

**Saskatchewan  
Co-operative Wheat Producers  
Limited**

**SIXTEENTH  
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 ar-  
riving at a proper  
understanding of  
the present poli-  
cies of your organ-  
ization if you will  
take this Report  
with you when at-  
tending your an-  
nual meeting.

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McGILL UNIVERSITY 1940



## Directors' Report

Regina, Saskatchewan,  
5th November, 1940.

Before entering upon a review of business activities for the past year, your Board of Directors desires to place on record the great loss sustained by the Co-operative Movement generally, and by your organization in particular, in the death, since the time of the last annual meeting, of four men who gave generously of their time and effort in the building up of the Saskatchewan Wheat Pool.

The late Mr. S. G. James, of Wiwa Hill, had been a delegate since the inception of the organization. While in attendance at the annual meeting two years ago he suffered an illness from which he never fully recovered. Mr. James acted as Secretary of District 5 and took a very active part in the work of the district in promoting the welfare of the Co-operative Movement. He was always active in the work of the annual meeting, where at all times he commanded the respect of the delegates in attendance. Quiet and unassuming his influence was widespread, and always directed toward reaching the goal of agricultural co-operation.

Mr. D. J. Low, of Marchwell, had retired from his position as a delegate of District 7, after many years of service. His interest in the organization was keen and maintained right up to the time of his death.

Mr. J. J. Martin, of Stenen, was the first delegate to represent his sub-district in 1924, and he also served for a period as a member of the Board of Directors. While not officially connected with the organization in recent years, his interest in the Wheat Pool organization never wavered, and he could always be relied upon for advice and practical assistance in the district where he had lived so long, and which he had served so well.

Mr. Allan I. Lefebvre, of Cymric, was also the first delegate to represent his sub-district. In 1924 he was elected a member of the first Board of Directors, representing old District 8. In recent years Mr. Lefebvre had been prevented by sickness from taking part in active work, but in the early days of the organization he played an important part in laying the foundation of the Co-operative Movement in his own district.

In presenting this Sixteenth Annual Report to the annual meeting of Wheat Pool delegates, your Board of Directors has endeavoured to submit a complete survey of the operations of your organization for the year ended 31st July, 1940.

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 brief review of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited, and the new interprovincial co-operative undertaking, Pool Insurance Company.

### **Consolidated Balance Sheet**

A copy of the Consolidated Balance Sheet (Statement No. 1) will be found attached to this report. This state-



ment 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, 1940. The usual explanatory notes on the principal items of the Consolidated Balance Sheet are also appended hereto.

Certain changes in the Consolidated Balance Sheet will be noted. These arose principally as a result of the steps taken to implement the decision of the delegates to make the 1929-30 Pool Overpayment a Company Loss.

As at 31st July, 1940, total current assets for the whole organization amounted to \$17,696,241.98, with total current liabilities of \$10,722,804.13. The difference between these two items, \$6,973,437.85, represents the current position of the organization. It will be noted that the Consolidated Balance Sheet provides for a contingent liability in respect of buildings and work under construction estimated at \$240,000.00. After making provision for this item, there remains a balance of \$6,733,437.85 which is available for working capital for the season 1940-41. This compares with a working capital position a year ago of \$4,493,990.27, and shows an increase during the year of \$2,239,447.58.

### 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, 1940. As already indicated, working capital is shown at \$6,733,437.85, an increase of \$2,239,447.58 over the previous year. This increase is accounted for as follows:

Surplus Income, Saskatchewan Co-operative Wheat Producers Limited, appropriated to reduce Company's share of 1929-30 Pool Overpayment Liability.....	\$1,031,642.08
Balance of Net Earnings, Saskatchewan Pool Elevators Ltd., \$1,622,668.07, allocated as follows:	
Excess Charges Refund Season 1939-40.....	\$500,000.00
Transferred to Reserve Account.....	889,230.22
Transferred to Undivided Profits Account..	233,437.85
	<hr/>
Liquidation of Capital by provision for depreciation.....	\$1,622,668.07
New Capital subscribed.....	1,319,569.93
Credits to Growers' Overpayment Account 1929-30.....	3,223.00
Sundry Adjustments Growers' Overpayment Account 1929-30.....	2,559,217.44
	<hr/>
Decrease in Growers' Deferred Accounts Receivable.....	7.33
Increase in Reserve Account Sundry Items.....	469.38
Increase in Insurance Reserve.....	103,805.35
	<hr/>
Total.....	\$6,640,757.65

#### Less

Additions to Plant Values of Fixed Assets, including amount provided to complete Programme of Building and Work under construction.....	\$ 465,389.77
Cost of erecting temporary storage bins less amount written off.....	340,458.24
Additions in Investments.....	5,840.00
Increase in Stocks of Repair Parts.....	9,836.28
Payment of Principal to Province of Saskatchewan account 1929-30 Pool Overpayment Liability .....	630,502.68
Decrease in Sinking Fund Reserve.....	100,000.00
Decrease in Undivided Profits.....	2,849,283.10
	<hr/>
	4,401,310.07
Increase in Working Capital.....	<hr/>
	\$2,239,447.58

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

Statement No. 3 attached to this Report is the usual statement presenting in detail the composition of surplus capital as at 31st July, 1940. The various items are largely

self-explanatory, but it may be noted that there is no reference in this statement to depreciation reserve.

As has been pointed out in previous years, for the purpose 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. From the amount of depreciation reserve set aside from the earnings of the past season, it was possible to provide funds to cover all new capital expenditures and at the same time leave sufficient to permit of the return to liquid form of the portion of the reserve account previously expended in fixed assets, etc., along with a further portion of the commercial reserve fund. Of this latter fund there still remains to be liquidated, in addition to other expenditures, an amount of \$737,838.87 which was used in previous years to meet a portion of the principal payment due to the Government of Saskatchewan in connection with the 1929-30 Pool Overpayment. The liquidation of this account is, of course, dependent upon the future earnings of the Elevator Company.

### Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1940

Attached to this report will be found the usual statement of Assets, Direct Liabilities and Growers' Equity (Statement No. 4) as at 31st July, 1940. This statement shows the balance of assets over liabilities of \$13,128,156.62, which amount represents the equity of the members in the assets of the organization based on book values. This amount shows an increase of \$2,489,279.11 over the amount shown at 31st July, 1939. This increase is accounted for as follows:

Surplus Income, Saskatchewan Co-operative Wheat Producers Limited, appropriated to reduce Company's share of 1929-30 Pool Overpayment Liability.....	\$1,031,642.08
Balance of Net Earnings, Saskatchewan Pool Elevators Limited, \$1,622,668.07, allocated as follows:	
Excess Charges Refund Season 1939-40.....	\$500,000.00
Transferred to Reserve Account.....	889,230.22
Transferred to Undivided Profits Account..	233,437.85
	<u>\$1,622,668.07</u>
New Capital Subscribed.....	3,223.00
Sundry Adjustments Growers' Overpayment Account 1929-30.....	7.33
Growers' Notes and Accounts Receivable, not including previous year, plus payments received thereon.....	48,051.71
Increase in Province of Saskatchewan Sinking Fund Interest Account.....	69,792.16
Increase in Reserve Account (Sundry Items).....	103,805.35
Increase in Insurance Reserve.....	155.07
<b>Total.....</b>	<b><u>\$2,879,344.77</u></b>
<b>Deduct</b>	
Decrease in Undivided Profits.....	\$2,849,283.10
Less Credits transferred to Growers' Overpayment 1929-30 Pool.....	2,559,217.44
	<u>290,065.66</u>
Decrease in Reserve for Sinking Fund 1929-30.....	100,000.00
	<u>390,065.66</u>
<b>Balance.....</b>	<b><u>\$2,489,279.11</u></b>

In arriving at the amount of \$13,128,156.62 no deduction has been made from this amount for certain liabilities to shareholders appearing on the Balance Sheet. The item of deferred interest on 1928-29 deductions, amounting to \$281,110.83, is payable only to the holders of these deductions. Excess Charges Refund Season 1939-40 of \$500,000.00 is distributable only to those shareholders who delivered grain to the handling facilities of the organization



during that season, while the distribution of the balance of \$257,783.23, which is carried in Undivided Profits Account, is subject to the decision of the Board.

If the three items above referred to are deducted from the Growers' Equity of \$13,128,156.62, there is a balance of \$12,089,262.56, which is equivalent to 64.077% of the total capital of \$18,866,626.24 provided by the shareholders in the form of elevator deductions and commercial reserve. This figure of 64.077% compares with a percentage figure of 56.399% as at 31st July, 1939, an increase of 7.678% 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. At 31st July, 1932, this item was shown as 32.847% of the Company's assets as compared with this year's figure of 64.077%. This means that the Growers' Equity has almost doubled in value during the intervening period.

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

A complete copy of the Financial Statements of Saskatchewan Co-operative Wheat Producers Limited, with Auditors' Report covering last year's business, has been submitted separately to the delegates.

#### *Balance Sheet*

The Balance Sheet for the year ending 31st July, 1940, appears as Statement No. 1, Page 11, of the Auditors' Report.

It will be noted that the total current assets as at 31st July, 1940, amount to \$3,755,226.77, and current liabilities to \$839,086.91. The difference between these two items, \$2,916,139.86, represents the current position of the parent Company, and is available for the purpose of working capital for the organization. This represents an increase of \$90,141.13 over the amount of working capital a year ago when this item was shown at \$2,825,998.73. The increase is accounted for largely by a payment of \$100,000.00 made by Saskatchewan Pool Elevators Limited on account of the note given by that Company in connection with the construction of Pool Terminal No. 7. Explanations of the other items appearing in the Balance Sheet are given in the Auditors' Report.

#### *Income and Expense*

Total income for the year ended 31st July, 1940, amounted to \$1,390,847.03, details of which are shown in Statement No. 2, Page 12, of the Auditors' Report. Operating expenses, detailed in Statement No. 2A, Page 13, of the Auditors' Report, amount to \$359,204.95, leaving a surplus of income over expense of \$1,031,642.08, which has been applied in reduction of the Company's share of the 1929-30 Pool Overpayment Liability.

Included in the income of the Company is an item of \$1,044,913.72, which represents the share of the earnings of Saskatchewan Pool Elevators Limited received from that Company to provide the amount required to meet the principal instalment of \$630,502.68 due to the Province of Saskatchewan on the 15th September, 1940, in connection with the 1929-30 Pool Overpayment Liability and also to provide a further sum of \$414,411.04 to permit of the repayment of the balance of advances made for the same purpose in previous years.

Leaving out the above item, the ordinary income of the Company during the past season amounted to \$345,903.31 as compared with \$370,218.37 last year—a reduction of \$24,285.06 over the amount available a year ago. With

total expenses amounting to \$359,204.95 there was shown a deficit of \$13,271.64.

There is included in operating expenses an item of \$21,627.23 representing the operating deficit of Modern Press Limited for the year ended 31st July, 1940. Provision was also made for depreciation on fixed assets amounting to \$17,788.51.

### **Saskatchewan Pool Elevators Limited**

Saskatchewan Pool Elevators Limited now owns and operates 1093 country elevators in all parts of the province. The maximum number of elevators in actual operation during the past season was 1070 as compared with 1069 a year ago.

The 1939 crop production was the second largest in the history of the province and the high quality also surpassed all previous records. The percentage of cars of wheat grading within the contract grades was 90% as compared with 85% in the previous year. As 3% of all wheat shipments represented Durums, this left only 7% of the Red Spring shipments outside the contract grades.

### *Grain Handled*

A total of 117,357,403 bushels of all grain was handled through Pool country elevators during the year under review. The Company also handled 873,758 bushels of grain loaded over the platform, making a total of grain handled for the year of 118,231,161 bushels. Comparative figures for the last three years are as follows:

	<i>Country Elevator Receipts</i>		
	1939-40 (Bushels)	1938-39 (Bushels)	1937-38 (Bushels)
Grain.....			
Wheat.....	105,434,221	53,726,396	12,103,184
Oats.....	7,246,714	6,221,012	2,316,286
Barley.....	2,761,063	2,593,745	600,178
Flax.....	521,798	273,311	76,589
Rye.....	1,393,607	665,708	75,871
Totals.....	<u>117,357,403</u>	<u>63,480,172</u>	<u>15,172,108</u>

### *Platform Receipts*

	(Bushels)
1939-40.....	873,758
1938-39.....	825,964
1937-38.....	210,514

The average volume of grain handled per elevator for the year ended 31st July, 1940, based on 1070 elevators operated, amounted to 109,680 bushels as compared with an average per elevator of 59,383 bushels a year ago.

During the year under review Saskatchewan Pool Elevators Limited handled 43.83 per cent. of all grain delivered to country elevators in the province as compared with 45.27 per cent. in the previous year. These percentages are based on the figures of the Board of Grain Commissioners.

Your Board is satisfied that our percentage of deliveries was reduced by at least two or three per cent. on account of the congestion last fall. Embargoes against shipments to terminals were in effect from the 16th October to the 17th November, 1939, and from the 22nd July to the end of the grain year on the 31st July, 1940.

Attached to this report will be found the usual statement (Statement No. 5), showing the total volume of grain handled by the Company since the inception of the organization.



## Grading Statements

The Company's grading statement at the end of the fiscal year showed a net grade loss of \$73,006.15 compared with \$102,856.55 for the previous year. This represents a loss of \$1.21 per car as against \$2.82 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:

	1939-40	1938-39
<b>Overage</b> —Wheat 257,168 bushels.....	.24%	(.02%)
Oats 48,950 bushels.....	.67%	.75%
Barley 19,472 bushels.....	.71%	.50%
<b>Shortage</b> —Flax 5,273 bushels.....	(1.01%)	(2.08%)
Rye 2,246 bushels.....	(.16%)	(.72%)

The under-docking in wheat, referred to in our last report as a form of competition, was largely corrected in the year under review, as evidenced by the improved percentage figures above referred to.

## Insurance

Two elevators were destroyed by fire during the year as compared with four in the previous year. Insurance claims on buildings amounted to \$24,159.68 and on grain to \$32,418.81, a total of \$56,578.49. This compares with a loss in the previous year of \$47,172.10. Loss ratios were 29.04% as compared with 46.29%. All claims were settled in full.

## Financial Statements

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

As already indicated, crop production showed a substantial improvement over the previous year, both in volume and in quality. 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:

1939-40—237,830,803 bushels valued at	\$122,104,712.00
1938-39—117,567,813 bushels valued at	\$ 67,013,653.00
1937-38— 18,544,000 bushels valued at	\$ 18,237,675.00

As in previous years, the only capital commitment to be met was the instalment on the 1929-30 Pool Overpayment Liability. This amounted to \$630,502.68 and has been paid to the Sinking Fund Trustees. Interest for the year amounted to \$497,160.68, 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 Pool Overpayment. As indicated, this amount has been reduced by the sum of \$630,502.68. The balance now stands at \$9,237,034.36.

It will be noted from the Company's balance sheet that the total current assets as at 31st July, 1940, amounted to \$15,713,583.56, with total current liabilities of \$11,688,805.44. The difference between these two items, \$4,024,778.12, represents the current position of the Company at the end of the fiscal year. After providing for contingent liabilities of \$240,000.00 in connection with the building programme and work under construction, the balance of \$3,784,778.12 represents the amount available as working capital at the beginning of the present season. This compares with \$1,635,261.98 for the previous year, showing an increase of \$2,149,516.14.

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 amounts to \$6,733,437.85 as compared with last year's amount of \$4,493,990.27, an increase of \$2,239,447.58. This amount is subject to any extra taxes which might be levied, as well as to any disbursements of earnings, if made. The entire working capital of the organization was fully employed during the year.

Details of elevator earnings and expenses for the year ended 31st July, 1940, are shown in Statement No. 2, Page 32, of the Auditors' Report. This statement shows a total operating revenue amounting to \$8,198,834.78. After deducting operating expense of \$4,826,825.69, and various items for depreciation amounting to \$787,046.86, there is shown a net profit in the Country Elevator Department of \$2,584,962.23.

The Country Elevator System showed an operating earning per bushel, before depreciation, of 2.852 cents per bushel as compared with .991 cents for the previous year, or a total operating earning before depreciation of \$3,372,009.09 as compared with a total earning of \$637,090.28 for the previous year.

Profit and Loss Account of Saskatchewan Pool Terminals Limited for the year ended 31st July, 1940, appears as Statement No. 2, Page 41, of the Auditors' Report. Total operating revenue amounted to \$2,937,987.11, with operating expenses of \$1,738,000.20, leaving an operating profit, before depreciation, of \$1,199,986.91. This compares with an operating profit, before depreciation, a year ago of \$270,686.45. After providing for depreciation of \$419,291.63, the net earnings of Saskatchewan Pool Terminals Limited amounted to \$780,695.28. The net earnings per bushel of grain handled, before depreciation, for the year ended 31st July, 1940, amounted to 1.403 cents per bushel as compared with a net earning of the previous year of .511 cents per bushel. The principal reason for this improvement is, of course, the substantial increase in volume of grain handled.

#### *Buffalo Terminal Elevator*

Profit and Loss Account for the Buffalo Terminal Department is shown as Statement No. 4, Page 34, of the Auditors' Report. This shows an operating revenue of \$54,190.00 with operating expenses of \$88,197.88, leaving an operating deficit, before providing for depreciation, amounting to \$34,007.88. After providing for depreciation on buildings and equipment amounting to \$89,760.27, the total loss for the year is shown as \$123,768.15. It may be noted, however, that the operating expenses include an item of \$51,115.94, which represents interest on investment in this plant. If this item were omitted, the Buffalo elevator would show an actual cash return of \$17,108.06.

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

#### *Combined Elevator and Terminal Profit and Loss Accounts*

Statement No. 3, Page 33, of the Auditors' Report shows the combined summary of Profit and Loss Account of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited. Combined operating revenue for the year under review amounted to \$11,191,011.89. Operating expenses for the season amounted to \$6,653,023.77, leaving combined operating earnings, before depreciation, on the Country and Terminal Eleva-



tor Systems of \$4,537,988.12. This compares with combined operating earnings from the same operations a year ago of \$864,175.92. Depreciation to the extent of \$1,296,098.76 has been provided for.

The following statement shows a summary of the combined Profit and Loss Account for the year ended 31st July, 1940:

Operating Earnings.....	\$4,537,988.12
<i>Less</i>	
Depreciation Reserve.....	\$1,296,098.76
Loss on Realization of Assets.....	16,250.06
Share of Pool Expenses.....	60,896.83
Interest on 1929-30 Pool Overpayment....	497,160.68
	<u>1,870,406.33</u>
<b>Net Earnings.....</b>	<b><u>\$2,667,581.79</u></b>

From the above amount of \$2,667,581.79, payments amounting to \$1,044,913.72 have been made to Saskatchewan Co-operative Wheat Producers Limited in connection with the 1929-30 Pool Overpayment Liability. After providing for this payment, the balance of net earnings amounts to \$1,622,668.07.

