1,123,879.53	278,945.64	844,933.89	4,733,978.92
15th Sept., 1947.....	1,123,879.53	236,698.95	887,180.58	3,846,798.34
15th Sept., 1948.....	1,123,879.53	192,339.92	931,539.61	2,915,258.73
15th Sept., 1949.....	1,123,879.53	145,762.94	978,116.59	1,937,142.14
15th Sept., 1950.....	1,123,879.53	96,857.11	1,027,022.42	910,119.72
15th Sept., 1951.....	955,625.71	45,505.99	910,119.72	
<b>Total To Be Paid.....</b>	<b>\$11,070,541.48</b>	<b>\$ 2,495,534.93</b>	<b>\$ 8,575,006.55</b>	

**SUMMARY**

	Amount	Allocation Interest	Principal
Paid to 15th September, 1941.....	\$11,030,756.10	\$ 5,853,762.65	\$ 5,176,993.45
Balance to 15th September, 1951.....	11,070,541.48	2,495,534.93	8,575,006.55
<b>Total.....</b>	<b>\$22,101,297.58</b>	<b>\$ 8,349,297.58</b>	<b>\$13,752,000.00</b>

\* 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, 1941**

**TOTAL HANDLED (ALL GRAINS)****SASKATCHEWAN POOL ELEVATORS LIMITED**

	Bushels 1924-1940	Bushels 1940-1941	Bushels 1924-1941
Country Elevators.....	1,069,210,598	102,957,913	1,172,168,511
Platform.....	56,804,776	648,709	57,453,485
<b>Total.....</b>	<b>1,126,015,374</b>	<b>103,606,622</b>	<b>1,229,621,996</b>
Number of Elevators Operated.....	.....	1,088	.....
Average Handling per Elevator.....	.....	94,630	.....



**SASKATCHEWAN POOL TERMINALS LIMITED**

Terminal No. 4.....	235,052,105	14,973,783	250,025,888
Terminal No. 5.....	75,621,815	927,616	76,549,431
Terminal No. 6.....	258,059,029	17,264,220	275,323,249
Terminal No. 7.....	234,543,735	21,049,036	255,592,771
Terminal No. 8.....	28,240,761	.....	28,240,761
<b>Total.....</b>	<b>831,517,445</b>	<b>54,214,655</b>	<b>885,732,100</b>

**BUFFALO TERMINAL ELEVATOR.....**

131,930,775	.....	131,930,775
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# *A Text Book of Co-operation!*



This booklet is more than an annual report, it is a text book on co-operation.

Information contained in this report indicates what strides can be made in a comparatively short space of time, if growers unite for their common good.

This report is a story of development in marketing that fires the imagination. It can serve as an incentive to other co-operative activity.

*Saskatchewan Pool  
Elevators Limited*

**Head Office :: REGINA**

## SASKATCHEWAN POOL ELEVATORS LIMITED

## STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1941

	Total 1925-1940	Sundry Adjustments	Season 1940-1941	Total 1925-1941
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....	\$20,302,048.27	\$ (729.39)	*\$ 3,447,552.13	*\$23,748,871.01
DISTRIBUTION OF EARNINGS				
Excess Charges Refund:				
Paid to Growers.....	\$ 4,256,040.82	\$ 239,981.01		\$ 4,496,021.83
Credits to Growers Overpayment Accounts.....	\$ 2,559,217.44			2,559,217.44
Reserve Certificates purchased or to be purchased in settlement of credits.....	290,065.66	239,703.12		529,768.78
Allocated for distribution on deliveries for Season 1939-1940.....	500,000.00	(500,000.00)		
Allocated for distribution on deliveries for Season 1940-1941.....			900,000.00	900,000.00
<b>Total Excess Charges Refund.....</b>	<b>\$ 7,605,323.92</b>	<b>\$ (20,315.87)</b>	<b>\$ 900,000.00</b>	<b>\$ 8,485,008.05</b>
Farm Storage.....	306,456.74			306,456.74
Share of Pool Expenses.....	913,134.42		60,835.19	973,969.61
Dividends to Pool.....	1,915,273.80			1,915,273.80
Share of Earnings to Pool re Principal Payments 1929-1930 Pool Overpayment Liability.....	1,044,913.72		912,027.81	1,956,941.53
Interest paid on 1929-1930 Pool Overpayment.....	5,329,731.93		465,824.75	5,795,556.68
Transferred to Reserve Account.....	2,829,430.51	(729.39)	858,864.38	3,687,565.50
Transferred to Insurance Reserve.....	100,000.00			100,000.00
Transferred to Undivided Profits Account.....	257,783.23	20,315.87	250,000.00	528,099.10
<b>Total.....</b>	<b>\$20,302,048.27</b>	<b>\$ (729.39)</b>	<b>\$ 3,447,352.13</b>	<b>\$23,748,871.01</b>



**STATEMENT No. 7—Continued**

Bracketed items represent deductions.

Net Earnings (as above).....	\$23,748,871.01
Depreciation Reserve as at 31st July, 1941.....	13,518,969.95
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in respect of the purchase of the assets of the latter company).....	2,150,331.29
<b>TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1941.....</b>	<b>\$39,418,172.25</b>
<b>CAPITAL—AS AT 31st JULY, 1941.....</b>	<b>\$12,195,200.00</b>

**NOTE:** The items shown in the second column represent a redistribution of previous amounts following (a) payment of Excess Charges Refund Season 1939-1940 (\$239,981.01) and setting aside (\$239,703.12) for purchase of Reserve Certificates for balance of the refund, (b) transfer of unused portion to Undivided Profits Account (\$20,315.87) and (c) adjustments applicable to last season's earnings which were not determined in time to be included in the figures previously submitted (\$729.39).

\* Earnings for Season 1940-1941 are subject to adjustment for Income Tax.

