

Saskatchewan
Co-operative Wheat Producers
Limited

●

FIFTEENTH ANNUAL REPORT

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**SASKATCHEWAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED**

Directors' Report

Regina, Saskatchewan,
31st October, 1939.

Before submitting a review of its business activities for the past year, your Board of Directors desires to record the great loss sustained by your organization in the death of three of its delegates since the time of the last annual meeting.

Mr. J. W. Russell, of Rokeby, had represented Sub-district 2 of District 8 as a delegate for many years and at the time of his death represented District 8 on the Board of Directors. While a comparatively newcomer to the Board, Mr. Russell had shown a very keen interest in all activities of the organization, and had at all times been ready to accept his share of responsibility for the operations of the organization.

The Hon. Robert Weir, of Weldon, was elected delegate for the first time last December to represent Sub-district 10 of District 15, and had been appointed by his fellow delegates to the Board of Directors. While Mr. Weir passed away in the prime of life as the result of an accident sustained on his farm, he had already rendered valuable service to the agricultural industry of Canada during his period of office as Dominion Minister of Agriculture, and also in his private capacity as a farmer in the Weldon district. While Mr. Weir had held no official position with the organization until last December, he had been a member almost since the inception of the organization, and had been a keen advocate of agricultural co-operation.

The late Mr. E. Georg Berg, of Cabri, had represented Sub-district 5 of District 4 as delegate for many years. Mr. Berg was a strong supporter and a keen student of co-operative effort. His passing was a distinct loss to the co-operative movement in this province.

In presenting this Fifteenth Annual Report to the Annual Meeting of Wheat Pool delegates your Board of Directors, as in the past, has endeavoured to submit a complete picture of the operations of your organization for the year ended 31st July, 1939.

Consolidated Balance Sheet

Copy of the Consolidated Balance Sheet prepared by Messrs. Geo. A. Touche & Co., Auditors, will be found attached to this report as Statement No. 1. This Statement shows the financial position of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited as at 31st July, 1939. The usual Explanatory Notes on the principal items contained in this Balance Sheet are also appended.

As at 31st July, 1939, total current assets for the entire organization amounted to \$6,458,070.89, with total current liabilities of \$1,869,080.62. The difference between these two items, \$4,588,990.27, represents the current position of the organization.

It will be noted that the Consolidated Balance Sheet provides for a contingent liability with respect to buildings and work under construction estimated at \$95,000.00. After making provision for this item there remains a balance of \$4,493,990.27, which represents the amount available for working capital for the season 1939-40. This compares with working capital position a year ago of \$5,049,493.32, and shows a reduction during the year of \$555,503.05.

It will be noted from the Auditors' Report that depreciation for the past year at the rate of one per cent. was provided in respect of country elevators, coal sheds, agents' residences and terminal elevators and equipment while in the two preceding years no provision for depreciation was made in respect of these assets. This matter will be referred to later in this Report.

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, 1939.

As already indicated, working capital is shown at \$4,493,990.27, a decrease of \$555,503.05 during the year. This decrease is accounted for as follows:

Additions to Plant Values of Fixed Assets, including amount provided to complete Programme of Building and Work under Construction.....	\$268,997.94
Additions to Investments.....	25,787.22
Increase in Sundry Deferred Charges.....	495.20
Payment of Principal to Province of Saskatchewan re 1929-30 Pool Overpayment Account.....	600,478.74
	<hr/>
	\$895,759.10
<i>Less</i>	
Surplus Income—Pool.....	\$ 17,696.45
Net Earnings—Pool Elevators.....	4,947.31
Liquidation of Capital by provision for Depreciation.....	282,817.89
Additions to Pool Capital.....	603.00
Increase in Reserve Account (Exclusive of Net Earnings).....	21,622.76
Increase in Insurance Reserve.....	12,539.90
Decrease in Growers' Deferred Accounts Receivable (Exclusive of amounts written off).....	28.74
	<hr/>
	340,256.05
	<hr/>
	\$555,503.05

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

Statement No. 3 attached to this report is the usual statement showing in detail the composition of surplus capital as at 31st July, 1939. The items are largely self-explanatory but it may be worth while to point out again that no reference is made to depreciation reserve. As has been explained in previous years, for the purposes of accounting depreciation reserve does not provide new capital but merely liquidates capital previously invested or expended in the fixed assets against which the reserve applies.