It may be noted that this balance of \$1,622,668.07 represents the surplus earnings for the year, after meeting all charges and providing for full depreciation on fixed assets at the regular rate.

Delegates will remember that no provision for depreciation was made on country elevators, coal sheds, agents' residences and terminal elevators and equipment for the seasons 1936-37 and 1937-38, while last year the earnings were only sufficient to provide depreciation to the extent of one per cent. The regular depreciation of five per cent. per annum was set up for the current year.

#### *Distribution of Earnings*

The matter of the distribution of this year's surplus earnings received careful consideration by your directors.

At the last annual meeting of delegates, following a lengthy discussion, a resolution was passed recommending to the Board that, in the event of sufficient earnings being available for the payment of patronage dividends, consideration should be given to the retirement of the first year's deductions in part, or in full, as part of the policy of the payment of patronage dividends, in order that shareholders who were allotted shares subsequent to 1932 might be given an investment in the Company.

Because of conditions surrounding the handling and marketing of wheat for the current year, which will be referred to later in this report, your directors have been faced with two special problems involving financing.

Because of the slow movement of grain, which has resulted in a large volume being held in country elevators, larger sums of money have been required to finance the handling of the current year's crop. It is not always appreciated that under our agreement with the Canadian Wheat Board we must use our own funds and paymaster arrangements to make the initial payment and pay freight on grain shipped to terminal points, and that this money is only collected from the Wheat Board when grain is delivered to it at terminal points. Where grain moves fairly rapidly, and deliveries can be made to the Board in reasonable time, there is no particular difficulty. In a time like the present, however, it is obvious that large sums are tied up in grain in store in country elevators. It may be of interest to the delegates to know that our application for bank credit for the current year was the

largest in the history of the organization. Pool delegates are also aware that the amount of bank credit available to the organization is controlled to a considerable extent by the amount of liquid capital.

The second problem involves the provision of the greatest possible amount of storage space. This became of first importance when it was found that delivery quotas would be established.

After surveying the whole problem, your directors were of the opinion that due to inability to deliver wheat because of lack of elevator storage space Pool members generally had been unable to secure sufficient funds to meet pressing needs. They also believed that it would be in the best interests of the Pool membership for the time being that all available resources of the organization, including the surplus earnings of the Company for the year ended 31st July, 1940, should be directed toward providing increased storage space at those stations where this space was urgently needed. Your directors are of the opinion that by using the resources of the organization for this purpose, thus enabling growers to secure the full amount of the initial payment on such grain as may be delivered under the present quota, the organization would be rendering a greater service than would be the case if the funds used in this construction programme were distributed on a patronage basis. The Board therefore decided that the surplus earnings of the organization for the year ended 31st July, 1940, amounting to \$1,622,668.07, should be allocated as follows:

For transfer to Reserve Account, being the amount required to bring working capital up to Six Million Dollars.....	\$ 889,230.22
For transfer to Excess Charges Refund Season 1939-40, to be distributed to members as a Patronage Dividend at the rate of one-half cent per bushel on deliveries for the season 1939-40—the time, form and manner of such distribution to be in the discretion of the Board. Meanwhile this sum to be retained for the construction of additional storage space.....	500,000.00
For transfer to Undivided Profits Account.....	233,437.85
	<u>\$1,622,668.07</u>

In view of the uncertain conditions surrounding the agricultural industry—conditions which must of necessity be reflected in the operations of the Pool organization—your Board believes that its first duty is to maintain the organization in a strong financial position, ready to meet any emergency which may develop, within the limits of its resources. The Board is of the opinion, therefore, that no final decision should be made at this time as to the method to be followed in the payment of a patronage dividend.

At the same time, the Board believes that the principle of maintaining the capital investment in the organization in the hands of active growers is essential to continued successful operation, and is of the opinion that a policy of paying patronage dividends which would include the revolving of deductions is a practical proposal, provided earnings are sufficiently large to make it effective.

A final decision as to whether earnings should be paid out in the form of a cash patronage dividend, or used for the revolving of deductions, may well be deferred until such time as the funds are available for this purpose, when a decision could be made in the light of conditions prevailing at that time.

#### *Statement of Earnings*

Attached to this report will be found Statement of Earnings (Statement No. 6), covering the entire period of the operations of the Company from 1st August, 1925,



to 31st July, 1940, together with details of the distribution of these earnings.

### *Liabilities Retired*

In the last annual report certain figures were submitted indicating the progress made in recent years in retiring liabilities, as well as increasing the value of the Elevator System. The following figures bring this information up to date:

#### *Capital Commitments Retired*

1st Aug. 1932	Co-op. Liquidators.....	\$ 445,000.00
1st Oct. 1932	Government on 1929 Pool Overpayment.....	67,000.00
1st Aug. 1933	Co-op. Liquidators, final payment....	1,372,000.00
31st Aug. 1933	Government on Co-op. Purchase, final payment.....	598,000.00
15th Sept. 1933	Government on 1929 Pool Overpayment.....	448,000.00
15th Sept. 1934	Government on 1929 Pool Overpayment.....	470,000.00
15th Sept. 1935	Government on 1929 Pool Overpayment.....	494,000.00
15th Sept. 1936	Government on 1929 Pool Overpayment (Including Prepayment).....	694,000.00
15th Sept. 1937	Government on 1929 Pool Overpayment (Balance).....	368,000.00
15th Sept. 1938	Government on 1929 Pool Overpayment.....	571,000.00
15th Sept. 1939	Government on 1929 Pool Overpayment.....	600,000.00
15th Sept. 1940	Government on 1929 Pool Overpayment.....	630,000.00
Total Capital Payments.....		<u>\$6,757,000.00</u>

In addition to sundry replacements, etc., the following major capital expenditures have been made during the same period:

31st July, 1933—Paid U.G.G. for 16 Elevators.....	\$ 110,000.00
31st July, 1934—Elevator and Cleaner Programme.....	120,000.00
31st July, 1935—Elevator and Cleaner Programme.....	250,000.00
31st July, 1936—Elevator and Cleaner Programme.....	150,000.00
31st July, 1937—Elevator and Cleaner Programme.....	150,000.00
31st July, 1938—Elevator and Cleaner Programme.....	100,000.00
31st July, 1939—Elevator and Cleaner Programme.....	60,000.00
31st July, 1940—Elevator and Cleaner Programme.....	295,000.00

Total Elevator and Cleaner Programme.....	<u>\$1,235,000.00</u>
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Total of Two Items.....	<u>\$7,992,000.00</u>
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Working Capital of Organization—1st August, 1931.....	\$3,200,000.00
Working Capital of Organization—1st August, 1940.....	6,733,000.00

Increase in Working Capital.....	<u>\$3,533,000.00</u>
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### **Saskatchewan Pool Terminals Limited**

#### *Financial Statements*

Financial Statements and Auditors' Report covering the operations of Saskatchewan Pool Terminals Limited for the year ended 31st July, 1940, have already been considered along with the accounts of Saskatchewan Pool Elevators Limited.

#### *Terminal Operations*

Handlings of grain through Saskatchewan Pool Terminals show a very substantial improvement over the preceding year. All four terminal elevators were operated, including Terminal No. 5 which had previously been leased to Manitoba Pool Elevators Limited. The handling of each elevator was as follows:

	<i>Bushels</i>
Terminal No. 4.....	24,219,453
Terminal No. 5.....	3,732,403
Terminal No. 6.....	26,862,892
Terminal No. 7.....	30,529,983

Grain in store as at 31st July, 1940, amounted to 20,289,259 bushels, as compared with year-end stocks the previous year of 5,507,560 bushels. Total shipments of all grain from the Head of the Lakes amounted to approx-

imately 266,000,000 bushels for the season, of which Saskatchewan Pool Terminals Limited shipped 70 $\frac{3}{4}$  million bushels, or almost 26 $\frac{1}{2}$  per cent. of the total movement from the Lake Head.

During the year under review 202,883 cars were unloaded from Western Canada, of which Saskatchewan Pool Terminals Limited handled 51,414, or 25.4 per cent. as against last year's handling of 23.68 per cent.

Last year's handling probably established an all-time record for high quality of grain. Nearly 93 per cent. of all wheat received graded No. 2 Northern, or better. Of the cars unloaded 7.4 per cent. was No. 1 Hard, 70.1 per cent. was No. 1 Northern, and 15.3 per cent. No. 2 Northern, leaving only 7.2 per cent. of all other grades of wheat.

Due to the uniform high grade, it was found possible to utilize terminal storage capacity to its maximum extent. At the opening of navigation last spring there was in store in Pool terminals an all-time record of over 23 $\frac{1}{4}$  million bushels. This was made possible by the heavy stocks of One Northern which enabled grain to be flooded over the tops of the open bins in the storage annexes—a very rare procedure in terminal operation.

### Screenings

The heavier handlings for the season resulted in the manufacture of a larger volume of by-products than during the previous year, and prices were also better: 28,341 tons of refuse screenings were disposed of at \$2.15 $\frac{1}{2}$  per ton; 7,090 tons of One Feed screenings at an average price of \$13.46 per ton, and 513,713 bushels of Mixed Feed Oats were sold at an average price of 25 $\frac{3}{4}$  cents per bushel; 11,617 bushels of special screenings were sold at an average price of 50 cents per bushel. These figures compare with 17,336 tons of refuse screenings at \$1.48 $\frac{1}{2}$  per ton; 6,760 tons of One Feed Screenings at \$10.14 per ton, and 303,741 bushels of Mixed Feed Oats at 19 $\frac{1}{8}$  cents per bushel sold during the season 1938-39.

During the season Saskatchewan Pool Terminals unloaded a total of 263,247 bushels of grain from the Manitoba and Alberta Pools.

The usual repairs and alterations were made at all terminals during the season in order to keep the plants in good working condition.

The year's operations of Saskatchewan Pool Terminals Limited can be regarded as very satisfactory. For the current year it would be difficult to present any estimates at this time. The reduction in storage charges from 1/30th to 1/45th of a cent per bushel, is, of course, an adverse factor, while the possibility of turnover through the elevators is dependent entirely on the volume of grain which may be shipped for export. At the present time all eastern positions are plugged, and the Lake Head terminals will be able to make shipments only as space becomes available in the east. Judging by present conditions, shipments from the Lake Head will be in much smaller volume than during the 1939-40 season.

### Coarse Grains Department

Sales of wheat and coarse grains for seed and feed by agents from country elevators and carlot sales for the fiscal year ended 31st July, 1940, totalled 1,527,839 bushels, as follows:

	<i>Bushels</i>
Wheat.....	362,147
Oats.....	829,414
Barley.....	296,953
Flax.....	10,195
Rye.....	29,130



This compares with total sales a year ago of 2,510,795 bushels, a decrease of 982,956 bushels.

### **Distribution of Registered and Certified Seed Grain**

During the year under review your organization again purchased and distributed a considerable quantity of high grade seed grain at cost price, plus a small handling and distributing allowance.

A total of 12,014 bushels of sacked and sealed Registered and Certified Seed Grain was purchased and, with the exception of 1,792 bushels, these stocks were all disposed of. Of the total amount, 1,734 bushels were supplied to Junior Grain Clubs, the balance being sold to elevator patrons.

The organization also assisted a number of patrons in securing forage crop seed.

As has been the practice in recent years, your organization again co-operated with the Field Crops Branch of the Department of Agriculture in disposing of and distributing a number of carlots of Registered and Certified Seed under the Provincial Seed Grain Exchange Policy.

### **Churchill**

The grain movement through the Port of Churchill for the season 1939-40 consisted of 1,924,474 bushels delivered at the port, and 1,772,461 bushels shipped. Of this amount 764,000 bushels were shipped by Saskatchewan Pool Elevators Limited for account of the Canadian Wheat Board. There is in store at Churchill at the present time a total of 2,494,610 bushels of wheat owned by the Wheat Board.

Our Export Department has endeavoured to work some of this wheat for export but has now been advised that there is little likelihood of these stocks being shipped this year. There is a possibility, therefore, that the port will remain inactive during the present year.

### **Shipping and Export Department**

The volume of business handled by this department showed a very substantial increase over the previous year. Of total sales of 11,656,000 bushels of wheat in all positions, 9,238,000 bushels were for export. Altogether the department handled 15,754,676 bushels of grain, as follows:

	<i>Bushels</i>
Wheat.....	11,656,216
Oats.....	2,718,438
Barley.....	1,320,981
Rye.....	58,441

In addition, 5,440 tons of screenings were also disposed of.

These figures compare with approximately 9,000,000 bushels of grain handled in the previous year, of which 5,285,000 bushels represented wheat. A connection has now been established which we are satisfied will result in our securing a larger share of the Cereal Import Committee's purchases in the future.

### **General**

In many ways the season 1939-40 has been the most satisfactory since the inception of the Company. Operating earnings have shown a substantial increase over our previous banner year 1928-29, when our handlings were approximately 28,000,000 bushels greater than for the year under review. According to the latest crop estimates,

the Saskatchewan crop this year is practically equal to that of a year ago. Earnings, however, will be dependent on the movement of grain from the Lake Head, and the number of cars which can be secured to permit of turnover in country elevators. Under the present congested conditions it is probable that our percentage of deliveries in the current year will be considerably lower than in recent years.

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

This subsidiary company commenced the 1940 season with a comprehensive programme of repair and machinery replacement, and elevator construction and replacement. The original programme was augmented considerably and carried to completion. It was also found necessary to repair and renovate the 460 temporary storage bins built in 1939.

In view of the need for extra storage facilities this fall, your Board also approved the construction of an additional 700 temporary storage bins, which necessitated the purchase of a large quantity of materials and the employment of an unusually large number of men. Delegates may be interested to know that this part of the programme will include 700 tons of steel, 17½ million feet of lumber, and 280,000 man-hours of labour.

The major activities of the Construction Department during the 1940 building season include the following:

#### *Elevators*

Elevators of 35,000 bushel capacity were rebuilt at Assiniboia, Colfax, McLean and Percival, and of 45,000 bushel capacity at Forgan, Norquay and Riceton. The elevators destroyed by fire at Cantuar and Hafford were replaced by a 35,000 and 45,000 bushel elevator respectively. A new 20,000 bushel elevator was built at Goodsoil, and 35,000 bushel elevators were built at Bodmin, Garrick, Smeaton and Weirdale. A 32,000 bushel elevator was purchased at Kilwinning and a 29,000 bushel elevator at Strathallen. The elevators at Jameson and Riceton "A" were deleted from the system. The system now includes a total of 1,093 elevators.

A two-bin annex of 25,000 bushel capacity was built at Weldon, and two one-bin annexes at Weyburn of 16,000 and 12,000 bushels capacity.

#### *Temporary Storage Bins*

The programme as at present approved is designed to provide 700 of these units at 25,000 bushels each. The cost of each unit is approximately \$1,400.00. At present 96 crews are engaged in this work, each crew building one bin per week. It is estimated that the programme will be completed by the 15th November.

#### *Elevators Painted*

A total of 182 elevators and 23 annexes were painted during the year.

#### *Cleaners*

Sixteen new cleaners were installed in old elevators, and five were installed in new and burned rebuilt elevators.

#### *Engines, etc.*

The following equipment was installed in old and new elevators:

19 Diesel engines; 43 15-ton scales and 37 10-ton, 16 ft. scales were rebuilt with steel girders to 18 ft. length:



236 steel dumps of 72 in. lift, and 20 air dumps were remodelled to give 60 in. lift.

### Cottages

Cottages were purchased at Arcola, Carlea, Golden Prairie, Kindersley, Kilwinning, Minton and Strathallen, and living quarters added to the elevator offices at Hood and Bremen. A 4-roomed standard cottage is being constructed at Carragana at an approximate cost of \$1,900.00.

### Laboratory Service

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

	Germination Tests	Moisture Tests
1939-40.....	6,534	537
1938-39.....	10,042	452
1937-38.....	7,042	120

In addition to these tests, this department checks a large number of samples for grade and dockage. For the year ended 31st July, 1940, almost 2,000 samples of different kinds of grain were prepared and distributed to school children to assist in school work. In addition to this routine work, the department has co-operated in the work of the variety tests plots, and has cleaned, weighed and graded all samples received from these plots.

## Modern Press Limited

### Financial Statements

Full particulars of the operations of Modern Press Limited for the year ended 31st July, 1940, are contained in the Financial Statements and Auditors' Report submitted separately to the delegates.

After providing depreciation on fixed assets at the usual rates, amounting to \$5,682.66, and after making provision for doubtful accounts to the extent of \$1,000.00, the operations of the Company show a loss of \$21,627.23. This is made up of a loss of \$37,524.99 on the publication of The Western Producer, less a profit of \$15,897.76 on the operations of the Job Printing Department. This result compares with a loss of \$23,880.20 for the previous season, an improvement of \$2,252.97. The net deficit for the year is again being charged to Saskatchewan Co-operative Wheat Producers Limited.

### Job Printing Department

This department enjoyed the best season in its history and, as indicated above, showed a profit of \$15,897.76. This compares with a net profit for the previous year amounting to \$11,402.33. A comparison of the operations of this department for the year under review with those of the previous year is shown below:

	1939-1940	1938-1939	Increase (Decrease)
Job Sales, etc.....	\$83,533.66	\$72,929.05	\$10,604.61
Cost of Stock.....	\$29,405.76	\$27,474.99	\$ 1,930.77
Expenses.....	35,388.81	30,103.10	5,285.71
Loss on Realization of Assets.....		1,235.31	( 1,235.31)
<b>Profit before Depreciation.....</b>	<b>\$18,739.09</b>	<b>\$14,115.65</b>	<b>\$ 4,623.44</b>
Depreciation.....	2,841.33	2,713.32	128.01
<b>Net Profit.....</b>	<b>\$15,897.76</b>	<b>\$11,402.33</b>	<b>\$ 4,495.43</b>

During the year under review printing revenue from co-operative organizations, other than the Pool organization, amounted to \$16,388.88. Included in this amount was the revenue derived from the printing of the Primrose Guide and the Saskatchewan Co-operative Consumer, amounting to \$9,423.36.