## LIBRARY RECORD 1940-1941

	Books Mailed	Books Returned	Requests		Postage
			Books	Catalogues	
<b>1940</b>					
August.....	537	552	26	8	\$ 30.50
September.....	573	600	22	50	31.96
October.....	719	708	46	44	39.48
November.....	991	853	201	74	53.95
December.....	1,135	1,082	115	67	60.73
<b>1941</b>					
January.....	1,372	1,282	157	309	74.03
February.....	1,267	1,233	136	76	68.84
March.....	1,274	1,305	69	47	66.53
April.....	1,043	1,100	40	20	59.80
May.....	730	791	19	7	38.98
June.....	700	736	24	40	38.48
July.....	670	704	40	21	36.75
<b>Total.....</b>	<u>11,011</u>	<u>10,946</u>	<u>895</u>	<u>763</u>	<u>\$600.03</u>

## Number of Borrowers as at 31st July, 1941

Contract Signers.....	2,048
Agents.....	154
	<u>2,202</u>



# WHEAT POOL COMMITTEES

## STATEMENT No. 9

### TOTAL NUMBER OF COMMITTEES 1940-1941

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	4	7	10	7	7	8	11	6	8	71
District 2.....	7	4	5	8	5	5	9	8	14	5	70
District 3.....	3	4	3	4	8	6	3	5	3	6	45
District 4.....	3	7	10	5	5	2	4	7	3	6	52
District 5.....	10	7	5	7	8	4	6	10	9	5	71
District 6.....	9	10	7	8	11	12	12	7	7	8	91
District 7.....	8	5	5	5	7	8	6	5	11	7	67
District 8.....	10	9	10	8	8	9	6	9	6	4	79
District 9.....	5	7	5	9	3	9	6	6	6	7	63
District 10.....	6	6	4	8	14	8	2	7	6	9	70
District 11.....	9	11	12	5	5	7	12	7	12	9	89
District 12.....	9	8	9	7	6	7	7	8	12	8	81
District 13.....	12	11	3	11	7	12	5	7	9	10	87
District 14.....	7	7	6	6	8	15	12	7	9	10	87
District 15.....	9	8	5	8	7	6	7	5	8	11	74
District 16.....	6	8	9	7	4	11	7	10	12	8	82
Total											1179

## STATEMENT No. 10

### COMMITTEES REORGANIZED 1940-1941

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	4	6	10	7	7	7	11	6	8	69
District 2.....	6	4	4	8	5	4	9	8	13	5	66
District 3.....	3	4	3	4	5	2	1	4	3	5	34
District 4.....	3	6	9	4	5	2	4	6	..	6	45
District 5.....	9	7	5	5	8	3	4	10	9	5	65
District 6.....	8	10	7	8	9	12	11	7	7	8	87
District 7.....	8	5	5	5	7	8	6	4	11	7	66
District 8.....	9	6	10	8	8	8	6	6	6	4	71
District 9.....	5	4	4	9	3	8	5	6	6	7	57
District 10.....	6	5	3	7	9	8	2	5	3	9	57
District 11.....	7	2	7	4	5	5	8	5	5	3	51
District 12.....	8	4	8	6	5	7	7	7	12	8	72
District 13.....	6	11	1	10	7	12	4	7	8	7	73
District 14.....	7	7	5	6	7	13	12	7	8	10	82
District 15.....	7	7	5	8	5	4	7	5	6	10	64
District 16.....	6	7	9	7	4	6	6	9	12	8	74
Total											1033

## CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st JULY, 1941

ASSETS			LIABILITIES		
<b>Agency Assets</b> .....		\$ 56,559.93	<b>Agency Liabilities</b> .....		\$ 56,559.93
Cash in Agency Bank Accounts.....	\$ 13,350.51		Accounts Payable—Insurance.....	\$ 38,943.84	
Accounts Receivable—Insurance.....	43,209.42		Commissions Payable—per contra.....	17,616.09	
	<u>\$ 56,559.93</u>			<u>\$ 56,559.93</u>	
<b>Shareholders' and Patrons' Assets</b>			<b>Shareholders' Liabilities and Reserves</b> .....		20,567.56
<b>Cash</b> .....		49,179.96	<b>Accounts Payable</b> .....		\$ 567.56
In general bank account.....	\$ 49,038.27		General reserve against unearned income and in-		
On hand.....	141.69		vestments.....	20,000.00	
	<u>\$ 49,179.96</u>		Allocated as follows:		
<b>Accounts Receivable</b>		33,389.14	Alberta Wheat Pool.....	\$ 5,568.12	
Commissions—per contra.....	\$ 17,616.09		Manitoba Pool Elevators Ltd.....	3,146.82	
Inter-Provincial Pool Account.....	833.96		Saskatchewan Co-operative Wheat		
Loan Accounts—secured.....	8,360.72		Producers Ltd.....	11,285.06	
Pool Insurance Company.....	4,176.21			<u>\$20,000.00</u>	
Miscellaneous.....	2,402.16				
	<u>\$ 33,389.14</u>				<u>\$ 20,567.56</u>



**STATEMENT No. 11 (Continued)**

<b>Investments—at cost</b> .....	80,198.35	<b>Capital Stock</b> .....	20,000.00
80,000 Dominion of Canada Bonds 3¼% maturing June, 1966 (quoted value July 31st, 1941, (\$80,200.00))		Authorized—\$20,000.00	
		Issued and fully paid (2,000 shares of \$10.00 each).....	\$ 20,000.00
<b>Membership Deposits</b> .....	200.00	<b>Patrons' Equity—as per Exhibit B</b> .....	122,899.89
Insurance Agents' Association.....	\$ 200.00	Allocated as follows:	
		Alberta Wheat Pool.....	\$ 28,139.85
<b>Furniture and Fixtures</b> .....	500.00	Manitoba Pool Elevators Ltd.....	19,952.62
Cost.....	\$ 5,685.56	Saskatchewan Co-operative Wheat Producers Ltd.	74,807.42
Less Depreciation Reserve.....	5,185.56		<u>\$122,899.89</u>
	\$ 500.00		
		Signed on behalf of the Board.	
		J. H. WESSON, Director.	
		LEW HUTCHINSON, Director.	
	<u>\$220,027.38</u>		<u>\$220,027.38</u>

**AUDITORS' REPORT**

We have audited the accounts of Canadian Pool Agencies Limited for the year ended July 31st, 1941, and have received all the information and explanations we have required. Bank balances have been confirmed by certificate obtained direct from the Company's bankers. Accounts receivable and accounts 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 the above Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of Canadian Pool Agencies Limited as at July 31st, 1941, according to the information accorded us and as shown by the books of the Company.

Winnipeg, Manitoba, October 3rd, 1941.