It will be noted from this Statement that the full amount set aside in undivided profits, and also the full amount of the sinking fund reserve account, has been used to meet payments of principal due to the Province of Saskatchewan in connection with the 1929-30 Pool Overpayment Liability including prepayments made this year. In order to meet the balance of the principal payment due on 15th September last an amount of \$552,212.72 was appropriated from the commercial reserve account.

Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1939

Attached hereto as Statement No. 4 will be found the usual Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1939. This Statement shows balance of assets over liabilities of \$10,638,877.51, which represents the equity of growers in the assets of the Association based on book values. This amount represents an increase of \$148,774.69 over the amount shown the 31st July, 1938, and is accounted for as follows:

Surplus Income—Pool.....	\$ 17,696.45
Net Earnings—Pool Elevators.....	4,947.31
Increase in Capital—Pool.....	603.00
Increase in Reserve Account (Exclusive of Net Earnings).....	21,622.76
Increase in Insurance Reserve.....	12,539.90
Increase in Sinking Fund Interest Account.....	91,336.53
Decrease in Growers' Deferred Accounts Receivable (Exclusive of amounts written off).....	28.74
	\$148,774.69

Growers' Equity is shown as 51.881 per cent. of the book value of the Company's assets as compared with 50.053 per cent. last year, an increase of 1.828 per cent. The value of Growers' Equity, namely \$10,638,877.51, is equal to 56.399 per cent. of the total amount of \$18,863,403.24 which has been subscribed by Pool members in the form of elevator and commercial reserve deductions. This compares with a percentage figure of 55.612 per cent. as at 31st July, 1938, an increase of .787 per cent.

Reference has been made to the fact that it was only possible to provide for depreciation on country elevators, coal sheds, agents' residences and terminal elevators and equipment at the rate of one per cent. With the more favourable conditions prevailing during the present year, your Board is hopeful that the earnings for the present season will be such as will enable the organization to return to the policy of providing a liberal allowance for depreciation on fixed assets.

Saskatchewan Co-operative Wheat Producers Limited

Financial Statements

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

It will be noted that total current assets as at 31st July, 1939, amount to \$3,655,367.08 and current liabilities to \$829,368.35. The difference between these two items, \$2,825,998.73, represents the current position of the parent Company, and is available for the purpose of working capital for the organization. This represents a decrease of \$550,324.05 from the amount of working capital a year ago when this item was shown at \$3,376,322.78, and is accounted for by the necessity of appropriating this amount to meet the balance of the September payment of principal due to the Province of Saskatchewan in connection with the 1929-30 Pool Overpayment Liability.

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, 1939, amounted to \$370,218.37. Details of Income are shown

in Statement No. 11, Page 18, of the Auditors' Report. Total operating expenses, details of which are set out in Statement No. 11A, Page 19, of the Auditors' Report, amounted to \$352,521.92 and show a surplus of income over expense of \$17,696.45. These figures reflect an improvement of \$40,144.71 as compared with the result of the previous year's operations. This improvement is accounted for by an increase in earnings of \$44,532.41 less an increase in expense of \$4,387.70.

The principal item of revenue consists of interest received on the investment and loan of surplus commercial reserve funds together with interest on the balance of capital loan made to Saskatchewan Pool Elevators Limited for the construction of Pool Terminal No. 7. Part of these surplus funds is invested in Dominion and Provincial Bonds from which a steady income is derived while the balance is on loan to the Elevator Company from time to time as required in the conduct of its operations.

There is included in operating expense the sum of \$23,880.20 representing the operating deficit of Modern Press Limited for the year ended 31st July, 1939.

Provision has also been made for depreciation on fixed assets amounting to \$17,807.20.

Saskatchewan Pool Elevators Limited

Saskatchewan Pool Elevators Limited now owns and operates 1,088 country elevators in all parts of the province. The maximum number of elevators in actual operation during the past season was 1,069 as compared with 914 the previous year.