### *The Western Producer*

As indicated above, the deficit arising from the publication of The Western Producer amounted to \$37,524.99, after providing for depreciation of \$2,841.33. This compares with a deficit a year ago of \$35,282.53, or an increase in the deficit of \$2,242.46. 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:

	1939-1940	1938-1939	Increase (Decrease)
Advertising.....	\$83,435.00	\$77,298.98	\$ 6,136.02
Subscriptions.....	35,162.15	35,292.07	( 129.92)
Miscellaneous.....	1,140.76	793.85	346.91
<b>Total Revenue.....</b>	<b>119,737.91</b>	<b>113,384.90</b>	<b>6,353.01</b>
Newsprint.....	44,858.47	45,171.80	( 313.33)
Expenses.....	109,563.10	100,540.79	9,022.31
Loss on Realization of Assets.....		241.52	( 241.52)
<b>Loss before Depreciation.....</b>	<b>34,683.66</b>	<b>32,569.21</b>	<b>2,114.45</b>
Depreciation.....	2,841.33	2,713.32	128.01
<b>Loss for Year.....</b>	<b>\$37,524.99</b>	<b>\$35,282.53</b>	<b>\$ 2,242.46</b>

Newsprint cost at \$44,858.47 showed a slight reduction of \$313.00 as compared with the same cost in the previous year. It is understood that the present mill price of newsprint will remain unchanged at least until 31st March, 1941. The following figures provide a fairly comprehensive picture of production costs incidental to the publication of The Western Producer.

	1936-37	1937-38	1938-39	1939-40
Total Gross Press Run....	5,822,518	5,518,312	5,680,332	5,800,859
Total Net Press Run.....	5,740,575	5,478,425	5,637,183	5,760,465
Total Spoiled Copies.....	81,943	39,887	43,149	40,394
Per Cent. Spoils to Net Run.....	1.427%	.728%	.765%	.701%
Average Net Run Per Issue.....	110,396	105,354	108,407	110,778
Cost Per Copy (Net Run)	2.5307c	2.4152c	2.6373c	2.7300c
Cost of 52 Issues (Per Copy).....	\$1.315964	\$1.255904	\$1.371396	\$1.4196
Lowest Net Press Run....	102,400	98,650	99,000	97,145
Highest Net Press Run....	114,350	109,500	115,900	117,550

Net advertising revenue account showed a substantial increase with a record net revenue of \$83,435.00 as compared with \$77,298.98.

During the fiscal year a total of 67,132 subscriptions were received, a decrease of 2,454 from the previous year. The year closed with a total net paid circulation of 94,819 as compared with 110,476 at the same date last year. Distribution of circulation by provinces at the end of the fiscal year, for the two-year period, is as follows:

	1940	1939
Saskatchewan.....	56,242	57,392
Manitoba.....	6,180	19,830
Alberta.....	26,457	25,156
British Columbia.....	4,019	5,238
Miscellaneous.....	1,921	2,860
<b>Total.....</b>	<b>94,819</b>	<b>110,476</b>

These figures show a decrease in circulation of 15,657 during the year, with all of the provinces showing a decrease except Alberta where the circulation was increased by 1,301.



## *Editorial*

During the year under review The Western Producer has continued to give particular attention to the development of the Co-operative Movement and to the activities of co-operative organizations. It has continued its support of the work of the Wheat Pools in their effort to secure just treatment for western agriculture.

But the dominant fact in Canadian life today is that Canada is engaged in a life struggle along with the Mother Country and the other parts of the Empire. This fact has shadowed all Canadian activity in the past year. It has been the duty of The Western Producer to carry, in outline at least, an account of the tremendous events in Europe, as well as a running commentary on Canada's part in the war. The issue of the war is likely to bring radical changes. The days ahead are shrouded in uncertainty. They are fraught with great danger and also with great opportunity for the whole world, and not least for Western Canada. Canada must prepare to meet the shocks and readjustments which are involved in a rapidly changing world. The chief requisite will be sane leadership, and unity of purpose and action. The charting of the future course, both for the agricultural life of the West and for Canada as a whole, will not be easy. Your Board wishes to place on record its belief that The Western Producer will be able to play a useful part in providing these requisites in the difficult days that lie ahead.

## *Agricultural Department*

The general policy of the Agricultural Department of The Western Producer, which has been fully outlined in previous reports, was again closely followed during the year under review.

In keeping with former practice, readers were provided with as complete coverage as possible on the chief agricultural events in the western provinces. In addition, an effort was made to keep farm readers informed concerning the latest agricultural research conducted by public and private organizations, as well as by farmers themselves.

Factual information was obtained on such practical subjects as (a) livestock breeding, feeding and management, (b) cultural operations designed to secure best results from farm implements, increase yields, reduce soil and wind erosion, and destroy weed and insect infestations; (c) forage and cereal varieties best suited to western conditions; (d) soil fertility; (e) temporary wheat storage on farms; and (f) secondary enterprises such as bee-keeping, poultry, fruit-growing, etc. In each instance an attempt was made to secure material for publication which would serve one or both of two purposes, i.e., bring into the home news of general agricultural interest, or to present features which would have specific application to current farm problems.

## *Women's Section*

A survey of newspaper reading habits, conducted among women of the U.S.A. recently, showed that home topics still provide the most interesting reading for the average woman. There is ample evidence to show that the women readers of The Western Producer are of the same opinion.

The Garden Page, under the able direction of Mrs. S. V. Haight, continues to flourish.

Reference was made in the last annual report to the work of Mr. W. W. Ashley, of Saskatoon, in the distribution of elm seeds to all who forwarded five cents to cover mailing charges. A similar announcement was carried in

the Garden Page last Spring, and Mr. Ashley reports sending 2,938 packets of elm seed and some 200 packages containing from 75 to 100 trees. This is not a commercial venture as Mr. Ashley's sole concern is to see the long-lived elm tree planted all across the country. Through the Garden Page of The Western Producer he has distributed 10,173 packages of this seed in the past four years.

The activities of the Young Co-operators were well sustained. Many new members were added during the year, and at the present time there are some 2,000 active Young Co-operators in the membership.

A new departure in this section this year involved a weekly bulletin for the young men engaged in the work of the variety test plots.

The Smilebeams Club, one of the finest activities of the Young Co-operators, is conducted by Miss Bessie Wheeler, of Rosthern. Its object is to cheer invalids and shut-ins, and a mimeographed news sheet, giving suggestions and news of members, is distributed periodically. Last year members of this club made butterfly blocks for a quilt which was sold and the funds used to buy Christmas gifts for Smilebeam patients.

An interesting feature of this work is found in the fact that re-unions of Young Co-operators are becoming a regular practice. A most successful reunion was held at St. Andrew's College, Saskatoon, last winter, when a young divinity student, a keen Co-operator, acted as host.

The Art Contest initiated a year ago was continued last Fall and, with the assistance and co-operation of Mr. E. Lindner, Artist and Art Instructor at the Saskatoon Technical School, was again decidedly successful. Forty-five paintings of wild flowers were submitted, and many of these reached a very high standard. These were displayed in a local store in Saskatoon and also in Calgary.

Last Spring the Women's Department assisted the B.C. Old Age Pensioners' Organization in their campaign for signatures to a petition for pension reform. This petition was published three times during seeding and was signed by 40,553 people out of the nearly 60,000 whose signatures the pensioners sent to Ottawa.

### *Reader Service*

In addition to the reader service outlined in last year's report, two additional services have been added during the current year involving another dress pattern service and a second choice of embroidery designs. The following figures give some idea of the response to these services offered by The Western Producer:

Dress Patterns and Fashion Books.....	6,024
Dress Patterns.....	6,554
Household Hints.....	8,697
Embroidery Designs.....	121
Embroidery Designs (Second Choice)....	1,527
Home Service Booklets.....	4,365
	<hr/>
	27,288

The aggregate total of all services shows an increase of 5,638 over the past year.

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

As in former years, a 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.

Balance Sheet for the year ended 31st July, 1940, and Statement of Income and Expense of this interprovincial subsidiary are also attached to this report as Statements No. 10 and 11 respectively.

The result of the operations of this Company for the year under review shows a profit of \$47,037.74 as compared with a profit of \$39,127.57 a year ago. During the season it was deemed advisable to change the year end to 31st July in order to conform more accurately with the date on which the great bulk of insurance policies expires. Had the operations of Canadian Pool Agencies Limited continued to the end of August as in previous years the surplus would have been approximately \$62,000.00, a figure not equalled since 1931.

The greatly improved showing was due mainly to the large crop harvested last year, and for the eleven-month period commission on Fire Insurance business alone was approximately \$6,000.00 more than for the previous twelve-month period. There was also an increase in the earnings on Lake Marine insurance and the sum of \$4,600.00 was received from Pool Insurance Limited, representing a Management Fee, the Company being wholly operated by Canadian Pool Agencies.

As in previous years, a six per cent. capital stock dividend of \$1,200.00 was paid to the three Pool organizations (who are the shareholders of the Company) and a patronage dividend will also be paid on the basis of business contributed. Details of these dividends are as follows:

	<i>Capital Stock</i>	<i>Patronage</i>	<i>Total</i>
Manitoba.....	\$ 399.60	\$ 5,685.35	\$ 6,084.95
Saskatchewan.....	400.20	21,190.13	21,590.33
Alberta.....	400.20	11,052.09	11,452.29
Total.....	<u>\$ 1,200.00</u>	<u>\$37,927.57</u>	<u>\$39,127.57</u>

## Pool Insurance Limited

At the last annual meeting it was reported that Pool Insurance Limited had been organized as an interprovincial co-operative insurance company with power to carry all types of insurance other than life. Attached to this report (Statements Nos. 12 and 13) will be found the Balance Sheet and Statement of Income and Expenses respectively of this interprovincial subsidiary as at 31st August, 1940.

## Pool Insurance Company

When Pool Insurance Limited was organized a little over a year ago under the laws of the Province of Manitoba, your directors were advised that the Board of Grain Commissioners were prepared to accept this provincial company as one which might insure grain. After the new company had been in operation for some months your directors were advised by the Board of Grain Commissioners to obtain incorporation as a Dominion company, on the grounds that the Board of Grain Commissioners preferred to have all companies carrying insurance on grain under the direct supervision of the Dominion Superintendent of Insurance at Ottawa. The Dominion superintendent was not prepared to supervise any company

unless incorporated under Dominion law. In order to incorporate an insurance company under Dominion law it is necessary to obtain a private act of the Dominion parliament, which act must be passed both by the Senate and the House of Commons. This has now been done, and the name of Pool Insurance Limited has been changed to Pool Insurance Company.

The Dominion company has exactly the same powers as the Provincial company in the matter of types of insurance which may be carried. It, therefore, has authority to engage in every line of insurance other than life insurance. It should be noted that the Dominion parliament will not grant to one company authority to transact both life and fire insurance.

The Dominion company is incorporated with capital of \$500,000.00, with authority to increase the capitalization to \$1,000,000.00 at any time it so desires. The nine directors of Canadian Co-operative Wheat Producers Limited are the directors of the Company, and the holding of stock is limited to co-operative associations in Canada. The Company also has authority to pay patronage dividends. The charter provides that \$250,000.00 of stock must be subscribed, and \$125,000.00 paid up before the Company commences business. All stock in the Dominion company, with the exception of the qualifying shares of the nine directors, will be held one-third each by the three provincial Pool organizations. It is anticipated that the Dominion company will take over the business of the Provincial company on the 1st of January, 1941, and that thereafter the Provincial company will cease to carry on business and will be wound up.

### **Publicity Department**

The ordinary activities of this department were continued during the year. Steady emphasis was placed upon the value of co-operation and its support through the use of Pool services.

### **Radio**

In October, 1939, shortly after the outbreak of war, the Pool sponsored a news broadcast each Sunday afternoon. This programme has been continued during the year and has proved one of the most valuable methods of keeping the Pool and its services before the farming community. The hour of broadcasting is well suited to give listeners the latest information concerning world events gathered by British United Press, an international organization providing speedy and accurate news.

During the hockey season 43 games were broadcast by the Pool, and the demand for printed schedules demonstrates the popularity of these broadcasts—some 40,000 being issued in response to requests. Broadcasts were made over CJRM Regina, and CJGX Yorkton. Coverage from these stations was good except in the north and northwest, but efforts are being made to improve this during the coming season. A change in the wavelength of CJRM is anticipated which, it is hoped, will allow clear reception of this station in all parts of the province.

Without doubt the Pool hockey broadcasts are among the most popular radio features of the winter season. Surveys demonstrate that the addresses by Pool speakers are followed with the keenest interest as farmers are thus kept in touch not only with Pool policies but also with the general agricultural situation. There is also evidence to show that these broadcasts have a practical value in increasing deliveries to Pool elevators.



Changes in radio station schedules in 1940 made it impossible for the Pool to retain its old time for broadcasting the opening grain prices in the morning. As this information was already being broadcast by other services, it was decided to abandon the opening prices broadcast and substitute in its stead a Co-operation News broadcast which was sent out in the morning, but later changed to early afternoon. This broadcast recounts the accomplishments of co-operating farmers in Western Canada, and the progress being made by co-operators in various parts of the world.

The mid-session and closing grain prices broadcasts are being continued, and an effort is being made to make them of general interest.

Most popular has been the series of broadcasts of Saskatchewan village histories. The stories of over 200 villages have been broadcast, and when the series is completed almost every point in the province will have been covered.

During the Regina Exhibition the Pool Community Sing-Song was again arranged and broadcast. This event proved more popular than ever before, and many hundreds assisted by singing in the audience before the microphone.

### *Library*

Pool library circulation increased rapidly during the year and the records show that appreciation of this service is growing steadily. Circulation was almost doubled in several months. Attached to this report as Statement No. 7 is a report covering the operations of the Library for the year under review.

The policy of purchasing books of good quality is being maintained. Fiction purchases are made sparingly, although a classics section is being built up in response to a steady demand for old favourites.

Over 200 travelling libraries are now in use. These consist of boxes containing about two dozen volumes, and, on request, a box is placed in an elevator for the use of borrowers. It has been found, however, that these travelling libraries are not being used as extensively as had been expected. This is probably due to the fact that on books from the main library postage is paid both ways and a wider selection is available.

### *Advertising*

The Western Producer and the weekly newspapers continue to be the chief advertising media employed by the Pool. The three Pools co-operated in a series of advertisements in The Western Producer, and it is hoped that in the future this co-operative advertising will be extended. The value of country weekly advertising would appear to be increasing. Increased radio news services and the limited circulation of daily papers in the country have meant that the weekly is in greater demand for local and provincial news.

### *Calendar*

The usual Pool calendar was prepared and approximately 140,000 copies were distributed. The extension of Pool elevator services northward made necessary a slight alteration in the map to bring in new territory.

### *Exhibitions*

The Wheat Pool again participated in the Class "A" exhibitions at Regina and Saskatoon, and at Class "B" fairs throughout the province. Exhibits included maps

concerning wheat and wheat movement, displays of wheat and barley varieties, a slide machine describing co-operative progress and banners carrying co-operative slogans. As in past years, the rest rooms provided by the Pool at fairs were highly appreciated. Participation in these fairs has established a valuable means of contact with Pool members and other farmers.

### *Crop Reports*

Pool crop condition reports appeared each week in *The Western Producer* and in the daily press. These reports are generally recognized as being most authoritative, and their publication throughout the season has brought valuable publicity to the Pool.

## **Country Organization Department**

### *Wheat Pool Committees*

A reference to Statement No. 8 will show that the total number of Wheat Pool committees on record as at 31st July, 1940, was 1,179. This compares with 1,184 in 1939, 1,186 in 1938, and 1,183 in 1937. Five new committees were organized during the year and ten went out of existence.

The number of committees reporting reorganization during the year was 1,080, as shown in Statement No. 9. This compares favourably with the previous year when 1,056 committees reported reorganization, and the year 1938 when 1,023 committees so reported. The following comparison gives the number of committees that did not report reorganization during the year:

Total number on record.....		1,179
Number reorganized.....	1,080	
New committees organized.....	5	
	<hr/>	<hr/>
		1,085
Number of committees not reporting.....		<hr/>
		94

This is an improvement over previous years. In 1939 there were 128 committees, and in 1938, 153 committees that had not reported reorganization on 31st July of those respective years. Two committees have not reported their annual reorganization meetings for two years, and 33 have not reported for longer periods. A large proportion of these committees, however, are still active and, when the occasion demands it, they communicate with the central office. Some confusion arises, however, when a secretary or chairman is changed and no notification of the change has previously been given. There is still room for improvement in the matter of reporting reorganization.

Without the Wheat Pool committees the carrying on of intensive organization and educational work would be extremely difficult. The committee, therefore, has a valuable function to perform. Many committees shoulder their responsibilities seriously, and conscientiously, and a great deal of credit for the maintenance of loyalty and morale is attributable to their work. However, there are still a number of committees who have not yet been able to appreciate the importance of holding regular meetings and following an organized programme of work. The new form in which the monthly programmes are now being issued should assist these committees in taking hold of their duties more methodically.

There is still a wide field of organization to be covered in increasing deliveries to Pool elevators, and the number of subscribers to *The Western Producer*; in developing a



better understanding of the policies and necessities of the Wheat Pool and its subsidiaries; reporting removals and decease of members; the development and support of other producer and consumer co-operative activities; the encouragement of Junior Club Work, Credit Unions, Study Groups, Agricultural Short Courses, and other community building activities.

### *Committee Conventions*

The Wheat Pool committees of 159 sub-districts took part, either singly by sub-district or with other sub-districts, in committee conventions during the months of June and July. There were 119 conventions, of which 81 were single sub-district conventions, 36 held jointly by two sub-districts, and two covering three sub-districts each. One sub-district convention was postponed by rain until it was too late to hold it.

The conventions were well attended as a whole, and there was evidence that the committees are increasing their efficiency, as indicated by the time devoted to the planning of sub-district work. It was natural that the keenest interest was shown in the efforts of the Board to induce the acceptance by the Federal and Provincial governments of agricultural policies more favourable to the producer, but this interest did not minimize the appreciation for greater efficiency in the field of organization and education.

The result of efforts made in recent years to bring younger men into service on Wheat Pool committees was apparent in the trend of the discussions. The dissatisfaction with existing conditions, translating itself into a willingness to throw themselves into the work of organization, was as apparent among the young men as it had been in their fathers in 1923.

### *Co-operative Education*

The issue of monthly programmes containing information of value to Wheat Pool committees regarding policies and operation of the Company, and other matters of interest to the Co-operative Movement, continue to be a feature of the educational work of the Country Organization Department.

The first programme of each season has contained a suggested agenda together with comments upon the best methods of carrying on discussions at a committee meeting. These have proved helpful to those committees that are not experienced in committee work. It is the intention this year to include a copy of the suggested agenda as a first page in each programme issued, in the hope that this feature will be still more helpful in encouraging the holding of regular meetings.

The value of the motion picture in the field of co-operative education may be indicated by the fact that out of 1,825 meetings organized and attended by members of the Field Staff, pictures were shown at 1,059. The film portraying the development of the Co-operative Movement in Nova Scotia, entitled "The Lord Helps Those Who Help Each Other", was again extensively used to bring home to our growers the advantages of co-operative organization.

During the present year your Board authorized the production of two films—a historical film of three reels, showing the development of farm organization in Saskatchewan from its beginnings to the present day, and a modern film of two reels in which it is hoped to show what

can be done through co-operative organization to modernize the farm home and improve the standard of living. These films are to be completed by the end of November, and it is expected will be available for showing at Pool meetings during the winter. Many old-timers have shown a keen interest in the making of these films, and have assisted with suggestions, period costumes, and in some cases as actors.