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

**CANADIAN POOL AGENCIES LIMITED**  
**SUMMARY OF PATRONS' EQUITIES ACCOUNT**  
**For the Year Ended July 31st, 1941**

		<i>Debit</i>	<i>Credit</i>
Balance at credit July 31st, 1940.....			\$ 79,965.31
<b>Distributed during year 1940-41:</b>			
Patronage dividend year 1938-39.....		\$ 37,927.57	
Alberta Wheat Pool.....	\$ 11,052.09		
Manitoba Pool Elevators Limited.....	5,685.35		
Saskatchewan Co-operative Wheat Producers Limited.....	21,190.13		
	<u>\$ 37,927.57</u>		
Interest on capital invested year 1939-40.....		1,200.00	
Alberta Wheat Pool.....	\$ 400.20		
Manitoba Pool Elevators Limited.....	399.60		
Saskatchewan Co-operative Wheat Producers Limited.....	400.20		
	<u>\$ 1,200.00</u>		
		<u>\$ 39,127.57</u>	<u>\$ 79,965.31</u>
Balance carried down.....	40,837.74	<u>\$ 79,965.31</u>	<u>\$ 79,965.31</u>



STATEMENT No. 12 (Continued)

Balance at credit brought down.....			\$ 40,837.74
Patrons' equities year 1939-40:			
Alberta Wheat Pool.....	\$ 7,481.48		
Manitoba Pool Elevators Limited.....	7,579.48		
Saskatchewan Co-operative Wheat Producers Limited.....	25,776.78		
	<u>\$ 40,837.74</u>		
Patrons' equities for year ended July 31st, 1941, as per Exhibit C.....			\$ 82,062.15
Allocated as follows:			
Alberta Wheat Pool.....	\$ 20,658.37		
Manitoba Pool Elevators Limited.....	12,373.14		
Saskatchewan Co-operative Wheat Producers Limited.....	49,030.64		
	<u>\$ 82,062.15</u>		
Total at credit July 31st, 1941, as per Balance Sheet—Exhibit A.....		\$122,899.89	
Alberta Wheat Pool.....	\$ 28,139.85		
Manitoba Pool Elevators Limited.....	19,952.62		
Saskatchewan Co-operative Wheat Producers Limited.....	74,807.42		
	<u>\$122,899.89</u>		
		<u>\$122,899.89</u>	<u>\$122,899.89</u>

**CANADIAN POOL AGENCIES LIMITED**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**For the Year Ended July 31st, 1941**

**Income:**

Commissions.....		\$89,746.99
Fire.....	\$60,513.49	
Bonds.....	15,618.22	
Accident and Sickness.....	165.46	
Liability.....	302.27	
Auto.....	2,863.98	
Robbery and Burglary.....	317.16	
Floater.....	143.27	
Windstorm and Cyclone.....	3.60	
Sprinkler Leakage.....	21.00	
Steam Boiler.....	51.50	
Riot and Civil Commotion.....	652.63	
Slippage and Collapse.....	200.00	
Lake Marine.....	4,698.12	
Contingent.....	3,910.36	
Overriding.....	350.00	
	<u>\$89,811.06</u>	
Less Brokerage paid.....	64.07	
	<u>\$89,746.99</u>	

<b>Other Income:</b> .....		\$ 3,867.89
Interest.....	\$ 1,180.09	
Interest on Investments.....	2,600.00	
Miscellaneous.....	87.80	
	<u>\$ 3,867.89</u>	

**Total Income.....** \$93,614.88

**Expenses:**

Salaries.....	\$ 9,560.00
Administrative.....	930.05
Rent and Light.....	997.69
Printing and Stationery.....	406.56
Postage and Excise.....	87.96
Telephone and Telegraph.....	133.72
Miscellaneous Office Expenses.....	322.77
Audit.....	350.00
Taxes and Licenses.....	260.61
Travelling Expenses.....	98.40
Insurance.....	38.97
Discount and Exchange.....	4.75
Depreciation on Furniture and Fixtures..	161.25
	<u>\$13,352.73</u>
Less Recoveries:	
Pool Insurance Limited.....	\$1,500.00
Inter-Provincial Pool.....	300.00
	<u>1,800.00</u>
	<u>\$11,552.73</u>

Balance, Equities for year ended July 31st,  
 1941, carried to Exhibit B..... \$82,062.15



*Canadian Co-operative Wheat Producers  
Limited*

DIRECTORS' REPORT  
1940-1941

To the Shareholders,  
Canadian Co-operative Wheat Producers Limited,  
Winnipeg, Manitoba.

Gentlemen:

During the crop year ending July 31, 1941, your Board held four meetings at which all directors were present. Apart from ordinary business routine, and the main subject of wheat policy which we deal with in some detail, the following matters of major importance were discussed by the Board and decisions thereon were brought to the attention of the relevant authorities: Car loads and street spreads; car allotments; storage space, country and terminal; income and excess profits tax; policies of Canadian Federation of Agriculture; feed grains for eastern Canada; grain prices.

At the first meeting of your Board in 1941, on February 28, appropriate references were made to the great loss sustained by the Pools and the whole co-operative movement of Canada by the sudden death of Paul Bredt, the President of this organization and of Manitoba Pool Elevators, on November 28, 1940. Mr. Bredt died actually in harness and in the performance of his presidential duties; he succumbed to a heart attack immediately following an address to the annual meeting of the Alberta Wheat Pool which concluded upon a note of passionate appeal for that unity in the ranks of the organized farmers which had given them their strength in the past, and the preservation of which he ardently believed to be essential for the welfare of western agriculture. By formal resolution the Board expressed its "deep appreciation of his qualities as a colleague, an administrator in the Pool companies, and a leader in the Canadian farm movement".

It is with regret that your Board has to record also the death during the year of two others who served the Pool organizations on this Board and on the Boards of their respective provincial organizations. Dr. H. W. Wood, first President of the Alberta Wheat Pool and a member of this Board from August, 1924, to December, 1931, died at Calgary on June 10, at the ripe age of 81 years. Mr. Leonard Widdup, second Vice-President of the Saskatchewan Wheat Pool and member of this Board from May, 1937, to February, 1941, died on September 10 after a period of illness. Both men had many years of service in the farmers' movement in their respective provinces.

The following changes were made in the Board during the year:

Mr. J. H. Wesson, Vice-President, elected President;  
Mr. L. Hutchinson elected Vice-President;

Mr. W. J. Parker elected Director and member of the Executive, succeeding Mr. P. F. Bredt.

Mr. A. D. Young, Saskatchewan, succeeded Mr. A. F. Sproule as Director.

Mr. J. P. Jenkins, Saskatchewan, succeeded Mr. L. Widdup as Director.

Mr. R. A. Macpherson, Alberta, succeeded Mr. B. Plumer as Director.

Mr. G. N. McConnell, Manitoba, succeeded Mr. C. H. Burnell as Director.

## **1940-41 Crop**

The final estimate of the Dominion Bureau of Statistics put the 1940-41 wheat crop of the three prairie provinces at 525 million bushels, a reduction of nine million bushels from the first estimate quoted in our report last year, but still leaving it the second largest crop in the history of the Dominion. A preliminary check of the disposition data indicates a possible overestimate of probably five million bushels.

The carryover of wheat at July 31, 1940, was 300,473,465 bushels. At July 31, 1941, it was estimated at 480,083,691 bushels, an increase, roughly, of 180,000,000 bushels, which includes 31,791,510 bushels carried in the United States. This is the largest carryover in the history of the Dominion. The carryover on western farms, however, is estimated to have been reduced from 14,250,000 bushels to 11,500,000 bushels.