It will be remembered that at the annual general meeting last November the delegates were advised that some experiments in visual education were being conducted with a still picture projector, with a view to its use at committee meetings, and with small groups of growers if it proved successful. As a result of these experiments, the Board authorized the purchase of 18 still projectors for the use of the Field Staff. These were used at nearly all the committee conventions for the first time, with encouraging results. Five film strips have been made for use with these projectors—an organization film, a film portraying the financial structure of the Wheat Pool and its subsidiaries, a film dealing with the conditions that made farm organization necessary, and two films dealing with the development of the Wheat Pool organization between the years 1923 and 1940. These strips are easily made and the cost is low. It will, therefore, be possible, as time goes on, to build up pictorially all the phases of our co-operative activities with educational features for Junior work. If proper attention is given to this feature, these films should prove a valuable asset to our programme of co-operative education.

During the year a good deal of consideration has been given to co-operative education among the staff. A policy of holding periodical meetings in each district by the director, and attended by the elevator superintendents and the district representatives of the Country Organization Department, has been instituted, at which policies of the Company and co-operative principles are discussed, and the activities of the various departments co-ordinated. These meetings are proving of value in creating a closer understanding and unifying the efforts of the departments concerned.

A "Quiz" programme was also initiated by the Management of the Elevator Company, containing questions relating to co-operative principles, the policies of the Wheat Pool, and matters affecting the operation of elevators and the handling of grain. These programmes were sent out to elevator agents to be returned with the answers to the questions at stated times. The answers are carefully marked and the complete answers together with the agent's marks are returned to the agent. The interest with which these programmes were received by agents and others who participated was encouraging, and it is the intention to continue them when the pressure of deliveries lessens.

The success of the Co-operative School conducted at Carlyle Lake last year, under the auspices of the Saskatchewan Wheat Pool Employees' Association, encouraged the Association to consider the holding of a number of schools in other parts of the province during 1940. As the Saskatchewan section of the Co-operative Union of Canada was also contemplating the conduct of a number of summer schools, the two bodies amalgamated their efforts. A provincial committee, with representatives of the two organizations, was set up to prepare a two-day programme, arrange lectures and organize the itinerary of the schools and speakers. All schools were organized and operated



by a local committee and the expense of each school was borne by the students attending. A portion of the traveling expense of outside speakers was shared by the Wheat Pool and other co-operative associations. Lectures were provided by the University of Saskatchewan, the Co-operation and Markets Branch of the Department of Agriculture, the Co-operative Union of Canada, the Saskatchewan Co-operative Wholesale Society, the Saskatchewan Dairy Pool, the Consumers' Co-operative Refinery and the Saskatchewan Wheat Pool. The standard two-day agenda included the following subjects: History of Co-operation in Western Canada; Co-operative Marketing; Consumer Co-operation; Organization and Function of Study Groups; Credit Unions; Duties of Directors; Co-operation in War-time and The Next Step in Co-operation.

Twelve schools were held during June, July and August this year, eleven of these were operated jointly by the Employees' Association and the Co-operative Union of Canada, and the twelfth was conducted by Rev. Fr. Francis Lohmer, St. Peter's College, Muenster, Sask., who asked to have his school placed on the regular itinerary, using the standard agenda prepared for all the schools.

The school held at Carlyle Lake continued for four days, using a more extensive programme and providing for three lectures by the Women's Section of the Extension Department of the University of Saskatchewan, two lectures on Accounting, and a lecture by Mrs. Edwards, of North Dakota, on "The Place of Youth in the Co-operative Movement".

In addition to providing much general information on co-operation, it is the definite purpose of these schools to train leaders for the movement, and it is the intention to use them as a feeder for the more extended course provided at the Co-operative School conducted under the auspices of the Extension Department of the University of Saskatchewan and the Co-operation and Markets Branch each Summer. Attendance at these schools was 829, an average of 69 students per school.

The one-day Co-operative Schools conducted with the co-operation of the Ukrainian educational organizations were again held during the winter months. The total number of schools was 26. Most of these showed an improvement over the good results reported last year and more of the older people attended and took a keen interest in the programme. The total attendance at these schools was 1,635, or 70 per school. The number of active students was 485, or 18 per school, divided into the following categories: 15 to 20 years, 200 students; 20 to 30 years, 210 students; and 30 to 50 years, 75 students.

As a result of these schools, 30 young Ukrainians were able to attend the summer co-operative school at the University of Saskatchewan, as the joint guests of the Saskatchewan Wheat Pool and the Ukrainian educational organizations. Ten additional Ukrainian students attended the University school at their own expense.

The University co-operative school was held during the week of the 8th to the 13th of July. Various factors, among which the general dislocation resulting from war conditions was not the least, served to reduce the attendance somewhat. All reports indicated, however, that the school was one of the most successful ever held.

An interesting trend has been noticed in some sub-districts, which are now re-organizing their Wheat Pool rally days into one-day co-operative schools, in which the

discussion on some of the subjects on the agenda is being led by members of Wheat Pool committees and Junior Clubs. This trend seems to be worthy of encouragement, while it might not be wise to discourage the old established annual rallies that have served a useful purpose in bringing the community together.

Encouragement continues to be given to the organization of co-operative study groups throughout the province, in co-operation with the Adult Education programme of the Extension Department of the University of Saskatchewan. At the request of the department, a series of lessons on producer co-operation is being compiled for use under the programme. Co-operation with the Extension Department continues particularly in the field of Junior work.

Excellent progress has been made during the year under review in the development of co-operative associations throughout the province. This progress can be attributed in a great degree to the continued co-ordination of organization and educational activities of the established co-operative organizations.

Between the 1st of August, 1939, and the 31st July, 1940, 87 co-operative trading associations and 24 trading and livestock associations have been incorporated under the Co-operative Associations Act. There were also seven community halls, two community rinks, one bee-keepers' association, a cannery and a consumers' publication registered under this Act, making 123 incorporations in all.

Three associations were incorporated under the Co-operative Marketing Associations Act, the Spiritwood Alfalfa Growers' Association, the Melville-Yorkton Association (Livestock Federation), and an association at Loon Lake organized by the Sudeten refugees for the manufacture of toys. During the year also 20 credit unions were incorporated, and the Consumers' Co-operative Flour Mill, at Outlook, was incorporated under special legislation.

There are now 716 associations operating under the Saskatchewan Co-operative Associations Act, 23 under the Co-operative Marketing Associations Act, 46 credit unions, 11 co-operative associations operating under special legislation, two under the Joint Stock Companies Act and one under Dominion charter.

## **Junior Co-operative Activities**

### ***Variety Testing Project***

For the sixth successive year a province-wide variety testing project was undertaken. As in previous years, the project was planned and carried out under the supervision of Dr. J. B. Harrington, Professor of Field Husbandry at the University of Saskatchewan, the individual tests being conducted by selected junior co-operators nominated by the delegates within the sub-districts.

In order to supplement further the information secured last year, and in an effort to assist in determining the qualities of the new rust resistant varieties of grain, the wheat tests during the year under review again included the varieties Marquis, Thatcher, Apex, Renown, Regent, and Rival. The latter variety is the new rust resistant wheat developed in the United States but which has not yet been licensed for general distribution in Canada.

In the south-western and east central sections of the province, two wheat test plots were located in each sub-district. In the other areas there was at least one wheat test. Altogether 225 wheat plots were seeded this year.



A limited Durum wheat project was carried out in the central area of the province, where a good deal of interest has lately been shown in the production of the Pellissier variety of Durum wheat. In these tests Thatcher wheat was used in addition to two Durum varieties—Pellissier and Mindum.

Barley tests were carried on in the eastern and north-eastern parts of the province. Altogether 52 barley plots were seeded, consisting of six varieties—Regal, Newal, Rex, Plush, OAC 21 and Olli.

Forty-nine flax tests were conducted in the central and western sections of the province, three varieties of flax being used in each of the tests, namely, Royal, Bison and Redwing.

Sixty test plots of oats were seeded in the east, north-east and north-west sections of the province, the varieties used being Banner, Victory, Gopher, Vanguard, Eagle and Anthony.

Altogether 392 separate tests were conducted. The detail work of threshing, weighing, grading, protein testing, etc., is now under way, and it is anticipated that the results of the whole programme will again be published in booklet form. It is hoped to have this report available so that the results may be studied before seeding operations start next Spring. Last year's report was published as a 100-page booklet in February, 1940, and was given wide distribution.

Generally speaking, this work is valuable from several points of view. To the junior co-operator who supervises the plot there is the educational value of how to conduct accurate comparative variety tests. At the same time it brings home to the junior co-operator some idea of the widespread activities of the Wheat Pool organization in its effort to assist the agricultural industry. To the Pool member the data secured from these tests is also of considerable value in assisting him to choose a variety suitable to the area in which he is located. The work has also been of special value in providing information for the use of the Saskatchewan Cereal Committee, which formulates recommendations of the varieties to be used in the different soil zones. The results are always available to this committee at the earliest possible moment, and the committee has expressed its appreciation of the value of this work.

### *Junior Grain Clubs*

During the year under review continued support was given to the Junior Grain Club Movement. Last Spring 235 grain clubs were registered with the Extension Department as compared with 264 a year ago, a reduction of 29 clubs. The clubs were divided according to the variety grown as follows:

	<i>Clubs</i>
Apex Wheat.....	86
Thatcher Wheat.....	23
Regent Wheat.....	66
Renown Wheat.....	27
Marquis Wheat.....	13
Reward Wheat.....	1
Red Bobs Wheat.....	1
Vanguard Oats.....	7
Victory Oats.....	5
Banner Oats.....	2
O.A.C. Barley.....	2
Regal Barley.....	1
Redwing Flax.....	1

The sponsorship of the Junior Grain Clubs may be of interest to Pool delegates.

Of the total number of 235 clubs, 142 were sponsored directly by Wheat Pool committees, 29 by agricultural

societies and 16 under the A.I.A. Many of the clubs organized under the latter two sponsors indicated that they were jointly under the auspices of the organizations mentioned and the Wheat Pool. The Western Grain Company sponsored 31 grain clubs, while the Reliance Grain Company was responsible for 15 clubs.

The service provided by the Extension Department has been much along the same line as last year. As soon as the list of club members is received in the Spring a general letter is sent to each member providing information with reference to the seeding of his plot and enclosing a report card and list of questions on grain growing and other information. About the end of June another letter is sent to each member advising that a plot judge would be visiting them during the month of July, and reminding them of the basis on which the plots would be judged. Last July every member's plot was visited and scored by a judge, who also provided a general report on each club. About the beginning of September another circular is sent to each club member advising that the grain judge would be visiting the club some time in October, and the club seed fairs or achievement days are held during that month. At the seed fair the judge not only scores the samples which the members bring in, but he also conducts an oral examination on the questions sent out the previous Spring. Each member is expected to answer at least five questions from the list.

Generally speaking, the clubs had a successful year in 1940. A number operating in the south-west corner of the province had their plots ruined by grasshoppers, but for the most part the clubs completed their seed production programme. During the winter months these clubs are encouraged to hold a specified number of meetings at which various questions are under consideration.

### *Homecraft Clubs*

The Homecraft Clubs for girls, under the direction of the Department of Women's Work of the University of Saskatchewan, have again enjoyed a successful year. While the number of clubs in operation is smaller than last year, there has been a steady improvement in the quality of the work done by these clubs that have carried on continuously for a number of years.

A detailed report of the activities of the Homecraft Clubs has been prepared by Professor Oxner, head of the Department of Women's Work at the University, and this will be distributed separately to delegates.

### *General*

Your Board believes that the Junior Club Movement directed by the Extension Department of the University of Saskatchewan has a very great value to the agricultural life of the province. As indicated in the report of the Country Organization Department, assistance to the club movement is an important objective of our country organization activities, and is participated in by Pool elevator agents, delegates and Wheat Pool committee members, and the Field Staff, in all parts of the province. The assistance which the Wheat Pool organization has rendered is readily acknowledged by the University authorities.

In addition to voluntary assistance, a grant of \$7,500.00 was made to the University of Saskatchewan, and, in acknowledging this grant, the Director of the Extension Department states: "On behalf of the University I wish to thank your organization most cordially for this continued very substantial assistance. Not only do we greatly appreciate this material contribution, but we rejoice also



in the excellent assistance given to the Club Movement and to our extension programme in general by your staff, and in the spirit of goodwill and mutual understanding which animates all our relationships”.

### **Enrollment of New Members**

For the year under review, 3,477 applications for shares were received and allotted. In addition to this number a further 835 applications were received during 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

### **Voluntary Pools**

As reported at the last annual meeting, arrangements were made for the operation of a Voluntary Pool under the terms of the Wheat Co-operative Marketing Act, 1939. This Pool was organized primarily for the purpose of marketing the wheat belonging to growers in excess of the 5,000 bushels which they could deliver to the Canadian Wheat Board.

Following the drastic decline in prices as a result of war developments, a cut-off on deliveries to this Pool was made and a No. 2 Voluntary Pool was started with the approval of the Dominion government.

#### *No. 1 Pool*

Altogether 2,304,276 bushels of wheat were delivered to the No. 1 Pool. While this Pool was not actually wound up until August it actually forms part of last year's business. Attached hereto as Statement No. 14 will be found the Operating Account of Pool No. 1. Statement No. 15 shows Receipts and Deliveries and Returns to Growers on the various grades delivered to the Pool. It will be noted that the net sales price realized on grain delivered to this Pool was 75.07 cents per bushel, basis One Northern in store Fort William.

#### *No. 2 Pool*

A total of 679,729 bushels of wheat was delivered to the No. 2 Pool. Attached hereto as Statement No. 16 will be found details of the operations of this Pool, while Statement No. 17 shows Receipts and Deliveries and Returns to Growers delivering to this Pool. The final settlement to growers has been made on the basis of 70 cents per bushel, basis One Northern in store Fort William.

Since the restrictions on deliveries to the Canadian Wheat Board have been removed for the present year, no Voluntary Pool is being operated.

### **1929-1930 Pool Overpayment**

During the year the necessary steps were taken to implement the policy finally approved at the last annual meeting of delegates, under which the method of meeting the balance of the 1929-30 Pool Overpayment became a liability of the organization.

### **Staff**

At the last annual meeting a resolution was passed instructing the Board to proceed with the preparation of

a sound superannuation plan in consultation with representatives of the Employees' Association, such plan to be submitted to the next meeting of delegates.

During the year a number of meetings were held between a committee of the Board and the Executive of the Wheat Pool Employees' Association. As a result of these discussions a practical savings and retirement plan was prepared and approved by the Board for submission to the delegates. A memorandum outlining the principles of this plan will be distributed during the course of this meeting. The plan was also submitted to the Employees' Association and your Board has been advised that it has been approved by the members of the Association as being satisfactory under existing conditions.

In the course of the year a number of meetings have been held between the Executive Committee of the Board and the Executive of the Board of Governors of the Wheat Pool Employees' Association. Various matters affecting not only the welfare of the employees but also of the organization as a whole were under consideration, and the most friendly relationship has been maintained.

### **Wheat Situation**

The present international wheat situation has been referred to in the report of Canadian Co-operative Wheat Producers Limited. The steps taken by the Dominion government to deal with the wheat situation in Canada in relation to the international position was also referred to.

It may be advisable, however, to review the situation here, so that future policy may be considered in the light of conditions as they exist.

During the crop year 1939-40 approximately 426 million bushels of wheat were marketed in Western Canada. While the actual figure has not been made public, it has been estimated that between 75 and 80 per cent. of the total deliveries were made to the Canadian Wheat Board on the basis of the fixed initial payment of 70 cents per bushel, basis One Northern, Fort William.

At the beginning of the season the market price fluctuated around 50 cent levels. There was a gradual increase in price levels so that in December the December futures price ranged between 73  $\frac{3}{4}$  cents and 88  $\frac{7}{8}$  cents.

It should be noted that the price advance up to this point was brought about largely by the reports of crop damage in the Argentine and also to the U.S. winter wheat crop.

For the next four months, to the end of April, May wheat was traded within a range of from 83  $\frac{1}{2}$  cents to 91  $\frac{7}{8}$  cents.

Up to the end of March reports indicated that substantial sales of wheat were being made to the United Kingdom and the Continent.

Early in April, with the invasion of the Scandinavian countries by Germany, the situation changed, and in the following month, when Germany invaded the Low Countries, there was a rapid decline in prices until the 18th of May, when the May future dropped to 60  $\frac{3}{8}$  cents per bushel. On that day, at the request of the Government, the Grain Exchange ordered the pegging of prices at the previous day's close. These prices were established as follows: May wheat 70  $\frac{3}{8}$  cents; July wheat 71  $\frac{3}{8}$  cents; October wheat 73  $\frac{5}{8}$  cents. Your Board believes that only the pegging of prices prevented the complete collapse of the futures market.



With the collapse of France about the middle of June, the last of our continental markets for wheat was lost and from that time until the present the only markets available to us are those of the United Kingdom, Ireland and the British West Indies, with probable small shipments to the Orient.

For many weeks following the pegging of prices there was little or no trading on the Winnipeg market, and the limited amount of trading carried on was done at pegged levels. New pegged prices, involving a reduction in the October price, were introduced and the same market condition continues, in that the limited trading being carried on is within a fraction of the pegged prices.

At the last session of Parliament certain changes had been effected. The 5,000 bushels limitation on deliveries to the Canadian Wheat Board was removed and a processing tax of 15 cents per bushel on wheat used for domestic consumption was introduced, the proceeds of the tax to go to the Wheat Board and, in effect, to become part of the sales price of wheat.

The position at the beginning of the 1940-41 season, therefore, was briefly that day after day the Winnipeg market showed the value of wheat as the pegged prices fixed at the request of the Government, with little or no trading.

At the same time there was a carryover of wheat in store in Canada, including stocks of Canadian wheat in the United States, of approximately 300 million bushels, and a new crop about to be harvested. Conditions had been generally good in all three provinces, particularly in Manitoba and Alberta, and the 1940-41 western wheat production has been estimated at approximately 530 million bushels.

At the beginning of the present crop year the elevator storage capacity throughout Canada was approximately 424 million bushels. After estimating the amount of temporary storage likely to be available, and after allowing for the 1939-40 grain still in store, it was estimated that the net available storage capacity for the 1940-41 crop would be in the neighborhood of 150 to 160 million bushels.

In an effort to provide that all growers would have an opportunity to deliver some wheat to this limited storage, quota regulations under a permit system were introduced by the Canadian Wheat Board. Delivery quotas were established for oats and barley but these have now been removed. The original five-bushel quota for wheat has been increased to eight bushels per seeded acre, and the delivery quota in certain districts is being revised upward from time to time. It should be noted, however, that while these quotas are established by the Wheat Board on the assumption that the necessary space will be available, the Board does not guarantee that this space will be available. In actual practice, there are many stations in Saskatchewan today where it is found impossible to deliver the quotas allotted.

In addition to the foregoing, it was also announced that provision would be made for the payment of storage on grain held on the farm, and this policy is now in effect.

Starting 8th October, farm-stored grain will be entitled to the same storage charge of  $1/45$ th of a cent per bushel per day as is now allowed to elevator companies. In actual practice the initial payment will be advanced one-half cent per bushel every 22 or 23 days from this date. On 1st November the initial payment on One Northern wheat will be 70½ cents per bushel. On the 23rd November it will be advanced to 71 cents and an additional one-

half cent every 22 or 23 days thereafter up to the 9th July when the initial payment will be 76 cents per bushel.

In order to complete the picture, a look at the probable position at the end of the current crop year may have some value.

Including Eastern Canada, the estimated wheat production for all Canada for the crop year 1940-41 has been placed at 560 million bushels. Add to this the carryover of 300 million bushels and there are total stocks available of 860 million. It may be estimated that the British government's purchases for the coming year may be in the neighborhood of 180 million bushels and with additional sales of 20 million bushels to other markets still available our total exports in wheat and flour might reach 200 million bushels.

Assuming domestic consumption of 55 million bushels, and a total of 50 million bushels for seed and feed, there is a total estimated disappearance for the current year of 305 million bushels. If this is deducted from the total stocks available of 860 million bushels, there could be a possible carryover at the end of the current season of 550 million bushels. This means that all of the existing elevator space, as well as the temporary storage provided this year, estimated at 73 million bushels, could be filled to capacity and there would still be a carryover on the farm of approximately 50 million bushels. These figures present some idea of the immensity of the problem with which the wheat-growing industry is faced at this time.

In considering the situation, it is well to remember that Western Canadian economy is based on wheat, and that the prosperity or otherwise of these western provinces is dependent to a very great extent on the purchasing power of a bushel of wheat.

In recent weeks Canadians have been urged to face the facts of the war situation.

Your Board believes that, not only western farmers, but all of Canada must face the facts of the present wheat situation. It is unnecessary in a report of this kind to outline the history of the development of Western Canada as a great wheat-growing area. It is sufficient to say that the development of the western provinces was undertaken as part of a national programme following Confederation.

Your Board is of the opinion, which it has expressed to the Dominion authorities, that when action was taken by the Dominion government to peg the price of May wheat at 70  $\frac{3}{8}$  cents per bushel the price was too low. Under peace conditions there was general agreement that a price of 70 cents per bushel was too low. Under war conditions, with its attendant increasing costs, it becomes much too low. This view is supported by the British Food Ministry which, according to announcements made by the Minister of Trade and Commerce, has purchased large quantities of wheat at prices higher than the pegged levels.

The introduction of a processing tax, which added 15 cents per bushel to the price paid for wheat purchased by millers for the domestic market, and which is actually paid by the purchaser of the flour, has not improved the situation so far as the individual grower is concerned. Your Board believes that it would be in the national interest that a price should be established for wheat used for domestic consumption, which price would have a proper relationship to the goods and services which the producer must purchase.

The decision to continue the operation of the Winnipeg market has in no way strengthened the position. To-



day the dominant factor in the Canadian wheat business is the Canadian Wheat Board. Your Board is of the opinion that the changed condition arising from the fixing of prices at which wheat may be traded in this market can have no value to the Wheat Board in its task of finding a market for the Canadian crop. The best evidence of this is found in the statement of the Minister of Trade and Commerce that, as a result of *direct negotiations* between the Wheat Board and the Cereals Import Branch of the British Food Ministry, sales totalling 150 million bushels of wheat have been made.

### FUTURE POLICY

The present wheat situation has developed, in part at least, because of loss of markets as a result of war. In consequence it is a national problem and calls for national consideration.

National unity is a prerequisite if Canada's war effort is to reach its highest state of efficiency.

As the tempo of industrial production is speeded up, largely as a result of war orders for munitions and supplies, there is a grave danger that the present disparity between the agricultural and industrial sections of the population will be increased. War cannot be won without sacrifice. It is vital, from the viewpoint of national unity, that no one class should be called upon to bear an undue share of the burden, but that there should be equality of sacrifice by all classes.

Your Board is satisfied that Saskatchewan farmers are anxious to make the greatest possible contribution to the successful prosecution of our war effort. The continued production of food may well be a vital factor in bringing hostilities to a successful conclusion. Already the British Prime Minister has held before the eyes of the people of the war-stricken countries of Europe the prospect of abundant food supplies available from British sources.

Your Board believes that the men and women engaged in the agricultural industry of Canada should be regarded as an army of food production, just as much engaged in, and just as important to the successful prosecution of the war as are the men and women engaged in the production of other munitions and supplies.

In order that this important phase of Canada's war effort may be carried on with the maximum of efficiency, your Board recommends the following for the consideration and approval of this meeting:

**(1) For the duration of the war the Canadian Wheat Board should continue to function to take delivery of all wheat that may be marketed.**

Since Great Britain is the only major market now open to Canadian wheat, and since the purchase and distribution of British wheat requirements are in the hands of a British Government Department, sales of Canadian wheat should be made by *direct negotiation* between the Wheat Board and the British Purchasing Agency.

**(2) That the present method of levying a processing tax should be changed and a fixed price, established on a parity basis, for all wheat purchased for domestic consumption should be substituted.**

Your Board is of the opinion that, if this proposal is properly presented, the people of Canada can have no valid objection to paying a price for their bread requirements which will bear a proper relationship to the prices which they now pay for their other needs.

(3) In view of the loss of our continental markets, the Wheat Board should undertake a vigorous campaign to find markets for Canadian wheat in those corners of the world not yet involved in war.

In this connection, an effort should also be made to increase consumption in such markets as Eire, British West Indies, Newfoundland, etc.

(4) That a system of wheat delivery quotas should be continued as long as present surplus conditions are in existence.

It is recommended, however, that the basis of the delivery quotas should be changed from that of available elevator accommodation to one which will tend to fit potential supply to demand, i.e., the determining factor in establishing quotas should be the maximum amount of wheat that it is estimated can be marketed both for export and domestic consumption. The carryover at the end of the current year should be regarded as reserve stocks, to provide for unforeseen contingencies including the possibilities of crop failure during a critical period of the war.

The importance of an early announcement of policy is stressed so that farmers may be enabled to plan their production programme with some assurance as to the volume of grain which they may be able to market when the 1941 crop has been harvested.

Your Board wishes to emphasize that, due to restricted markets, delivery quotas and other restrictions combined with low price levels, drastic economic changes are inevitable. Western Canadian economy has been established on the proposition that a market will be available at fair prices for all of the wheat that can be produced. Ability to carry the existing burden of farm debt was predicated on expanding markets and increased production. The experience of recent years has shown the result of trying to discharge farm debt incurred during periods of expansion and high price levels with the proceeds of 70 cent wheat. Present conditions simply accentuate the need, evident in recent years, not only for an adequate system of debt adjustment but also for a complete remodelling of the entire western economy.

(5) That ways and means must be found to provide additional revenue for farmers in excess of that received from that part of the 1940 crop which they have been able to market up to date. Your Board believes that this should be done in either of two ways:

(a) by providing for advances against grain in store on the farm, to be collected when delivery quotas have been increased; or

(b) by way of an additional payment by the Wheat Board on grain delivered to the Board for the crop year 1939-40, and also by way of an increase in the present Wheat Board price for grain delivered during the current year.

These matters have been the subject of representations to Ottawa by your Board in conjunction with the Manitoba and Alberta Pool organizations and also in co-operation with a Western Committee convened by Premier John Bracken of Manitoba.

(6) That all existing tariffs, either direct or indirect, now imposed on British goods entering Canada should be removed.



While this may not appear to be directly connected with the marketing of grain, the fact remains that Great Britain is our only important customer for Canadian wheat today. In spite of her tremendous war effort, Great Britain is using every avenue to increase her export trade. At the present time British sterling is at a discount in terms of the Canadian dollar, which means that Great Britain is paying more for her wheat purchases than would be the case if the exchange were at par. An increased volume of British imports could be expected to bring sterling and the Canadian dollar more nearly to par of exchange.

While it is imperative that consideration be given to the development of a national programme for agriculture, your Board realizes that the future is by no means clear. Changing world conditions will call for changes in policy. It will be the duty of your Board to maintain the closest possible contact with national and international developments in readiness at all times to represent the co-operating wheat growers of this province, and to urge their views and needs before governments and all other authorities, to the end that the position of those engaged in the agricultural industry will be considered when national policies are being formulated.

All of which is respectfully submitted,

J. H. WESSON, *President*

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

L. WIDDUP, *Second Vice-President*

MARSH ADAMS

BROOKS CATTON

OLAF NYLUND

L. W. ELLIOTT

ED. COOKE

N. C. STEWART

T. G. BOBIER

A. E. HOKANSON

R. A. ROBINSON

J. P. JENKINS

J. N. SANDAGER

W. A. URTON

A. D. YOUNG

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

356 MAIN STREET  
WINNIPEG

20th September, 1940

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, 1940, and have reported in statutory form on the Balance Sheets of each of these Companies.

The "Overpayment 1929-1930 Pool" shown under "Deferred Charges" now includes the amount remaining of "Growers' Overpayments" shown under "Accounts Receivable Deferred" in previous years; it is now 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  
CONSOLIDATED BALANCE SHEET AT 31st JULY, 1940**

**STATEMENT No. 1**

**ASSETS**

**Cash and Securities**

Cash in Banks.....	\$ 250,392.67
Cash Funds—Payors.....	77,721.82
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	2,098,517.50

\$ 2,426,631.99

**Accounts Receivable—Current**

Sundry.....	574,830.44
<b>Stocks of Grain</b> (as certified by responsible officials).....	14,570,466.02
<b>Stocks in Trade</b> (as certified by responsible officials).....	5,994.26
<b>Prepaid Taxes, Insurance and Other Expenses</b> .....	118,319.27

Total Current Assets..... \$17,696,241.98

**Accounts Receivable Deferred**

Province of Saskatchewan—Sinking Fund	
Interest Account.....	\$ 645,883.57
Growers' Accounts.....	47,582.33
	<u>693,465.90</u>

**Investments and Memberships (at cost)**

Canadian Co-operative Wheat Producers Limited.....	\$50,000.00
Canadian Pool Agencies Limited.....	6,670.00
Pool Insurance Limited (Amount paid thereon—the amount of \$36-465.00 is uncalled).....	30,135.00
Consumers' Co-operative Refineries Limited.....	2,150.00

**LIABILITIES AND CAPITAL**

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

Cheques and Money Orders.....	\$ 399,224.43
Grain Drafts, Cash Tickets, etc.....	941,709.56
Outstanding Certificates.....	12,144.53
	<u>\$ 1,353,078.52</u>

**Accounts Payable Current**

Grain Loans.....	\$ 7,740,000.00
Province of Saskatchewan re 1929-1930 Pool Overpayment	
Principal.....	\$630,502.68
Accrued Interest.....	184,509.43

\$815,012.11

Less Prepayment of Principal... 69,300.00

	745,712.11
1939-1940 Voluntary Pools.....	223,713.29
Sundry.....	660,300.21

9,369,725.61

Total Current Liabilities..... \$10,722,804.13

**Deferred Liabilities**

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 9,237,034.36
Deferred Interest on 1928-1929 Deductions.....	281,110.83
Excess Charges Refund Season 1939-1940.....	500,000.00

10,018,145.19



Memberships—Grain Exchange Clearing Association and Lake Shippers' Clearance Association.....	38,900.00	
Rural Telephone Shares.....	1,367.00	
	<u>\$</u>	129,222.00
Less Reserve.....		<u>50,000.00</u>
		79,222.00

#### Fixed Assets (Less Reserve for Depreciation)

Country Elevators and Coal Sheds.....	\$ 8,153,710.80	
Terminal Elevators.....	4,936,097.24	
Land, Buildings and Machinery—Regina and Saskatoon.....	154,901.87	
Agents' Residences.....	338,318.11	
Work under Construction.....	153,894.36	
Sites—Terminal Elevators, etc.....	364,725.20	
Office Furniture and Fixtures.....	43,626.61	
Automobiles and Sundry Equipment.....	69,571.66	
	<u></u>	14,214,845.85

#### Deferred Charges

Overpayment 1929-1930 Pool—Company's Share less Reductions.....	\$ 9,328,989.66	
Operating Expenses 1930-1931 Pool.....	377,804.53	
Temporary Storage Bins.....	340,458.24	
Stocks of Repair Parts and Supplies.....	63,761.14	
	<u></u>	10,111,013.57
		<u>\$42,794,789.30</u>

Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	110,715.00
Reserve.....	2,829,430.51
Insurance Reserve.....	100,000.00
Undivided Profits.....	257,783.23
Contingent Liabilities	
In respect of buildings and work under Construction—Estimated.....	<u>\$240,000.00</u>

Approved on behalf of the Board.

J. H. WESSON, Director.

A. F. SPROULE, Director.

\$42,794,789.30

This is the Balance Sheet referred to in our Report of 20th September, 1940.

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—\$2,098,517.50:** This represents \$200,000.00 Dominion of Canada, 3% Perpetual Bonds, \$100,000.00 Dominion of Canada, First War Loan, 3¼% Bonds, 1948-1952, and \$2,045,000.00 Province of Saskatchewan, 4½% Debentures, 1951, at cost.

#### ACCOUNTS RECEIVABLE—CURRENT

**Sundry—\$574,830.44:** This item is composed principally of advances and freight on stored grain and handling charges on grain in store in country and terminal elevators, collectible when the grain is sold.

**Stocks of Grain—Less Stored Grain—\$14,570,466.02:** This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1940, less the liability for stored grain. Values have been based upon Winnipeg cash 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—\$5,994.26:** 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—\$118,319.27:** This amount represents prepayment of various current operating expenses.

#### ACCOUNTS RECEIVABLE—DEFERRED

**Province of Saskatchewan—Sinking Fund Interest—\$645,883.57:** 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—\$47,582.33:** Items comprising this amount are made up as follows:

Advances against Reserves.....	\$ 2,477.36
Seed Grain Advances against Reserves.....	37,470.47
Contract Notes 1928-1933 Pool.....	7,634.50
	<u>\$47,582.33</u>

**Investments and Memberships—\$79,222.00:** This amount represents investments 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. During the year a further payment of \$5,085.00 was made on the 666 shares of Pool Insurance Limited, which were subscribed for in 1939, and additional stock of Consumers' Co-operative Refineries Limited was acquired to the value of \$750.00, representing investment of a portion of the dividends received on supplies purchased from that association.

#### FIXED ASSETS:

**Country Elevators and Coal Sheds—\$8,153,710.80:** Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$14,923,355.26	\$6,773,712.41	\$8,149,642.85
Coal Sheds.....	6,523.26	2,455.31	4,067.95
	<u>\$14,929,878.52</u>	<u>\$6,776,167.72</u>	<u>\$8,153,710.80</u>



**Terminal Elevators—\$4,936,097.24:** The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,077,936.38	\$1,700,810.20	\$1,377,126.18
Terminal No. 5.....	1,203,232.78	657,960.92	545,271.86
Terminal No. 6.....	75,371.80	44,443.32	30,928.48
Terminal No. 7.....	3,945,945.27	1,772,129.23	2,173,816.04
Buffalo Terminal.....	1,795,205.48	986,250.80	808,954.68
	<u>\$10,097,691.71</u>	<u>\$5,161,594.47</u>	<u>\$4,936,097.24</u>

The above values are exclusive of Sites, which are shown under the heading of "Sites—Terminal Elevators, etc.", details of which appear on the following page. 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—\$154,901.87:** This includes the following items:

Regina	Plant Value	Depreciation	Net
Head Office Building.....	\$180,000.00	\$119,250.00	\$ 60,750.00
Site.....	25,397.75		25,397.75
Fixtures and Equipment....	11,809.97	10,572.70	1,237.27
<b>Saskatoon</b>			
Modern Press Building.....	25,566.49	11,049.22	14,517.27
Site.....	9,200.00		9,200.00
Machinery and Equipment	72,204.28	28,404.70	43,799.58
	<u>\$324,178.49</u>	<u>\$169,276.62</u>	<u>\$154,901.87</u>

**Agents' Residences—\$338,318.11:** Included in this asset are 359 Agents' Residences, valued at \$565,967.06, against which there is a Reserve for Depreciation amounting to \$227,648.95.

**Work Under Construction—\$153,894.36:** This represents sundry construction work in progress at various points at the year end. The balance of the approved programme of Capital Expenditures, amounting to \$240,000.00, is shown as a Contingent Liability.

**Sites—Terminal Elevators, etc.—\$364,725.20:** 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.....	1,006.25
Cottage Sites.....	33,936.71
	<u>\$364,725.20</u>

#### DEFERRED CHARGES:

**Overpayment 1929-1930 Pool—Company's Share—\$9,328,989.66:** The following is a summary of this account:

Balance at 31st July, 1939.....	\$ 85,907.24
<b>Growers' Overpayments 1929-1930 Pool assumed by Company:</b>	
Growers' Overpayments at 31st July, 1939.....	\$12,903,741.43
Sundry Adjustments during Season 1939-1940.....	7.33
	<u>\$12,903,734.10</u>
Saskatchewan Pool Elevators Limited, Excess Charges Refund for Seasons 1929-1930 to 1937-1938 inclusive, credited to Overpayment Accounts where applicable.....	2,559,217.44
	<u>10,344,516.66</u>
	<u>\$10,430,423.90</u>

#### Deductions

<b>Increase in Province of Saskatchewan 4½% Debenture, 1951 Sinking Fund Interest Account</b>	
Balance of Account at 31st July, 1940.....	\$ 645,883.57
Balance of Account at 31st July, 1939.....	576,091.41
	<u>\$ 69,792.16</u>
Surplus Income—Season 1939-1940.....	1,031,642.08
	<u>1,101,434.24</u>
	<u>\$ 9,328,989.66</u>

**Transfer of Growers' Overpayments—1929-1930 Pool to Company's share of overpayment** was made in accordance with the change from an individual to a Company loss plan, which was approved by the Delegates at the Annual Meeting in 1938.

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

**Temporary Storage Bins—\$340,458.24:** This represents the cost of erecting 462 Temporary Storage Bins on elevator sites at various points during 1939, less 25% thereof, which was written off as a charge to expenses during Season 1939-1940. Of 43 additional bins erected at the same time, 3 were destroyed by fire and 40 were torn down prior to the date of the Balance Sheet.

## LIABILITIES

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

**Outstanding Certificates—\$12,144.53:** This represents the amount due on Growers' Certificates covering deliveries to the various seasons' Wheat and Coarse Grains Pools, which have not been presented to Head Office for payment.