## **Western Meetings**

Realizing the significance of the record crop and the increasing intensity of the crisis in agriculture, a meeting of the Boards of the three Pools was held in Regina, December 9 and 10, 1940, immediately preceding a meeting of the Western Agricultural Conference which was called to discuss the general condition of western agriculture. The Pool Boards discussed in detail the matters scheduled to come before the Western Agricultural Conference.

At the meeting of the Conference, December 11 and 12, which was attended by the Boards of the three Pools, a comprehensive survey was made of western agriculture and the conference passed a number of resolutions with respect to western agricultural conditions to go before the annual meeting of the Canadian Federation of Agriculture. These resolutions dealt with the production, marketing, and price of wheat, the marketing of livestock, representation of producers on marketing boards, protection of farmers against seizures. The meeting was addressed by Hon. J. G. Gardiner.

## **Meeting with the Government**

The annual meeting of the Canadian Federation of Agriculture at Toronto, January 21-24, was preceded by a vigorous agitation among the farmers of Ontario in protest against the Government's agricultural policy. The resolutions from the Western Agricultural Conference were adopted by the Federation, and on Monday, January 27, a delegation from the Federation, which included representatives of the Wheat Pools, met the Dominion Cabinet and laid before it a memorandum and recommendations covering wheat, dairying and livestock. It may appropriately be recalled that at this meeting Prime Minister W. L. MacKenzie King expressed regret that the full Cabinet and representatives of agriculture had not met before. He hoped that the fact that almost every member of the Cabinet was present would create a precedent for the future, and that other meetings would prevent agriculture from passing into the background under the stress of war needs. The recommendations put before the Cabinet with respect to wheat, included: No compulsory restriction of acreage; that the Government should state definitely how much wheat it was prepared to take delivery of, and deliveries be regulated by quotas; that the initial payment of 70 cents a bushel be increased; that a processing tax of 50 cents a bushel be imposed on all wheat milled for domestic consumption, the revenue from the tax to be used to increase the price to the grower; that the surplus of stored wheat be set aside as a reserve to stabilize



supplies and to meet after-the-war conditions; that financial assistance be given by the Government to farmers who desired to build storage facilities on their farms; that farm storage be continued.

The delegation was commended upon its presentation of the case for agriculture, members of the Government expressing the opinion that the recommendations were moderate and not unreasonable when compared with conditions in other sections of the national economy. The recommendations, the Prime Minister said, would receive earnest consideration by the Government.

### **Government Wheat Policy**

The wheat policy of the Government was announced in the House of Commons by Hon. J. A. MacKinnon and Hon. J. G. Gardiner, on March 12, 1941. The main features of the policy, including subsequent amendments, were:

1. Limitation of deliveries to the Wheat Board or open market to a total of 230,000,000 bushels for the coming crop year;
2. Bonus of \$4 per acre on wheat acreage taken out of production and put into summerfallow as at July 31, 1941;
3. Bonus of \$2 per acre on land turned over from wheat to coarse grains this year;
4. Bonus of \$2 per acre on wheat land turned over to grass or clover. An additional \$2 if still in grass or clover in July, 1942.
5. Continued price of 70 cents per bushel for the reduced volume of wheat to be purchased by the Board;
6. Continued payment of storage to the farmer on the 230,000,000 bushels which the Government undertakes to purchase out of the 1941 crop.
7. Continuation of the quota system of deliveries, based on the production from 65 per cent. of the 1940 acreage.

The announcement of the Government's policy was followed by a meeting of the Executive of your Board at Regina on March 14, and the issue of a public statement regretting that the Government had ignored the recommendations of the Pools and the Canadian Federation of Agriculture and had adopted drastic changes in the western agricultural economy without consulting with the representatives of organized agriculture. The Executive urged that "the whole matter should be reconsidered so that the Government's policy may be more in line with the needs of Canadian Agriculture". No change, however, was made in the Government's policy.

### **Interprovincial Action**

For further consideration of the wheat question, especially in relation to the crop of 1941-42, your Board called another meeting of the Boards of the three Pools at Regina, July 25-26. The following resolution was passed at this meeting:

Resolved that in view of the prevailing conditions with respect to the crop and the marketing of wheat the Boards of the three western Wheat Pools approve of the appointment of a Pool delegation to meet the Dominion Government and urge the adoption of the following course of action with respect to the current crop and the stocks of wheat now in storage:

1. That the initial payment by the Wheat Board be increased to \$1.00 per bushel;
2. That the stocks of wheat now in store be taken off the market and held as a national emergency war reserve;
3. That as from August, 1941, the crop of 1941-42 be marketed to meet current demands both domestic and export;
4. That the crop year 1941-42 be declared an emergency year under the terms of the Prairie Farm Assistance Act irrespective of the market prices prevailing.

In connection with coarse grains, the meeting passed a resolution urging "the establishment of a price based upon parity as between the price of feed grains and the

price of livestock products and designed to give the agricultural industry a position in relation to the national war effort not inferior to that of other sections of the national economy". The Executive of the Central Board was appointed the delegation to present these resolutions to the Government.

### **Second Meeting With Government**

The delegation from the Pools met the Wheat Committee of the Cabinet on August 9 and presented a memorandum containing and elaborating upon the resolutions passed at the Regina Conference. The Wheat Committee of the Cabinet stated that the recommendations would be given careful consideration.

The subsequent reply of the Government was a rejection of all the recommendations of the Pools: the initial payment of 70 cents would not be increased; the carryover as at July 31, 1941, would not be held as an emergency reserve, nor would all sales of wheat after August 1 be credited to the current crop; no change would be made in connection with clause 1, section 3, of the Prairie Farm Assistance Act which limits an emergency year to one in which the average price of wheat is less than 80 cents a bushel. The Government stood firmly on its announced policy.

### **The Government's Labour Policy**

Your Board has been impressed with the consideration shown by the Government for industrial labour as compared with its attitude toward agriculture. Under the much publicised Order in Council P.C. 7440, issued on December 16, 1940, and amended on June 27, 1941, industrial labour is practically guaranteed the highest wage rates established since 1926 as fair and reasonable wages. In addition the Order in Council recommends the payment of a cost of living bonus to all employees of about \$1.25 per week for each five per cent. increase in the cost of living. That means that the policy of the Government is that the general condition of industrial labour should not fall below the best condition since 1926, and where below that should be raised to it. The result of this policy is described in a bulletin issued by the Department of Labour as a supplement to the July issue of the Labour Gazette. In this bulletin it is stated that:

1. Average money wage rates are higher today than they have ever been in Canadian history with the single exception of the year 1920.
2. Wage rates are about 4 per cent. higher today than in 1929 although the cost of living is 10 per cent. lower.
3. The wage earners of Canada, despite the heavy burden of taxation and of savings, are better off than they have ever been before.