### ACCOUNTS PAYABLE—CURRENT

**Province of Saskatchewan—\$745,712.11:** This amount represents the balance of the principal payment due 15th September, 1940, together with interest, accrued to 31st July, 1940, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

**1939-1940 Voluntary Pools—\$223,713.29:** This amount represents moneys due Voluntary Pools Nos. 1 and 2 in respect of operations carried out by your Company on their behalf.

**Sundry—\$660,300.21:** This item consists principally of Customers' Margin Accounts, Loan Accounts and Accrued Expenses.

### DEFERRED LIABILITIES:

**Province of Saskatchewan re 1929-1930 Pool Overpayment—\$9,237,034.36:** This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1940, the balance of which is provided for above under the heading of "Accounts Payable—Current". The balance of the liability is payable in eleven amortized payments of principal and interest, commencing 15th September, 1941.

**Deferred Interest on 1928-1929 Deductions—\$281,110.83:** This amount of interest, payment of which has been deferred, is made up as follows:

Elevator Deductions—6% from 1st September, 1929, to 31st August, 1930.....	\$199,195.04
Commercial Reserve—5% from 1st September, 1929, to 31st August, 1930.....	81,915.79
	<u>\$281,110.83</u>

**Excess Charges Refund—Season 1939-1940—\$500,000.00:** This amount represents a portion of the earnings of season 1939-1940 set aside to be distributed to members as a Patronage Dividend of one half cent per bushel on deliveries for the season 1939-1940, the time, form and manner of such distribution to be in the discretion of the Board. Meanwhile this sum to be retained for the construction of additional storage space.

### CAPITAL, RESERVE, ETC.:

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

**Capital \$110,715.00:** This amount includes new capital subscribed during the year to the extent of \$3,223.00.

**Reserve Account—\$2,829,430.51:** Details of this account are shown below:

Balance at 1st August, 1939.....	\$1,836,394.94
Less Corporation Tax—Season 1938-1939	
Province of Saskatchewan.....	\$12,832.47
Province of Ontario.....	10,764.78
	<u>23,597.25</u>
	\$1,812,797.69
Canadian Pool Agencies Limited, Share of Earnings—Season 1938-1939.....	21,190.13
Pool Insurance Limited, Share of Earnings—1939.....	6,212.47
Transfer of Reserve for Sinking Fund re 1929-1930 Pool Overpayment.....	100,000.00
Transfer of portion of Earnings—Season 1939-1940 ..	889,230.22
	<u>\$2,829,430.51</u>



In view of the change made in the 1929-1930 Pool Overpayment, from an individual to a company loss plan, it was unnecessary to continue the Reserve for Sinking Fund which was provided from the earnings of Season 1932-1933. The amount carried in this account, viz., \$100,000.00, was transferred, therefore, to Reserve Account in order to adjust our Balance Sheet.

**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. Only one loss, amounting to \$365.70, was charged to this account during the year under review.

**Undivided Profits—\$257,783.23:** The following is a statement of this account:

Balance at 1st August, 1939.....	\$2,873,628.48
Excess Charges Refund, Seasons 1929-1930 to 1937-1938 inclusive.....	\$2,851,596.49
Less Individual Credits under \$1.00 not refunded.....	2,313.39
	<u>2,849,283.10</u>
	\$ 24,345.38
Transfer of portion of Earnings, Season 1939-1940.....	233,437.85
	<u>\$ 257,783.23</u>

Of the Excess Charges Refund shown above amounting to \$2,849,283.10, an amount of \$2,559,217.44 was credited to the overpayment accounts of individual growers where applicable and the balance of \$290,065.66 was in course of payment for the purchase of Elevator Deduction and Commercial Reserve certificates, from the estates of deceased members, at a price of fifty cents on the dollar. When the full amount of \$290,065.66 has been invested, certificates to the total face value of \$580,131.32 will be transferred in settlement of credits to members who received no overpayment in respect of the 1929-1930 Pool, or whose credits exceeded their overpayments. Such certificates, when transferred, will be held in trust by Saskatchewan Co-operative Wheat Producers Limited, for the respective members.

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, 1940

	Dr.	Cr.	Brought Forward.....	\$15,080,402.13	\$22,053,839.98
<b>Capital Receipts</b>					
Capital.....		\$ 110,715.00	<b>Approved Programme of Building and Work under Construction (Estimated Expenditures)</b>		
Commercial Reserve.....		6,567,851.17	Country Elevators, Agents' Residences and Cleaners.....	\$295,600.00	
Elevator Deductions.....		12,188,060.07	Sundry Capital Replacements.....	98,294.36	
Reserve Account.....		2,829,430.51			
Insurance Reserve.....		100,000.00			
Undivided Profits.....		257,783.23			
		<u>\$22 053,839.98</u>	<b>Less Paid on Account (Work under Construction).....</b>	<u>153,894.36</u>	
<b>Capital Expenditures</b>					240,000.00
Fixed and Sundry Assets			<b>Balance—Surplus Available as Working Capital for Season 1940-1941 (Subject to Dividends and Taxes).....</b>		6,733,437.85
Fixed Assets ( <i>Less</i> Reserve for Depreciation)..	\$14,214,845.85				
Investments and Memberships ( <i>Less</i> Reserve)	79,222.00				
<b>Deferred Accounts</b>					
Accounts Receivable—Deferred.....	\$ 693,465.90				
Deferred Charges.....	10,111,013.57				
		<u>\$10,804,479.47</u>			
<i>Less</i> Deferred Liabilities.....		10,018,145.19			
		<u>786,334.28</u>			
Carried Forward.....	\$15,080,402.13	\$22,053,839.98		<u>\$22,053,839.98</u>	<u>\$22,053,839.98</u>



**STATEMENT No. 2 (2)****CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1940**

Current Assets.....	\$17,696,241.98
Current Liabilities.....	10,722,804.13
<b>Current Position as per Balance Sheet.....</b>	<b>\$ 6,973,437.85</b>
<i>Less:</i>	
Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....	240,000.00
<b>Balance—Surplus available as Working Capital for Season 1940-1941.....</b>	<b>\$ 6,733,437.85</b>
(Subject to Dividends and Taxes)	

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED  
MODERN PRESS LIMITED**

**STATEMENT No. 3**

**SASKATCHEWAN POOL ELEVATORS LIMITED  
and  
SASKATCHEWAN POOL TERMINALS LIMITED**

**SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1940**

	Capital	Commercial Reserve	Elevator Deductions	Reserve Account	Insurance Reserve
<b>SOURCE OF CAPITAL FUNDS</b>					
Stock Subscriptions.....	\$ 110,715.00				
Deductions from Pool Payments.....		\$ 6,567,851.17	\$12,188,060.07		
From Surplus Earnings.....				\$ 2,829,430.51	\$ 100,000.00
Province of Saskatchewan—Loan.....					
<b>TOTAL CAPITAL RECEIPTS.....</b>	<b>\$ 110,715.00</b>	<b>\$ 6,567,851.17</b>	<b>\$12,188,060.07</b>	<b>\$ 2,829,430.51</b>	<b>\$ 100,000.00</b>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>					
Fixed Assets (Including Temporary Bins and Expenditures approved for completion of Programme of Building and Work under Construction).....	\$ 110,715.00	\$ 2,496,529.02	\$12,188,060.07		
Investments.....		79,222.00			
1929-1930 Pool Overpayment.....		737,838.87			
Operating Expenses 1930-1931 Pool.....		377,804.53			
Advances, etc., to Growers.....		47,582.33			
Stocks of Repair Parts and Supplies.....		63,761.14			
<b>TOTAL CAPITAL EXPENDITURES.....</b>	<b>\$ 110,715.00</b>	<b>\$ 3,802,737.89</b>	<b>\$12,188,060.07</b>	<b>\$</b>	<b>\$</b>
<b>BALANCE—SURPLUS CAPITAL.....</b>	<b>\$</b>	<b>\$ 2,765,113.28</b>	<b>\$</b>	<b>\$ 2,829,430.51</b>	<b>\$ 100,000.00</b>



## STATEMENT No. 3—Continued

	Undivided Profits	Deferred Interest 1928-1929 Deductions	Excess Charges Refund Season 1939-1940	Deferred Loans Outstanding	TOTAL
<b>SOURCE OF CAPITAL FUNDS</b>					
Stock Subscriptions.....					\$ 110,715.00
Deductions from Pool Payments .....					18,755,911.24
From Surplus Earnings.....	\$ 257,783.23	\$ 281,110.83	\$ 500,000.00		\$ 3,968,324.57
Province of Saskatchewan—Loan.....				\$ 9,237,034.36	9,237,034.36
<b>TOTAL CAPITAL RECEIPTS.....</b>	<b>\$ 257,783.23</b>	<b>\$ 281,110.83</b>	<b>\$ 500,000.00</b>	<b>\$ 9,237,034.36</b>	<b>\$32,071,985.17</b>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>					
Fixed Assets (Including Temporary Bins and Expenditures approved for completion of Programme of Building and Work under Construction).....					\$14,795,304.09
Investments.....					79,222.00
1929-1930 Pool Overpayment.....				\$ 9,237,034.36	9,974,873.23
Operating Expenses 1930-1931 Pool.....					377,804.53
Advances, etc., to Growers.....					47,582.33
Stocks of Repair Parts and Supplies.....					63,761.14
<b>TOTAL CAPITAL EXPENDITURES.....</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 9,237,034.36</b>	<b>\$25,338,547.32</b>
<b>BALANCE—SURPLUS CAPITAL.....</b>	<b>\$ 257,783.23</b>	<b>\$ 281,110.83</b>	<b>\$ 500,000.00</b>	<b>\$</b>	<b>\$ 6,733,437.85</b>
<b>TOTAL CURRENT ASSETS—(As per Consolidated Balance Sheet, Statement "1").....</b>					<b>\$17,696,241.98</b>
<b>TOTAL CURRENT LIABILITIES—(As per Consolidated Balance Sheet, Statement "1").....</b>					<b>10,722,804.13</b>
<b>BALANCE—Current Position.....</b>					<b>\$ 6,973,437.85</b>
<i>Less</i> Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....					240,000.00
<b>BALANCE—Surplus Capital (Subject to Dividends and Taxes).....</b>					<b>\$ 6,733,437.85</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, 1940**

**ASSETS**

Fixed Assets ( <i>Less</i> Reserve for Depreciation).....	\$14,214,845.85
Investments and Memberships ( <i>Less</i> Reserve).....	79,222.00
<b>Other Assets (Deferred Accounts Receivable, etc.)</b>	
Growers' Notes and Accounts Receivable.....	47,582.33
Province of Saskatchewan—Sinking Fund Interest Account.....	645,883.57
Temporary Storage Bins— <i>less</i> amount written off.....	340,458.24
Stocks of Repair Parts and Supplies .....	63,761.14
<b>Surplus Capital</b> (After providing for Expenditures to complete Programme of Building and Work under Construction) .....	6,733,437.85
Amount provided to complete Program of Building and Work under Construction.....	240,000.00
<b>Total Net Assets</b> .....	<u><u>\$22,365,190.98</u></u>

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

**Equity**

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 9,237,034.36	41.301%
---	-----------------	---------

**TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS.....**

**\$ 9,237,034.36    41.301%**

**BALANCE OF ASSETS OVER LIABILITIES**

Growers' Equity (Subject to payment of Dividends and Taxes).....	13,128,156.62	58.699%
	<u><u>\$22,365,190.98</u></u>	<u><u>100.000%</u></u>



## STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED  
AS AT 31st JULY, 1940

## TOTAL HANDLED (ALL GRAINS)

	Bushels 1924-1939	Bushels 1939-1940	Bushels 1924-1940
<b>SASKATCHEWAN POOL ELEVATORS LIMITED</b>			
Country Elevators.....	951,853,195	117,357,403	1,069,210,598
Platform.....	55,931,018	873,758	56,804,776
<b>Total.....</b>	<b>1,007,784,213</b>	<b>118,231,161</b>	<b>1,126,015,374</b>
Number of Elevators Operated.....	.....	1,070	.....
Average Handling per Elevator.....	.....	109,680	.....
<b>SASKATCHEWAN POOL TERMINALS LIMITED</b>			
Terminal No. 4.....	210,776,865	24,278,240	235,052,105
Terminal No. 5.....	71,883,383	3,738,432	75,621,815
Terminal No. 6.....	231,147,810	26,911,219	258,059,029
Terminal No. 7.....	203,927,158	30,616,577	234,543,735
Terminal No. 8.....	28,240,761	.....	28,240,761
<b>Total.....</b>	<b>745,975,977</b>	<b>85,541,468</b>	<b>831,517,445</b>
<b>BUFFALO TERMINAL ELEVATOR.....</b>	<b>131,930,775</b>	<b>.....</b>	<b>131,930,775</b>

## SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT No. 6

STATEMENT OF EARNINGS  
1st August, 1925, to 31st July, 1940

	Total 1925-1939	Sundry Adjustments	Season 1939-1940	Total 1925-1940
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....	\$17,072,448.55	\$ 3,805.35	*\$ 3,225,794.37	*\$20,302,048.27
<b>DISTRIBUTION OF EARNINGS</b>				
Excess Charges Refund:				
Paid to Growers.....	\$ 4,256,040.82			\$ 4,256,040.82
Credited to Growers' Overpayment Accounts.....		\$ 2,559,217.44		2,559,217.44
Reserve Certificates to be purchased in settlement of credits.....		290,065.68		290,065.66
Allocated for distribution on deliveries for season 1939-1940.....			\$ 500,000.00	500,000.00
<b>Total Excess Charges Refund.....</b>	<b>\$ 4,256,040.82</b>	<b>\$ 2,849,283.10</b>	<b>\$ 500,000.00</b>	<b>\$ 7,605,323.92</b>
Farm Storage.....	306,456.74			306,456.74
Share of Pool Expenses.....	852,237.59		60,896.83	913,134.42
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	1,044,913.72
Interest Paid on 1929-1930 Pool Overpayment.....	4,832,571.25		497,160.68	5,329,731.93
Transferred to Reserve Account.....	1,836,394.94	103,805.35	889,230.22	2,829,430.51
Transferred to Reserve for Sinking Fund re 1929-1930 Pool Overpayment.....	100,000.00	(100,000.00)		
Transferred to Insurance Reserve.....	99,844.93		155.07	100,000.00
Transferred to Undivided Profits.....	2,873,628.48	(2,849,283.10)	233,437.85	257,783.23
	<b>\$17,072,448.55</b>	<b>\$ 3,805.35</b>	<b>\$ 3,225,794.37</b>	<b>\$20,302,048.27</b>
Net Earnings (as above).....				\$20,302,048.27
Depreciation Reserve as at 31st July, 1940.....				12,307,822.83
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, 1940.....</b>				<b>\$34,760,202.39</b>
<b>CAPITAL—AS AT 31st JULY, 1940.....</b>				<b>\$12,195,200.00</b>

NOTE: The items shown in the second column represent a redistribution of previous seasons' Earnings in accordance with the revised plan of repayment of Growers' Liabilities in respect of the 1929-1930 Pool Overpayment, along with adjustments applicable to last season's Earnings, which were not determined in time to be included in the figures previously submitted.

\* Net Earnings for Season 1939-1940 are subject to adjustment for Income Tax.

Bracketed items represent deductions.



STATEMENT No. 7

## LIBRARY RECORD FOR 1939-1940

	Books Mailed	Books Returned	Requests		Postage
			Books	Catalogues	
<b>1939</b>					
August.....	561	539	56	41	\$ 33.00
September.....	466	509	34	17	24.87
October.....	615	599	58	63	35.19
November.....	876	775	162	166	46.71
December.....	886	774	163	146	48.53
<b>1940</b>					
January.....	1,526	1,372	314	175	82.16
February.....	1,442	1,377	158	97	78.60
March.....	1,271	1,321	81	51	70.19
April.....	1,113	1,157	62	31	58.23
May.....	760	840	21	13	42.41
June.....	598	678	9	16	33.73
July.....	689	724	16	10	36.08
<b>Totals.....</b>	<u>10,803</u>	<u>10,665</u>	<u>1,134</u>	<u>826</u>	<u>\$589.70</u>

## Number of Borrowers as at July 31, 1940

Contract Signers.....	1,798
Agents.....	215
	<u>2,013</u>

# WHEAT POOL COMMITTEES

## STATEMENT No. 8

### TOTAL NUMBER OF COMMITTEES 1939-1940

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.....	8	4	5	8	5	6	9	8	14	5	72
District 3.....	3	4	3	4	8	6	3	5	4	6	46
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	6	66
District 8.....	10	9	11	7	8	10	6	9	6	4	80
District 9.....	5	7	5	8	4	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	6	7	12	7	12	9	90
District 12.....	9	8	9	7	6	6	7	8	12	8	80
District 13.....	12	11	3	11	7	12	5	7	9	10	87
District 14.....	6	7	6	7	8	14	12	7	9	10	86
District 15.....	9	8	5	8	7	6	7	5	8	11	74
District 16.....	6	8	9	7	4	11	7	10	12	6	80

Total 1179

## STATEMENT No. 9

### COMMITTEES REORGANIZED 1939-1940

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.....	5	3	5	8	4	4	8	7	14	5	63
District 3.....	3	3	3	4	7	5	2	4	3	6	40
District 4.....	2	5	9	4	5	1	4	6	3	3	42
District 5.....	9	6	5	7	8	4	6	10	8	5	68
District 6.....	9	10	7	8	9	12	11	7	7	7	87
District 7.....	8	5	5	5	7	7	6	5	11	6	65
District 8.....	10	8	11	7	8	8	6	8	6	4	76
District 9.....	5	7	5	7	4	9	6	6	6	7	62
District 10.....	6	5	4	8	12	8	2	5	3	7	60
District 11.....	7	4	11	4	4	7	9	6	12	5	69
District 12.....	9	8	9	7	6	6	7	8	12	8	80
District 13.....	8	11	3	10	7	10	4	6	6	7	72
District 14.....	6	7	6	6	8	13	12	7	8	9	82
District 15.....	7	8	5	8	7	4	7	4	7	11	68
District 16.....	6	7	9	7	4	11	*6	8	11	6	75

Total 1080



# *A Matter of Record*

Within the pages of this annual report are the decisions of the Saskatchewan "Farmers' Parliament."

The Pool has been faithful to the co-operative principle which demands democratic control, and the annual meeting sees a thorough review of the year's activities.

This booklet shows the record; it demonstrates that co-operating farmers have kept faith with those who dreamed of establishing a farmers' co-operative and whose faith brought the Pool into being.

This is a story of progress and achievement.



Saskatchewan  
Co-operative Wheat  
Producers  
Limited

*Head Office:* REGINA

**CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st JULY, 1940**

**STATEMENT No. 10**

**ASSETS**

<b>Agency Assets</b> .....		<b>\$ 15,123.65</b>
Cash in Agency Bank Accounts.....	\$ 885.38	
Accounts Receivable—Insurance.....	14,238.27	
	<u>\$ 15,123.65</u>	
<b>Shareholders' Assets</b> .....		<b>121,518.19</b>
Cash.....	\$ 22,707.90	
In General Bank Accounts.....	\$22,624.85	
On Hand.....	83.05	
	<u>\$22,707.90</u>	
<b>Accounts Receivable</b> .....	<b>\$ 17,911.94</b>	
Commissions—per contra.....	\$ 5,745.37	
Interprovincial Pool Account.....	2,499.96	
Loan Accounts—secured.....	7,687.73	
Miscellaneous.....	1,978.88	
	<u>\$17,911.94</u>	
<b>Investments—at cost</b> .....	<b>\$ 80,198.35</b>	
80,000 Dominion of Canada Bonds 3½% maturing June, 1966 (quoted value 31st July, 1940, \$78,600.00)		

**LIABILITIES**

<b>Agency Liabilities</b> .....		<b>\$ 15,123.65</b>
Accounts Payable—Insurance.....	\$ 9,378.28	
Commissions Payable—per contra.....	5,745.37	
	<u>\$ 15,123.65</u>	
<b>Shareholders' Liabilities and Reserve</b> .....		<b>\$ 21,552.88</b>
<b>Accounts Payable</b>		
Miscellaneous Accounts.....	\$ 1,552.88	
<b>Reserve</b>		
General reserve against unearned income and investments.....	20,000.00	
	<u>\$ 21,552.88</u>	
<b>Equity of the Shareholders</b> .....		<b>\$ 99,965.31</b>
Capital Stock—Authorized, \$20,000.00		
Issued and fully paid (2,000 shares of \$10.00 each).....	\$ 20,000.00	
<b>Earned Surplus</b> .....	79,965.31	
Balance as at 31st August, 1939.....	\$73,775.13	
Less Patronage Dividend		
1937-38—paid.....	\$34,647.56	
Stock dividend 6%		
1938-39—paid.....	1,200.00	
	<u>35,847.56</u>	



Membership Deposits—Insurance Agents' Association.....	200.00
Furniture and Fixtures.....	500.00
Cost.....	\$ 6,130.43
Less Depreciation Reserve.....	5,630.43
	<u>\$ 500.00</u>
	<u>\$121,518.19</u>

1938-39 Patronage Dividend—payable 10th October, 1940.....	37,927.57
Manitoba Pool Elevators Limited.....	\$ 5,685.35
Sask. Co-operative Wheat Producers Limited.....	21,190.13
Alberta Wheat Pool.....	11,052.09
	<u>\$37,927.57</u>
Operating surplus for eleven months ended 31st July, 1940.....	\$47,037.74
Less Transferred to Reserve for unearned income investments.....	5,000.00
	<u>42,037.74</u>

Signed on behalf of the Board.

P. F. BREDT, Director.  
J. H. WESSON, Director.

\$79,965.31

\$ 99,965.31

\$136,641.84

\$136,641.84

#### AUDITORS' REPORT

We have audited the accounts of Canadian Pool Agencies Limited for eleven months ended 31st July, 1940, 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.

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 31st July, 1940, according to the information and explanations accorded us and as shown by the books of the Company.

Winnipeg, Manitoba, 10th September, 1940.

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

## STATEMENT No. 11

## CANADIAN POOL AGENCIES LIMITED

STATEMENT OF INCOME AND EXPENSES  
FOR THE ELEVEN MONTHS ENDED 31st JULY, 1940

## Income:

Commissions Earned.....		\$55,006.16
Fire.....	\$32,591.84	
Bonds.....	10,917.22	
Accident and Sickness.....	120.56	
Liability.....	634.77	
Auto.....	1,242.33	
Robbery and Burglary.....	114.24	
Forgery.....	(21.00)	
Floater.....	42.43	
Sprinkler.....	(19.20)	
Steam Boiler.....	17.17	
Riot and Civil Commotion.....	62.32	
Slippage and Collapse.....	220.00	
Lake Marine.....	6,612.82	
Contingent.....	2,610.42	
	\$55,145.92	
Less Brokerage paid.....	139.76	
	<u>\$55,006.16</u>	

## Other Income:

Interest Earned.....	\$ 473.37	
Interest on Investments.....	2,383.35	
Miscellaneous.....	174.42	
Exchange.....	83.86	
	<u>\$58,121.16</u>	

## Expenses:

Salaries.....	\$11,925.00
Administrative.....	774.68
Rent and Light.....	1,155.60
Miscellaneous Office Expenses.....	374.23
Insurance.....	40.08
Depreciation on Furniture and Equipment.....	365.15
Telephone and Telegraph.....	283.79
Audit.....	300.00
Printing and Stationery.....	198.98
Postage and Excise.....	176.86
Taxes and Licenses.....	260.60
Travelling.....	103.45
	<u>\$15,958.42</u>

## Less Allowances:

Pool Insurance Limited.....	\$4,600.00	
Interprovincial Pool.....	275.00	
	<u>4,875.00</u>	
		<u>11,083.42</u>

Balance, Operating Surplus for the eleven  
month period transferred to Surplus Ac-  
count.....

\$47,037.74

Bracketed items represent debits.



**POOL INSURANCE LIMITED**  
**BALANCE SHEET AS AT AUGUST 31, 1940**

**ASSETS**

<b>Cash on Hand and in Bank</b> .....		\$101,121.10
Bank of Montreal—General Account.....	\$ 7,729.38	
Savings Account.....	92,591.72	
Advances to Inspection Staff.....	800.00	
	<u>\$101,121.10</u>	
<b>Accounts Receivable</b> .....		\$128,525.71
Canadian Pool Agencies Limited.....	\$124,727.19	
Re-insurance Claims.....	3,443.52	
Dominion Government Bond Interest (June-August) ..	375.00	
	<u>\$128,545.71</u>	
<b>Investments</b> .....		\$ 47,250.00
Dominion of Canada 3% Bonds due 1955 valued at \$94.50.....	\$ 47,250.00	
<b>Automobiles (Four in all)</b> .....		\$ 3,534.65
Cost.....	4,159.65	
Less Reserve for Depreciation.....	625.00	
	<u>\$ 3,534.65</u>	
<b>Deferred Charges</b> .....		\$ 12,095.10
Commission paid Pool Agencies on Business not yet taken into revenue.....	\$ 12,095.10	
	<u><u>\$292,546.56</u></u>	

**LIABILITIES**

<b>Accounts Payable</b> .....		\$ 90,118.14
C. T. Bowring & Co.....	\$ 31,004.45	
Re-insurance Companies.....	51,766.84	
Fire Losses Payable, estimate (our proportion).....	3,000.00	
Sundry.....	4,346.85	
	<u>\$ 90,118.14</u>	
<b>Reserves for Unearned Income</b> .....		\$ 54,100.17
Unearned Premiums.....	\$ 16,922.68	
Unearned Re-insurance Commission.....	37,177.49	
	<u>\$ 54,100.17</u>	
<b>Reserve for Contingencies</b> .....		\$ 5,000.00
Manitoba Pool Elevators Limited.....	\$ 581.12	
Saskatchewan Co-operative Wheat Producers Limited	3,202.44	
Alberta Wheat Pool.....	1,216.44	
	<u>\$ 5,000.00</u>	
<b>Capital Stock</b> .....		\$ 90,495.00
Authorized—5,000 Shares at \$100.00.....	\$500,000.00	
Subscribed—2,000 Shares at \$100.00.....	200,000.00	
	<u>\$ 90,495.00</u>	
<b>Paid up thereon</b> .....		\$ 52,833.25
<b>Surplus for period 1st January, 1940, to 31st August, 1940....</b>		<u><u>\$292,546.56</u></u>

**POOL INSURANCE LIMITED**

<b>INCOME.</b>		<b>\$ 92,548.79</b>
Premiums on business written.....		\$253,183.33
Less Re-insurance (licensed).....	\$151,847.63	
(unlicensed).....	75,923.79	
		227,771.42
Net Premiums Retained.....		\$ 25,411.91
Less Unearned portion to Reserve Account.....		733.69
		\$ 24,678.22
Fire Claims and Adjustment Expenses Paid—Less Salvage.....	\$ 76,028.08	
Less Re-insurance Recoveries.....	68,012.16	
		\$ 8,015.92
Estimated Claims Unpaid.....	\$ 30,000.00	
Less Estimated Re-insurance Recovery.....	27,000.00	
		3,000.00
Total this Company's proportion Claims Paid and Unpaid.....		\$ 11,015.92
Underwriting Income.....		\$ 13,662.30
Commission Earned on Re-insurance.....		\$ 69,262.82
Commission Earned on Re-insurance Profits.....		8,248.44
Inspection Fees Received—B.C. Elevators.....		45.78
Interest Earned.....		1,329.45
		<b>\$ 92,548.79</b>



## STATEMENT No. 13—Continued

## EXPENSES.....

\$ 39,715.54

Management Fee paid Canadian Pool Agencies.....	\$ 2,400.00
Proportion Directors' Fees and Expenses.....	1,054.13
Proportion Secretary's Salary.....	200.00
Legal and Audit Fees.....	418.90
Rent and Light.....	260.18
Travelling Expense.....	89.40
Printing and Stationery.....	34.41
Miscellaneous Office Expense.....	44.36
Exchange.....	12.05
Excess Loss Policy Premiums.....	835.56
Commission Paid Canadian Pool Agencies.....	23,081.94
Inspection Service Expenses.....	10,464.64
Taxes, Licenses and Fees.....	\$3,451.48
Less allowed by Lloyds.....	2,634.51
	<u>816.97</u>
	<u>\$ 39,715.54</u>

Net Surplus for Period..... \$ 52,833.25

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**1939-1940 VOLUNTARY POOL No. 1**  
**OPERATING ACCOUNT**

**STATEMENT No. 14**

<b>To Cost of Sales</b>		<b>By Sales Price Realized.....</b>	<b>\$1,727,064.80</b>
Brokerage.....	\$ 9,032.50		
Carrying Charges.....	2,529.19		
Terminal Storage.....	27.60		
	<hr/>		
	\$ 11,589.29		
<b>To Operating Expenses</b>			
Administrative and Office Expenses.....	3,852.50		
Exchange and Excise.....	803.84		
Postage.....	75.00		
Printing.....	379.35		
	<hr/>		
	\$ 16,699.98		
<b>Less Interest Received.....</b>	<b>12,972.66</b>		
	<hr/>		
		<b>\$ 3,727.32</b>	
<b>To Paid to Growers</b>			
Initial Payment.....	\$1,287,069.66		
Interim Payment.....	317,750.39		
	<hr/>		
		<b>1,604,820.05</b>	
<b>Available to Growers for Final Payment.....</b>	<b>118,517.43</b>		
	<hr/>		
		<b>\$1,727,064.80</b>	
			<hr/>
			<b>\$1,727,064.80</b>

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

**AUDITORS' REPORT**

We report that, in our opinion, the above statement is properly drawn up so as to exhibit a true and correct view of the operations of the 1939-1940 Voluntary Pool No. 1, according to the best of our information and the explanations given to us, and as shown by the books. We report further that (a) the amount due to Growers has been calculated in accordance with The Wheat Co-operative Marketing Act, 1939, and the Marketing Agreement executed thereunder, and (b) all the transactions that have come to our notice have been in conformity with the Act and the Agreement.

Winnipeg, 27th August, 1940.

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



**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**1939-1940 VOLUNTARY POOL No. 1**

**STATEMENT OF RECEIPTS AND DELIVERIES AND RETURNS TO GROWERS**

GRADE	Receipts and Deliveries Bushels	Gross Sales Price	Sales and Operating Expenses	Net Sales Price	Initial and Interim Payments	Final Payment
1 Hard.....	425,488.35	75.242	.162	75.080	70	5.08
1 Northern.....	1,711,069.30	75.232	.162	75.070	70	5.07
2 Northern.....	115,459.25	73.012	.162	72.850	67	5.85
3 Northern.....	9,900.50	70.782	.162	70.620	62.5	8.12
4 Northern.....	3,082.20	68.562	.162	68.400	57	11.40
Number 6.....	44.00	58.232	.162	58.070	44.5	13.57
Feed.....	191.00	57.232	.162	57.070	40	17.07
Tough 1 Northern.....	5,942.30	73.732	.162	73.570	67	6.57
Tough 2 Northern.....	2,637.30	71.822	.162	71.660	64	7.66
Smutty 1 Northern.....	1,589.30	70.492	.162	70.330	65	5.33
Rejected 2 Northern Mixed Heated.....	1,141.00	65.112	.162	64.950	56	8.95
1 C.W. Garnet.....	2,024.50	66.982	.162	66.820	58	8.82
1 C.W. Amber Durum.....	9,687.50	65.802	.162	65.640	62	3.64
2 C.W. Amber Durum.....	12,771.50	64.022	.162	63.860	59	4.86
3 C.W. Amber Durum.....	2,347.00	63.682	.162	63.520	56	7.52
Rejected 2 C.W. Amber Durum.....	898.40	61.732	.162	61.570	51	10.57
	<u>2,304,276.20</u>					

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**1939-1940 VOLUNTARY POOL No. 2**

**OPERATING ACCOUNT**

<b>To Cost of Sales</b>		<b>By Sales Price Realized.....</b>	<b>\$475,820.20</b>
Brokerage.....	\$1,700.00		
Carrying Charges.....	266.03		
Terminal Storage.....	16.43		
	<u>\$1,982.46</u>		
<b>To Operating Expenses</b>			
Administrative and Office Expenses.....	345.00		
Exchange and Excise.....	425.00		
Postage.....	20.48		
Printing.....	15.42		
	<u>\$2,788.36</u>		
<b>Less Interest Received.....</b>	<b>1,075.72</b>		
		<b>\$ 1,712.64</b>	
<b>To Paid to Growers</b>			
Initial Payment.....	378,832.56		
Available to Growers for Final Payment.....	95,275.00		
		<u>\$475,820.20</u>	
			<u><u>\$475,820.20</u></u>

**AUDITORS' REPORT**

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

We report that, in our opinion, the above statement is properly drawn up so as to exhibit a true and correct view of the operations of the 1939-1940 Voluntary Pool No. 2, according to the best of our information and the explanations given to us, and as shown by the books. We report further that (a) the amount due to Growers has been calculated in accordance with The Wheat Co-operative Marketing Act, 1939, and the Marketing Agreement executed thereunder, and (b) all the transactions that have come to our notice have been in conformity with the Act and the Agreement.

Winnipeg, 15th October, 1940.

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



**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**1939-1940 VOLUNTARY POOL No. 2**

**STATEMENT OF RECEIPTS AND DELIVERIES AND RETURNS TO GROWERS**

GRADE	Receipts and Deliveries Bushels	Gross Sales Price	Sales and Operating Expenses	Net Sales Price	Initial Payment	Final Payment
1 Hard.....	22,484.40	70.287	.252	70.035	56.000	14.035
1 Northern.....	620,094.30	70.252	.252	70.000	56.000	14.000
2 Northern.....	20,871.10	67.252	.252	67.000	53.000	14.000
3 Northern.....	4,537.40	62.252	.252	62.000	48.500	13.500
Tough 1 Northern.....	4,003.20	68.252	.252	68.000	53.000	15.000
Tough 2 Northern.....	1,439.30	65.252	.252	65.000	50.000	15.000
Smutty 1 Northern.....	900.50	65.252	.252	65.000	51.000	14.000
Smutty 2 Northern.....	230.40	62.252	.252	62.000	48.000	14.000
1 Garnet.....	772.00	62.252	.252	62.000	44.000	18.000
2 Amber Durum.....	2,681.00	60.252	.252	60.000	45.000	15.000
3 Amber Durum.....	518.00	59.252	.252	59.000	42.000	17.000
3 Alberta Red Winter.....	1,196.30	60.252	.252	60.000	46.000	14.000
	<u>679,729.50</u>					

# *Canadian Co-operative Wheat Producers Limited*

## DIRECTORS' REPORT 1939-1940

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

Gentlemen:

It is the tragedy of Western Canada, in this year of grace 1940, to have its granaries full and its storehouses bulging with foodstuffs, and yet perforce to suffer with millions upon millions of people in other parts of western civilization who must undergo the miseries of semi-starvation because of famine conditions created by the fiat of one ambitious man. Western Canada cannot distribute its bountiful supplies of food to those in the war area who need food; those who need it cannot purchase: that is the tragedy of human co-operation frustrated by human conflict.

### **The Canadian Crop**

Estimates of the Canadian wheat crop started at about 450 million bushels and finally reached a high of 561 million (last year 489 million) from the Dominion Bureau of Statistics. Of this the production of the prairie provinces is given as 534 million (last year 463 million) made up as follows (last year in brackets):

Manitoba, 71,000,000 bushels (63,000,000); Saskatchewan, 260,000,000 bushels (250,000,000); Alberta, 203,000,000 bushels (150,000,000). The estimate of the Wheat Pools gives Manitoba 60 million bushels; Saskatchewan, 254 million bushels; Alberta, 195 million bushels, a total for the three provinces of 509 million bushels. The estimate of the Dominion Bureau of Statistics makes the 1940-41 crop the second largest in the history of the Dominion, the largest being that of 1928 when the prairie production was 544,598,000 bushels out of a total wheat crop of 566,726,000 bushels.

Oat production is estimated by the Bureau of Statistics at 405,095,000 bushels, an increase of 20,688,000 bushels over last year's production; barley 110,538,000 bushels, an increase of 7,391,000 bushels. The rye crop fell by 714,000 bushels while flaxseed showed an increase of 1,321,000 bushels.

### **Canadian Carryover**

The carryover of wheat in Canada (including stocks in the United States) is estimated by the Bureau of Statistics at 301.7 million bushels. Taking the Bureau's estimate of a 561 million bushel crop and allowing 121 million for domestic consumption gives 440 millions to be added to the carryover to give an available export volume of 740 million bushels for the season August, 1940—July, 1941.

During the 1939-40 crop season Canadian exports of wheat and flour were approximately 208 million bushels, about 35 per cent. of the total exports of the major exporting countries. Included in these exports are about 30 million bushels exported to countries now completely



shut off by war conditions. Assuming that we can export 180 million bushels in the current season, the end of the season will see us with 560 million bushels of a carryover, a substantial amount of which will be carried on the farms. Seen in prospect that, approximately, will be the situation in July, 1941, with a new crop coming in, and it constitutes a problem which demands study and preparation right now.

### **World Conditions**

Although Canada declared war on September 10, 1939, the major effects of the action on the wheat trade were not felt until after the subjugation of the continental democracies of western Europe. The loss to Canada of markets in Norway, Sweden, Denmark, Holland, Belgium, France, Germany, Italy, Finland, Greece—on the 1939 export basis—amounts to approximately 40 million bushels, but three-quarters of that were exported to these countries before the invasion of the Netherlands on May 10, 1940. Now, of course, the trade has ceased altogether.