It is noted there are individual exceptions, but, in general, that is the beneficial result of Government policy with respect to industrial labour.

### **The Position of Agriculture**

In presenting the case for agriculture to the Government on August 9, the delegation from the Pools pointed out that if a similar standard of money income were adopted for agriculture the result would be approximately as follows:

Wheat.....	\$1.60 a bushel instead of around	.70 cents
Oats.....	.69 a bushel instead of around	.38 cents
Barley.....	.90 a bushel instead of around	.46 cents
Rye.....	1.35 a bushel instead of around	.52 cents
Flax.....	3.00 a bushel instead of around	1.43 cents

These figures may be supplemented with the following data issued by the Dominion Bureau of Statistics, showing



the cash income from the sale of farm products in the prairie provinces in the calendar years 1926 and 1940, in millions of dollars:

	ALL PRODUCTS		
	1940	1926	Decrease
Manitoba.....	60.4	89.4	29.0 or 32.4%
Saskatchewan.....	142.7	289.2	146.5 or 50.0%
Alberta.....	123.7	161.0	37.3 or 23.0%
	<u>326.8</u>	<u>539.6</u>	<u>212.8 or 39.4%</u>

	WHEAT		
	1940	1926	Decrease
Manitoba.....	21.2	41.6	20.4 or 49. %
Saskatchewan.....	99.3	240.3	141.0 or 58.7%
Alberta.....	58.4	107.4	49.0 or 45.6%
	<u>178.9</u>	<u>389.3</u>	<u>210.4 54.0%</u>

The percentage which the cash income from wheat bears to the cash income from all products in the two periods is as follows:

	1940	1926
Manitoba.....	35.1	46.6
Saskatchewan.....	69.6	83.1
Alberta.....	47.1	66.7
Total Percentage for the three Provinces.....	<u>54.8</u>	<u>72.1</u>

The cash income of Canadian farmers from the sale of farm products in 1940 was estimated at \$714.7 millions, the highest since 1929 when it reached \$922.3 millions.

We desire to emphasize that whereas the result of the labour policy has been a money income increase of about 4 per cent. (excluding bonuses) for industrial workers, the agricultural policy is reflected in a money income decrease of 39 per cent. for western farmers, while the cost of living is going up faster for rural than for urban people. According to the Dominion Bureau of Statistics, the index figure for urban living costs in the spring of this year (the latest comparative figure published) stood at 108.6 as compared with 111.4 for rural western Canada, basis 1935-39. Putting it briefly and roughly, western agriculture is just a little better than half as well off as it was in 1926 while industrial labour is to some extent better off.

Against this manifestly unjust and unfair condition, and the inequality of sacrifice it creates as between agriculture and secondary industries in the national war effort, your Board has protested, but so far without obtaining any redress. It will continue to protest and to urge a favourable change in Government policy as long as the discrimination exists.

### Feed Grain Conference

On August 7 and 8, the delegates from the Pools attended a Conference in Ottawa called by the Canadian Federation of Agriculture for the purpose of discussing the transportation of feed grain from western to eastern Canada to meet a deficiency in the east. In a statement issued by the Conference it was indicated that "it was desirable that some plan be worked out for the movement of available western grains to eastern farms with the lowest possible margin between what the western farmer receives and the eastern farmer pays, with purely speculative margins between them eliminated". The question of a fixed price for coarse grains was explored at great length. The meeting felt that a fixed price should be sufficiently attractive to the western farmer to induce him to sell his surplus feed grain, and at the same time encourage the

eastern farmer to continue producing for the British market. The meeting also agreed that "while the earnings of labour and business are at a record peak, farmers' net returns are near the all-time low" and that "a national agricultural policy based upon a proper relation between farm prices, industrial prices and labour costs must be immediately adopted if adequate food production is to be maintained".

### General Conditions

With respect to agriculture in general the Dominion Department of Agriculture reports that in the crop season 1940-41 production of livestock increased substantially in the case of hogs and moderately in the case of cattle and sheep. Prices for farm products, with the exception of wheat, increased steadily in the period.

As at July 31 the index figure for all Canadian farm products (base 1926) stood at 71.7 as compared with 64.4 for July, 1940, an increase of 7.3 points. For products of the field the index figure rose from 52.8 in July, 1940, to 57.1 in July, 1941, while for animal products it rose from 83.9 to 96.1. It should be noted that the general cost of living index figure in the same period (base 1935-39) rose from 105.6 to 111.9, an increase of 6.3 points, or almost enough to offset the rise in prices of Canadian farm products. The general index of wholesale prices (base 1926) rose from 82.6 to 91 points, slightly more than the advance for Canadian farm products.

### Value of Production

By provinces, the value of prairie farm production in 1940 is estimated, by the Bureau of Statistics, as follows, with the previous year's value in brackets:

Manitoba.....	\$102,253,000	(\$ 96,517,000)
Saskatchewan.....	231,734,000	( 238,579,000)
Alberta.....	203,721,000	( 187,133,000)
	<u>\$537,708,000</u>	<u>(\$522,229,000)</u>

The total for Canada is estimated at \$1,235,714,000 as compared with \$1,224,616,000 for 1939. The all-time high value for Canada was \$1,806,000,000 in 1928. In that year the value for the prairie provinces was: Manitoba \$155,452,000; Saskatchewan \$409,661,000; Alberta \$278,040,000; total \$843,153,000.

### Wheat Board's Report

In a report tabled in the House of Commons on February 17, 1941, the Canadian Wheat Board gave a month by month review of the Board's operations from August, 1939, to July, 1940, and disclosed the disposition of the 1938 and 1939 crops up to July 31, 1940.

The Board received from producers of the 1938 crop 292,360,039 bushels, all of which was sold by July 31, 1940, the accounts showing a deficit of \$61,282,329.55. From the 1939 crop 342,389,159 bushels were delivered to the Board. Of this 160,293,426 bushels were sold as at July 31, 1940, leaving 182,095,733 bushels unsold. The accounts covering the transaction of the sales showed a deficit of \$6,119,656. It may be noted that the surplus from the sale of wheat taken over from your Company, amounting to \$24,809,988, still figures in the reports of the Wheat Board, the balance as at July 31, 1940, being \$4,902,309.

### Current Crop

The area under wheat in the prairie provinces for the crop year 1941-42, according to the estimate of the Bureau



of Statistics, was 21,551,000 acres, a reduction of 6,199,000 acres from the area for the previous year. This reduction, it should be noted, was effected on the recommendation of the Dominion Government. Extreme heat during July and August, and much damage by insect pests, materially reduced yields, especially in Saskatchewan and Alberta, the total crop for the prairie provinces being little more than half the crop for 1940-41. The first estimate of the Bureau of Statistics for the wheat crop of 1941-42 in the prairie provinces was as follows, with the figures for the preceding year in brackets:

Manitoba.....	56,000,000 bushels	( 66,000,000)
Saskatchewan.....	136,000,000 bushels	(272,000,000)
Alberta.....	94,000,000 bushels	(187,000,000)
Total.....	286,000,000 bushels	(525,000,000)

The first estimate of the Pools, it may be noted, is 286,350,000 bushels. The wheat crop for all Canada was estimated at 306,459,000 bushels. Other grains are estimated by the Bureau as follows, with the previous year in brackets:

**Manitoba:** Oats 54,000,000 bushels (33,000,000); Barley 45,000,000 bushels (27,500,000); Rye 3,375,000 bushels (2,250,000); Flaxseed 1,900,000 bushels (800,000).

**Saskatchewan:** Oats 91,000,000 bushels (93,000,000); Barley 30,000,000 bushels (23,500,000); Rye 6,913,000 bushels (7,000,000); Flaxseed 4,100,000 bushels (1,650,000).

**Alberta:** Oats 75,000,000 bushels (103,000,000); Barley 28,000,000 bushels (32,000,000); Rye 2,118,000 bushels (3,000,000); Flaxseed 1,200,000 bushels (425,000).

Heavy and continuous rains in September have materially damaged the cut crop, especially in Manitoba and Alberta, and it is probable that the yield in these provinces will be substantially reduced.

### World Wheat Situation

The heavy drop in Canadian production has not materially affected the world wheat situation, production being probably, as far as estimates can be made, slightly above that of the preceding year while, owing to reduced trading, accumulated stocks at July 31 in the four major exporting countries, according to the Bureau of Statistics, indicate a combined total of 1,095 million bushels, an increase of 305 million during the year, an all-time high carryover. The Canadian carryover increased from 300 millions to 480 million bushels. World supplies have reached a new record, but the devastation of war in western Russia in its turn may have considerably reduced supply in the U.S.S.R. which may lead to a demand upon the stocks on this continent, although the economists of the United States Department of Agriculture forecast a continuing increase in the carryover of the four major exporting countries, thus indicating no anticipation of an extraordinary demand from Russia, at least this year. The most recent events, however, make it possible that Russia may run short of grain for seed.

### Empire Policy

Early this year there was public discussion in Great Britain of the value for a British long-term policy for agriculture of the decisions reached at the Empire Producers' Conference, held at Sydney, New South Wales, in 1938. The British Minister of Agriculture, in a public statement dealing with post-war agriculture, had said that in the framing of such a policy he would take the industry

into consultation before submitting his conclusions to the Government.

In a letter to *The Times*, Sir George Courthope, M.P., in commenting upon the statement, referred to the decisions of the Empire Producers' Conference and suggested that the Minister should "take the initiative in procuring the convening of a second Empire Producers' Conference so that he may be fortified not only with the views of home agriculturists but those of Empire farmers as a whole".

Sir Percy Hurd, M.P., supporting Mr. Courthope, pointed out that on February 1, 1939, the House of Commons adopted by 203 votes to 107 a resolution favouring "the method of regulating imports as agreed upon by the Empire Producers' Conference at Sydney".

In a contribution to the discussion, Mr. T. Peacock, President of the National Farmers' Union, suggested that recent developments might make it expedient "to widen to some extent the scope of the second conference" and if that were so "the sooner Empire producers' organizations know it, the better".

Editorially, *The Times* supported the suggestion for another Empire Producers' Conference. In a broadcast on the overseas service of the B.B.C., addressed to the farmers of Australia, Cleveland Fyfe, General Secretary of the National Farmers' Union, referring to British agricultural policy, said:

"In my opinion our permanent policy must take into account those principles which were unanimously endorsed three years ago by the Empire Producers' Conference", and, he continued, "when the British Government framed its plans" he would "be greatly surprised if what we call the Sydney policy does not appear as one of its main planks with the modifications appropriate to our wartime experience". The modifications, Mr. Fyfe thought, would be mainly a consequence of close co-operation with the United States.

We refer to these matters because Canadian agriculture is necessarily vitally interested in Empire policies which affect the production and distribution of agricultural commodities. Two representatives from the Wheat Pools, both members of this Board, Mr. Wesson and the late Mr. Bredt, were on the delegation from Canada at the Empire Producers' Conference. They played a prominent part in the deliberations; they supported the decisions, and their action was subsequently endorsed by Canadian organized agriculture. If, therefore, there is to be, through the deliberations of a second Empire Producers' Conference, the framing of a policy or plan which would embrace Great Britain, the Dominions and the United States, your Board is of the opinion that the farmers' organizations of Canada ought immediately to begin a study of the place of Canadian agriculture in such plan.

### **International Wheat Conference**

In July, representatives of the governments of Argentina, Australia, Canada, United States, and Great Britain, met in Washington to consider the problems presented in the world wheat situation, actual and anticipated. Discussions, according to press reports, were on a much wider basis than at previous conferences and the delegates expressed the hope that, by the establishment of an ever-normal granary and a large pool of relief wheat, the consumers of the world may be guaranteed abundant post-war supplies at prices reasonable both to them and to producers, and free of charge to those in need of relief.



The delegates of the exporting countries agreed that it was necessary to control production in order to prevent supplies from exceeding the present all-time high level, and in order to plan an equitable sharing of the world's markets, and it was also suggested that the world situation could be considerably eased if European and other importing nations, especially those in which the production of wheat was subsidized, reduced their emphasis on wheat production and turned greater attention to the production of what have become known as protective foods, especially dairy products.

A tentative agreement was drafted and referred to the several governments represented, and the conference adjourned on August 3 to await replies. It is expected that the conference will reconvene about the middle of October.

### **U.S. Agricultural Policy**

The United States Department of Agriculture is setting out on a campaign of planned production for agriculture for 1942. All the local agencies of the Department are enlisted in the campaign together with the locals of farmer organizations; civil servants and farmers are co-operating to make the campaign a success. Increased production as compared with 1941 is planned for milk, eggs, hogs, beef and veal, poultry, lamb and mutton, soybeans, corn, oats; decreased production for wheat, cotton, some tobaccos, barley; stabilized production for hay, cotton, cereal grasses, flaxseed. The objective of the plan and the campaign, according to Hon. Claude R. Wickard, United States Secretary of Agriculture, is "to produce in 1942 the biggest output of farm products in American history", the emphasis being laid on those products which are most necessary in the organization of the nation's defences, including exports under the Lease-Lend Act.