Information on world supplies of wheat is not as full as usual owing to war conditions in Europe, but the available information, as published by the United States Department of Agriculture, indicates a world crop (excluding Russia and China) of 3,920 million bushels, which is 350 million bushels less than the 1939-40 crop. The world carryover, however, is estimated at 1,390 million bushels which is 215 million above the previous carryover. Thus, with a decrease in production amounting to 350 million bushels, the carryover is increased by 215 million. It should be stated that, in the main, this 215 million is the result of revised estimates of stocks and crops in Canada, Australia and the United States.

It is estimated that the wheat crop of the Balkan countries is only 75 per cent. of the 1939 crop. According to press reports from Europe in all of the countries now under the control of Germany the food supplies have been "nationalized", the plan being, it is said, to spread over the area what food supplies are available including such supplies as may be imported in any part of the area. The decrease in production, plus the British blockade, may create throughout the area an acute shortage of food, which, for Canada, may be described as a potential demand waiting to break through to an actual supply.

### **Prospects for 1941**

The world wheat prospects for 1940-41 do not indicate a crop larger than that of 1939-40. Conditions in Australia are bad, and the latest crop guess is 110 million bushels as against 210 million last year. Conditions are also poor in Argentina, but somewhat better than in 1939, the guess for that country being 200 million bushels against 120 million for 1939-40. Argentina is not exporting; Australia will probably have a carryover at November 30, 1940, of 66 million bushels, of which about 50 million bushels will be unsold. No wheat exporting country, in fact, is facing such difficulties as are faced by Canada.

### **Marketing 1939-40 Crop**

As indicated in our report last year the Central executive of your Board, on September 2, 1939, in a telegram to Hon. W. D. Euler, Minister of Trade and Commerce, urged that all wheat be handled by the Wheat Board, that an advisory committee to the Board be appointed and that the futures market be closed.

On September 25, 1939, at a meeting of the Boards of the three Pools in Regina, the following resolution was

passed and sent to the Prime Minister and the members of the Cabinet Wheat Committee:

"That this conference of the three Wheat Pools of the prairie provinces recommend to the Dominion Government that in any measure or action of the Government affecting the marketing of agricultural products which may be necessary in the present situation of the country the principle be adopted of establishing and maintaining parity as between the prices for agricultural products and all other commodities."

Following this meeting the Central Board arranged for an interview between federal ministers and the executive of the Board. The meeting was held on October 12, 1939, at Ottawa, and the Pools presented a memorandum pressing the following matters:

That the 70-cent Wheat Board initial payment was too low and should be increased;

That the Dominion Government should assume the full responsibility of ownership of the 1939-40 crop;

That the Wheat Board should control the entire marketable supply of wheat, and that the futures market should be closed;

That the Government should arrange for the sale of wheat to Great Britain by negotiation and at price levels which bore a fair relation to the cost of other commodities.

### Government Policy

Early in July, 1940, representatives of the Wheat Pools again met the committee of the Cabinet at Ottawa and recommended that the Wheat Board should take delivery of all wheat; that provision be made for the making of advances on farm stored wheat and that such advances be, on the farm, approximately 55 per cent. to 60 per cent. of the Wheat Board initial payment; that a quota system of deliveries be put into effect; that a domestic price be set for wheat consumed in Canada.

The wheat policy of the Dominion Government was announced in the House of Commons on July 24, 1940, by Hon. J. A. MacKinnon in connection with amendments to the Canadian Wheat Board Act. The policy included continuation of the Wheat Board initial payment of 70 cents a bushel for No. 1 Northern, basis Fort William or Vancouver; the Grain Exchange to remain open with continuation of pegged prices approximately as set May 20; removal of the 5,000 bushel limitation on deliveries to the Wheat Board; the establishment of quotas for delivery of grain from the farm to elevators or mills; the imposition of a processing levy of fifteen cents a bushel on all wheat processed for domestic consumption; a storage allowance for farm stored grain; the appointment of an advisory committee to the Wheat Board; provision for interim payments on participation certificates issued by the Board.

Two days later the Board of Grain Commissioners announced a reduction in maximum storage rates in country elevators and terminals at the head of the lakes from one-thirtieth to one-forty-fifth of a cent per bushel per day and to one-sixtieth of a cent in Pacific coast terminals.

The first quota of deliveries was set on August 7, 1940, at five bushels each of wheat, oats and barley per seeded acre. The quotas were not interchangeable. Subsequently, these quotas were amended and increases made at points where space was available. The quota on barley was removed altogether on September 4, and the quota on oats was removed on September 10. On September 14, the general wheat quota was raised from five to eight bushels, but continuous revisions have given some places larger quotas. On September 16, Hon. J. A. MacKinnon announced in a press interview that "assurance has been



given by his advisers that another general wheat delivery quota can be fixed for the first week in December."

It is estimated that the additional storage space built for the 1939-40 crop, and that built and in the process of building for the 1940-41 crop, together give a total somewhere in the neighborhood of the equivalent of 60 million bushels.

### **Advisory Committee**

Appointment of the Advisory Committee to the Wheat Board was announced August 13, 1940, as follows:

Fred H. Clendenning, Vancouver, representing Pacific coast shipping interests; Lew Hutchinson, Duhamel, Alberta, and Paul Farnalls, Halkirk, Alberta, representing Alberta producers; J. H. Wesson, Regina, Saskatchewan, and J. A. McCowan, Summerberry, Saskatchewan, representing Saskatchewan producers; D. G. MacKenzie, Winnipeg, Manitoba, representing Manitoba producers; Fred Pettypiece, Auld, Ontario, representing Ontario producers; Rosario Messier, Contrecoeur, Quebec, representing Quebec consumers; A. C. Reid, Winnipeg, Manitoba, representing line elevator companies; D. A. Campbell, Toronto, Ontario, representing millers; R. C. Reece, Winnipeg, Manitoba, representing exporters. The Committee held its first meeting in Winnipeg, August 26-27.

### **Pegged Futures**

On May 20, 1940, following a decline of over 29 cents on the Winnipeg Grain Exchange as a result of the German invasion of the Netherlands and France, the government pegged futures prices at the following minimum levels: May, 70 3/8; July, 71 3/8; October, 73 5/8, these being the equivalent of the close on May 17, 1940.

Effective September 18, the Council of the Grain Exchange announced pegged futures prices as follows: October, 70; December, 71 5/8; May, 75 7/8.

### **Argentina Stops Exports**

In the closing days of July, 1940, the government of Argentina prohibited the export of wheat except in the cases of contracts entered into prior to the date of the decree (July 29) and shipments to neighboring countries. These commitments, which are estimated at around 12,000,000 bushels, plus domestic requirements, are expected to absorb the quantity of wheat on hand, which, at the end of July, was estimated at 23,000,000 bushels. In the middle of August, because of this condition, the government abolished the minimum prices for grain set at the end of May.

### **Bracken Conference**

On August 15-16, 1940, Hon. John Bracken, Premier of Manitoba, called a general conference in Winnipeg to discuss primarily the question of making advances on farm stored grain. The Wheat Pools were represented at this conference, which, after a very full survey of the problem, decided to make recommendations to the Dominion Government for advances to be made by means of some plan involving co-operation between the relevant interests. A committee of the Conference prepared a memorandum which was placed before Hon. T. A. Crerar and Hon. J. G. Gardiner, in Winnipeg, on August 19. The ministers repeated what had before been publicly announced, that the government was giving full consideration to this question.

On September 16, in a press interview, Hon. J. A. MacKinnon stated: "The Wheat Committee of the Dominion Government is proceeding with consideration of plans to provide advances against farm stored grain where such are needed and where such loans or advances can be made with reasonable security."

### Legislation

*The Canadian Wheat Board Act* was amended in the following respects: Ontario brought within the Act; provision for the appointment of an advisory committee to the Board composed of eleven persons, six to be representative of the producers; the Board to purchase from producers only; continuation of the 70-cent Board initial payment; provision for an interim payment on deliveries to the Board; allowance on farm storage equal to the rate established for country elevators; the imposition of a levy of fifteen cents a bushel on all wheat processed for home consumption.

*The Prairie Farm Assistance Act* was amended as follows: emergency assistance available only when application is made for it by the provincial government or in certain cases by rural municipality; crop failure assistance when application is made by the provincial government where the yield is five bushels or less in each of not less than 171 townships in Saskatchewan, 90 townships in Alberta, 54 townships in Manitoba; a Board of Review to be set up to pass upon the application for assistance; elevator agents are included among those required to give information; part of an ineligible township may be substituted for part of an eligible township in which the yield is relatively high; no farmer shall receive either emergency assistance or crop failure assistance if his yield is above eight bushels and his crop in excess of 3,000 bushels.

*The Wheat Co-operative Marketing Act* was amended as follows: Primary producer to include anyone entitled under contract to receive delivery of wheat from a producer; removal of limitation of the operation of the Act to the four western provinces; if the initial payment made by the selling agency plus selling charges exceeds the price received by the agency, the amount to be made up by the government shall be the difference between the price paid and the price received multiplied by the number of bushels sold.

*The Agricultural Products Co-operative Marketing Act* was amended as follows: Selling costs to include amount for reserves; initial payment to be computed on the average price received by the producer instead of the average wholesale price; initial payment to be a sum paid in cash or credited to the producer; the government agreement to be with selling agency only.

In these acts the provision that the selling agency may be set up by other than co-operative associations remains.

### Canadian Federation of Agriculture

The Wheat Pools have continued their support of the Canadian Federation of Agriculture and have agreed to make a special contribution—with other organizations—to its funds in order to enable it to give more efficient and more comprehensive service to Canadian agriculture. The Pools were invited to send representatives to the fifth annual meeting of the Federation, held at Ottawa, January 25-26, and they took part in framing the declaration of policy of which fifteen thousand copies were printed and distributed from coast to coast last March. Representa-



tives of the Pools also attended the meeting of the Board of the Federation at Ottawa, May 9-10, and formed part of the delegation which, on May 10, presented the case for Canadian agriculture to the Dominion Government.

In addition to special recommendations with respect to bacon, dairy products, vegetables and fruit, the memorandum presented to the government contained the following recommendations:

1. Organized agriculture should be represented on all boards set up for the sale of agricultural products. Contracts for the sale of agricultural products, and trade agreements generally should be made in consultation with representatives of organized agriculture, and in any decisions of government boards affecting the marketing or the price of agricultural products the principle should be adopted of establishing and maintaining a fair relationship between the prices of agricultural products and the products the farmer has to buy.
2. The livestock industry of the Dominion should be brought under the regulation and control of a board of livestock commissioners for Canada with proper representation of organized agriculture.
3. Provincial legislation being now on the statute books of eight of the provinces to deal with provincial trade, opportunity should be given to farmers through federal marketing legislation governing export and interprovincial trade to set up marketing agencies under their own control.
4. The control and marketing of all Canadian wheat should be placed in the hands of the Canadian Wheat Board and an advisory committee should be set up with a majority from organized producers as provided in the Wheat Board Act.
5. There should be provided for agriculture permanent debt adjustment facilities, through provincial and federal legislation, suitable to regional needs (proposed Manitoba Land Court act; Central Mortgage Bank act); and that a maximum rate not exceeding 5 per cent. should be fixed by statute for all farm mortgages and agreements of sale.
6. That in order to increase consumption of coarse grains and assist Canadian feeders, domestic rates on feeds and coarse grains be reduced to equal export rates now applying from Western Canada, and without making any increase in export rates.
7. That united effort on the part of co-operative organizations, governments and implement companies should be made to reduce the high cost of farm machinery and particularly the cost of distribution; pending effective action along this line the agricultural supplies committee should act to prevent any increase in the prices of implements particularly so long as farm prices are below the 1926 level.
8. That the placing of the Canadian dollar on a par with the pound sterling would be of material benefit to primary producers, and would improve the economic situation generally.

### **Horace Plunkett Foundation**

Believing in the desirability of the agricultural co-operative movement of western Canada keeping in touch with the developments of agricultural policy and agricultural co-operation in other countries, especially with regard to post-war conditions and policies, the three Pools, through the Central Board, during the year under review, became associate members of the Horace Plunkett Foundation, London, the only organization in the English-speaking world which gives particular attention to world agricultural co-operation. The Foundation publishes a year book which gives a mass of valuable information on agricultural co-operation and government policies throughout the world.

### **Gross Agricultural Revenue**

The gross agricultural revenue of the prairie provinces for 1939 is estimated by the Dominion Bureau of Statistics at \$481,603,000 made up as follows, with the figures for the previous year in brackets: Manitoba, \$95,052,000, (\$87,632,000); Saskatchewan, \$213,412,000, (\$144,559,000); Alberta, \$173,139,000, (\$173,520,000). As an indication of the economic conditions in the agriculture

of the prairie provinces these figures may be further compared with the averages of revenue for the five-year periods 1924-28 and 1935-39, (the latter in brackets) computed from the statistics of the Bureau, Manitoba, \$138,030,400, (\$88,404,000); Saskatchewan, \$372,685,800, (\$159,419,000); Alberta, \$250,921,000, (\$162,640,000). The three provinces, \$761,637,200, (\$410,455,000). These comparisons show that the farmer's gross income in the latter five-year period was 54 cents where it was one dollar in the former period.

### **Pool Insurance Limited**

In order to meet the wishes of the Board of Grain Commissioners your Board made application to the Senate last June for Dominion incorporation for Pool Insurance, the incorporation of which under the laws of Manitoba was reported to you last year. The application was passed by Parliament and steps are now being taken to organize the company on a Dominion basis. In February, 1940, R. M. Dancer, who had been appointed acting manager in 1939, was made manager of the company, and D. B. Murray, who had been appointed acting treasurer, was made treasurer.

### **Conclusion**

In the memorandum presented to the Dominion Government on October 12, 1939, the Pools urged the government to give some guidance to the farmers in the matter of production. They have continued to press for such guidance but so far without any specific result. The provision of food in war circumstances ought to be a national duty with the government assuming full responsibility for the maintenance of supplies adequate to meet all the contingencies of war. Your Board has pressed this policy upon the Dominion Government and will continue to do so believing that it is the only way by which agriculture can be brought to the greatest use in the present war conditions and in preparing for the economic conditions which will follow the end of the war.

Respectfully submitted,

P. F. BREDT	} <i>Executive</i>
J. H. WESSON	
LEW HUTCHINSON	
L. WIDDUP	
A. F. SPROULE	
BEN S. PLUMER	
GEORGE BENNETT	
C. H. BURNELL	
J. W. BALDWIN	



# *Canadian Pool Agencies Limited*

## DIRECTORS' REPORT 1939-1940

September 26, 1940.

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

Gentlemen:

We submit herewith for your approval our Twelfth Annual Statement, and it is with much satisfaction we are able to report considerably increased earnings. The period covered is from September 1, 1939, to July 31, 1940, and it will be noted the operating statement shows an earned surplus for the eleven months of \$47,037.74. This compares with a surplus of \$39,127.57 earned for the twelve months of last year. During the season your directors deemed it advisable to change the year end to July 31st in order to conform more accurately with the date on which the great bulk of our policies expire. Had we continued operations to the end of August, as in previous years, the surplus would have been approximately \$62,000.00, a figure which has not been equalled since 1931.

This greatly improved showing is due mainly to the large crop harvested last year. It will be realized our earnings are in proportion to the amount of business written, and vary from year to year, depending on the number of elevators operated and the quantity and value of grain carried. For the eleven month period just ended, for example, our commission on Fire Insurance business alone was approximately \$6,000.00 more than the previous twelve month period. During the past season we also enjoyed increased earnings on Lake Marine insurance and received the substantial sum of \$4,600.00 from Pool Insurance Limited. This latter sum represents a Management Fee, the Company being wholly operated by this Agency.

With the construction of a large number of annexes and the resultant greatly increased storage space available, it appears likely that much additional insurance will be required on both buildings and grain, so that we look to the coming season with expectations of even greater earnings.

Although we have perhaps laid emphasis on the Agency's earning capacity, it has not departed in any detail from the principles for which it was originally organized, that of securing the utmost protection for the least possible premium. During the year some slight rate reductions were secured. Such reductions, as with those secured in the past, result in a direct saving to the Pool organizations, but, naturally, reduce the earnings of your Agency.

Appended hereto is the Balance Sheet and Statement of Income and Expenses of your Company as at July 31st, 1940.

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.

### Shareholders' 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.

*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 \$78,600.00. 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 of our equipment. With the favorable surplus this year, however, it was decided to reduce this asset to the nominal sum of \$500.00 by adding to the depreciation reserve the sum of \$365.15.

*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. The sum of \$20,000.00 includes \$5,000.00 which it was decided to take from this year's surplus.

### Equity to Shareholders

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

Manitoba Pool Elevators Limited.....	666 shares
Saskatchewan Co-operative Wheat Producers Limited.....	667 shares
Alberta Wheat Pool.....	667 shares

*Earned Surplus:* This represents the net surplus earnings for the year ended July 31, 1940, of \$42,037.74 and the surplus of the previous year ended August 31st, 1939,



amounting to \$39,127.57, less \$1,200.00 in Capital Stock Dividends paid March 12, 1940. There remains a balance in last year's surplus account of \$37,927.57 available for Patronage Dividends, which have been declared as payable on October 10th, 1940. When the Patronage Dividend is paid last year's surplus will, therefore, have been distributed as follows:

	<i>Capital Stock</i>	<i>Patronage</i>	<i>Totals</i>
Manitoba.....	\$ 399.60	\$ 5,685.35	\$ 6,084.95
Saskatchewan.....	400.20	21,190.13	21,590.33
Alberta.....	400.20	11,052.09	11,452.29
	<u>\$ 1,200.00</u>	<u>\$37,927.57</u>	<u>\$39,127.57</u>

The combined total of the Capital Stock and Patronage Dividends represents a return of 78.52 per cent. 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.

### **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 commission has been earned on fourteen different classes of insurance, but by far the largest percentage is derived from Fire Insurance, Fidelity Bonds, and Lake Marine Insurance.

*Expenses:* You will notice on the Statement under "Administrative Expense", an amount of \$774.68. This represents our share of Directors' Fees and Expenses. This amount is considerably less than last year, as with the organization of Pool Insurance Limited the Directors' expenses are now shared by three organizations, and are based on the time spent at each meeting.

The deduction from the total expenses of \$4,875.00 represents the Management Fee paid by Pool Insurance Limited for supervision and administration of its operations, and an allowance from the three provincial Pools for the operation of Inter-provincial Pool Account.

Respectfully submitted,

P. F. BREDT

JOHN H. WESSON

LEW HUTCHINSON

A. F. SPROULE

J. W. BALDWIN

COLIN H. BURNELL

GEORGE BENNETT

BEN PLUMER

L. WIDDUP

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