### **Triple-A Conference**

In order to make personal contacts and learn at first-hand of the working of the Triple-A programme for agriculture in the United States, your Board accepted an invitation to be represented at the annual conference of administrators of the programme held at Washington, June 10-13, and appointed Mr. G. N. McConnell and Mr. W. A. MacLeod to attend the conference.

Our representatives received a cordial welcome from Mr. R. M. Evans, Administrator, and other Triple-A officials. An address given by Mr. McConnell was included in the report of the conference. A brief outline of the principal addresses and interviews with other U.S. Department of Agriculture officials was given at the Inter-provincial Conference at Regina, on July 25 and 26, by Mr. McConnell and Mr. MacLeod.

### **Australian Wheat Stabilization Plan**

A plan to control and stabilize the production and marketing of wheat has been adopted in Australia. The main features of the plan are:

1. The restriction of wheat marketed to 140,000,000 bushels;
2. The producers to receive a guaranteed price of three shillings and ten pence per bushel f.o.b. ports, which is roughly equivalent to  $3/2\frac{1}{2}$ d at loading points;
3. Any surplus resulting from the sale of wheat is to be paid into a fund to equalize periods of high and low prices, provided that the first 2d of surplus per bushel, or part thereof, will be paid to the producers; the next 2d, or part thereof, will go into the stabilization fund, any further surplus to be equally divided between the producers and the fund;

4. All wheat producers to be licensed and no producer may exceed the acreage allotted to him for sowing. The producer must cut for hay in any year such acreage as may be directed by the Government;
5. All producers will market only through the Australian Wheat Board.

In order to carry out effectively the wheat stabilization plans the Australian Wheat Industry Stabilization Board has decided to establish local committees of review in convenient statistical areas in each state. Each committee will consist of a state government official who shall be its chairman, and two wheat growers who shall be nominated by the farmers' organizations in each state.

These committees will be responsible for the proper working out of the acreage restriction plans and the application in general of the wheat production control policy. In other words, the farmers themselves are assuming a very full measure of responsibility for making a success of the planned wheat economy of the country. They will check the response of every farmer in their district to the plan and will make recommendations to the Board for improvement in and better working of the plan. Australian agriculture, in fact, has been given self-government in the operation of a planned wheat economy.

### **Pool Insurance Limited**

Pool Insurance Limited, which was incorporated under a Charter from the Province of Manitoba, ceased business as at December 31, 1940, and, in accordance with your instructions, your Board arranged for the cancellation of the Charter and the transfer of the assets and liabilities of the Company to Pool Insurance Company. The Charter was revoked and the Company dissolved as at May 6, 1941.

### **Pool Insurance Company**

Pool Insurance Company, successor to Pool Insurance Limited, was incorporated under a Dominion Charter on August 7, 1940. It took over the assets and liabilities of Pool Insurance Limited as at December 31, 1940, and commenced business January 1, 1941.

### **Co-operation in the West**

While the co-operative movement, both urban and rural, is being systematically annihilated by the Germans in the countries which they have overrun in Europe, it is encouraging and instructive to note how the movement, in which the Wheat Pools occupy the most prominent place, is progressing in Western Canada.

Statistics published in *The Economic Annalist* by the Economics Division of the Department of Agriculture, Ottawa, show the following distribution of and the business done by farmers' business organizations in the four western provinces during the crop year ending July 31, 1940, with the total for Canada in brackets: Number of Associations 544 (1,151); places of business 2,460 (3,657); shareholders or members 339,189 (450,453); sales of farm products \$138,384,754 (\$214,293,359); sales of supplies \$10,408,012 (\$21,129,822); total business \$149,269,619 (\$236,322,466). The total for Canada includes six associations whose business can not be allocated to provinces; this business amounted to \$26,840,157. A very considerable proportion of this business belongs to Western Canada.

A fairly effective way of estimating the co-operative activity in Canadian agriculture is to take the figures of co-operative business in each province and divide them by the number of occupied farms in the province. On this



basis the leader in all Canada on the figures for 1940 is the Province of Saskatchewan with \$617 per occupied farm. British Columbia occupies second place with \$417 per occupied farm. In the order of their co-operative business per occupied farm the other provinces are: Alberta \$377; Manitoba \$321; Ontario \$190; Quebec \$127; Nova Scotia \$101; New Brunswick \$55; Prince Edward Island \$54. These figures do not include the \$26,840,157 of business done by the six inter-provincial organizations mentioned above. Including these figures the business per occupied farm for all Canada was \$324. These figures demonstrate the co-operative leadership of the western provinces in the agricultural co-operative movement.

That which is primarily at stake in the great conflict now rocking the foundations of western civilization, is the freedom in which voluntary associations, such as those of the co-operative movement, arise spontaneously and develop to meet those needs of humanity which are increasingly recognized as containing sharable and, therefore, common ends. While today the sky is still heavy with the black clouds of war, and the forces which would destroy the freedom which democracy ensures, are still strong and are exercising their strength ruthlessly, we know from the evidence of history that no tyranny can for long enchain the minds of men. The road we have to travel may be long and rough, but ultimately victory will be achieved and the social guarantees by which alone civilization can advance will be renewed and develop in freedom to higher and higher levels.

Respectfully submitted,

J. H. WESSON	} <i>Executive</i>
L. HUTCHINSON	
W. J. PARKER	
GEO. BENNETT	
GEO. N. McCONNELL	
A. D. YOUNG	
R. A. MACPHERSON	
J. W. BALDWIN	
J. P. JENKINS	

## *Canadian Pool Agencies Limited*

### DIRECTORS' REPORT 1940-1941

4th October, 1941.

To the Shareholders,  
Canadian Pool Agencies Limited,  
Wheat Pool Building,  
Winnipeg, Manitoba.

Gentlemen:

We submit herewith for your approval our Thirteenth Annual Report and Statements, covering the fiscal year ended 31st July, 1941. The result of the operations of your Company for the year is a surplus of \$82,062.15 as compared with \$47,037.74 last year. You will recall, however, that last year's statement only covered eleven months of operations as we advanced our year-end one month to 31st July.

While your Agency continues to operate on the principle that service comes before profits, and serves the Pool organizations in protecting their interests in the insurance field in a manner which is not wholly reflected in the earnings of the Company, we are able to show this favourable surplus. This again demonstrates the foresight and value in setting up your own insurance agency, through which you conserve the commissions on the various types of insurance which otherwise would go to outside interests.

Our earnings vary from season to season, depending on the number of elevators operated, and the quantity and value of grain carried. For example our commission on fire insurance business alone was approximately \$28,000.00 more than last year. With the construction of the terminal storage sheds and resultant increased storage space available, much additional insurance will be required on both buildings and grain, so we look to the coming season with expectations of even greater earnings.

Appended hereto is the Balance Sheet and Statements of Patrons' Equity and Income and Expenses of your Company as at 31st July, 1941.

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.

*Inter-Provincial Pool Account:* This item represents July expenditures made by your Company for Inter-provincial Pool expenses.



**Loan Accounts:** This amount represents the aggregate of small personal loans made mainly for the purchase of automobiles, all of which are well secured. Interest is thus earned on a small part of our surplus funds without tying them up for any lengthy period. In addition the Agency secures new insurance on cars so purchased. Insurance once obtained in this manner is also usually renewed.

**Pool Insurance Company Account:** This Agency and Pool Insurance Company are operated by the same management and staff and as at 1st January, 1941, we changed our method of splitting the expenses between Pool Insurance Company and this organization. Instead of charging a lump sum to Pool Insurance Company, the salaries of the office employees are split between both organizations as are also other items of expense that are not definitely applicable to either organization. This item is the amount due from Pool Insurance Company to make the adjustment.

**Investments:** The amount shown under this heading represents the cost price of purchases of \$80,000.00 of Dominion of Canada Bonds, 3½%, to expire June, 1966. The market value of these bonds as at the date of the Balance Sheet represented an amount of \$80,200.00, which is slightly 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 undue risk of loss.

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

**Furniture and Equipment:** During the year some small items of equipment were purchased, which slightly increased the total cost price 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 \$161.25.

**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. We did not increase the reserve account this year 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	Value
Manitoba Pool Elevators Limited.....	666	\$ 6,660.00
Saskatchewan Co-operative Wheat Producers Limited.....	667	6,670.00
Alberta Wheat Pool.....	667	6,670.00
Total.....	2,000	\$20,000.00

**Patrons' Equity:** This item represents the surplus earnings for the year ended 31st July, 1941, of \$82,062.15 and the net surplus of the previous year ended 31st July 1940, amounting to \$42,037.74, less \$1,200.00 in Capital Stock dividends paid March, 1941. There, therefore,

remains a balance in last year's surplus account of \$40,-837.74 available for patronage dividends, which have been authorized for payment on 10th October, 1941. When these dividends are paid, last year's net surplus will have been distributed as follows:

	<i>Capital Stock Dividend</i>	<i>Patronage Dividend</i>	<i>Total Dividends</i>
Manitoba.....	\$ 399.60	\$ 7,579.48	\$ 7,979.08
Saskatchewan.....	400.20	25,776.78	26,176.98
Alberta.....	400.20	7,481.48	7,881.68
	<u>\$ 1,200.00</u>	<u>\$40,837.74</u>	<u>\$42,037.74</u>

The combined total of the Capital Stock and Patronage Dividends represent a return of 76.42% of the total commissions received by your Agency.

This year's surplus will be retained one year before distribution in accordance with the usual practice.

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

### **Profit and Loss Account**

*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, Automobile Insurance, Fidelity Bonds, and Lake Marine Insurance.

*Expenses:* The item mentioned as "Administration" totalling \$930.05 covers this Company's share of Directors' Fees and Expenses. The Directors' expenses are shared by three organizations and are based on the time spent at each meeting.

The deduction from the total expenses of \$1,500.00 represents the Management Fee paid by Pool Insurance Limited for supervision and administration of its operations for the five months preceding 1st January, 1941, at which time it was decided to split up the expenses on a different basis, to which we have previously referred. The other item of \$300.00 is an allowance from the three provincial Pools for the handling of the inter-provincial Pool account.

Respectfully submitted,

J. H. WESSON  
LEW HUTCHINSON  
W. J. PARKER  
GEORGE BENNETT  
R. A. MACPHERSON  
A. D. YOUNG  
J. P. JENKINS  
GEO. N. McCONNELL  
J. W. BALDWIN



# INDEX

	<i>Page</i>
Agricultural Policy.....	35
Assets, Direct Liabilities and Growers'.....	4
Balance Sheet (Consolidated).....	3
Buffalo Terminal.....	8
Canadian Co-operative Wheat Producers Limited.....	17
Canadian Pool Agencies Limited.....	17
Capital—Analysis of Expenditures, etc.....	3
Churchill.....	11
Country Organization Department.....	19
Committee Conventions.....	20
Co-operative Education.....	21
Wheat Pool Committees.....	19
Crop Reports.....	19
Darby, E. G.....	2
Enrollment of New Members.....	26
Future Policy.....	32
Junior Co-operative Activities.....	23
General.....	24
Homecraft Clubs.....	26
Junior Grain Clubs.....	24
Variety Testing Project.....	23
Laboratory Service.....	12
Modern Press Limited.....	13
Financial Statements.....	13
Job Printing Department.....	13
Moffat, R. J.....	2
Overpayment—Statement of Payments to Province.....	5
Pool Insurance Company.....	17
Publicity Department.....	17
Advertising.....	19
Calendar.....	19
Exhibitions.....	19
Library.....	18
Radio.....	17
Saskatchewan Co-operative Wheat Producers Limited.....	5
Balance Sheet.....	5
Income and Expense.....	6
Saskatchewan Pool Elevators Limited.....	6
Country Elevator Receipts.....	6
Earnings—Distribution.....	9
Statement of.....	9
Elevator and Terminal Profit and Loss Account.....	9
Financial Statements.....	7
General.....	11
Grading Statement.....	7
Grain Handlings.....	6
Insurance.....	7
Overages and Shortages.....	7
Platform Receipts.....	7
Saskatchewan Pool Terminals Limited.....	9
Saskatchewan Wheat Pool Construction Company Limited....	12
Screenings.....	10
Shipping and Export Department.....	11
Western Producer.....	13
Agricultural Section.....	15
Circulation.....	14
Editorial.....	14
Reader Service.....	17
Women's Section.....	15
Wheat Situation.....	27
Widdup, L.....	2



# YEARS *of* *Achievement!*



Twenty years ago there was no such organization in existence as the Saskatchewan Wheat Pool.

This report, containing as it does details of the financial standing, membership and business transaction, covers seventeen years of operation. At July 31st, 1941, the Pool owned:

1,094 Elevators  
1,182 Temporary Bins  
4 Terminals, and leased one.

During the seventeen years the organization has handled more than 1,126,000,000 bushels of grain.

At July 31st, 1941, the Pool had 113,139 members. This is a record of seventeen years of achievement.

*Saskatchewan Pool  
Elevators Limited*

Head Office: REGINA