Grain Handled

Crop production, while still below average, showed a substantial improvement over that of the previous year. The quality also showed an improvement.

The percentage of cars of wheat grading within the contract grades was 85 per cent. as compared with 76 per cent. in the previous year.

A total of 63,480,172 bushels of all grain was handled through Pool country elevators during the year under review. The Company also handled 825,964 bushels of grain loaded over the platform, making a total of all grain handled for the year of 64,306,136 bushels.

Comparative figures for the last three years are as follows:

Country Elevator Receipts

	1938-39 (Bushels)	1937-38 (Bushels)	1936-37 (Bushels)
Wheat.....	53,726,396	12,103,184	43,621,558
Oats.....	6,221,012	2,316,286	6,628,739
Barley.....	2,593,745	600,178	3,162,247
Flax.....	273,311	76,589	595,641
Rye.....	665,708	75,871	463,802
Totals.....	<u>63,480,172</u>	<u>15,172,108</u>	<u>54,471,987</u>

Platform Receipts

	(Bushels)
1938-39.....	825,964
1937-38.....	210,514
1936-37.....	728,996

The average volume of grain handled per elevator during the year under review, based on 1,069 elevators operated, amounted to 59,383 bushels as compared with an average per elevator of 16,600 bushels for the previous year.

During the year under review Saskatchewan Pool Elevators Limited handled 45.15 per cent. of all grain

delivered to country elevators in the province. This percentage is based on figures issued by the Board of Grain Commissioners. On account of duplication of receipts during the previous year, as a result of the inclusion of grain moved from one elevator to another by truck or rail, an accurate figure was not available, so that comparisons between the two years can not be made.

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

Grading Statements

The Company's grading statements at the end of the fiscal year showed a net grade loss of \$102,856.55 as compared with \$71,392.90 for the previous year, or \$2.82 per car as against \$8.61 for the previous year.

Overages and Shortages

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

	1938-39	1937-38
Overage —Oats 46,743 bushels.....	.75%	1.40%
Barley 13,082 bushels.....	.50%	1.47%
Shortage —Wheat 10,905 bushels.....	(.02%)	.29%
Flax 5,690 bushels.....	(2.08%)	(2.51%)
Rye 4,807 bushels.....	(.72%)	(.15%)

This is the first time a net shortage in wheat has been reported. It results from a form of competition involving underdocking by agents of all companies which was prevalent last year to a greater extent than heretofore. Steps have been taken in the current year to endeavour to correct this tendency as far as possible.

Insurance

Four elevators were destroyed by fire during the year compared with five in the previous year. Insurance claims for buildings amounted to \$39,621.86 and on grain to \$7,550.24, a total of \$47,172.10 compared with \$75,971.66 the previous year. Loss ratios were 46.29 per cent. as compared with 73.41 per cent. All claims were settled in full by the insurance companies.

Financial Statements

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

As indicated, crop production showed a substantial improvement over the previous year. The quality of grain also showed improvement. 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:

1938-39—117,567,813 bushels valued at \$67,013,653.00
1937-38—18,544,000 bushels valued at \$18,237,675.00
1936-37—82,855,000 bushels valued at \$72,528,072.00

As in previous years the only capital commitment to be made was the instalment on the 1929-30 Pool Overpayment Liability. This amounted to \$600,478.74 and provision has been made for this payment. Interest for the year amounted to \$527,004.46, payment of which was made on due date.

There are no direct liabilities against the Company's assets other than the liability in connection with the 1929-30 Pool Overpayment, and, as indicated, this amount has been reduced by the amount of \$600,478.74. The balance now stands at \$9,867,537.04.

It will be noted from the Company's balance sheet that total current assets of Saskatchewan Pool Elevators Limited as at 31st July, 1939, amounted to \$4,436,109.04, with total current liabilities of \$2,705,847.06. The difference between these two items, \$1,730,261.98, represents the current position of the Company at the end of the fiscal year. After providing for contingent liabilities of \$95,000.00 in connection with building programme and work under construction, the balance of \$1,635,261.98 represents the amount available as working capital at the beginning of the present season. This compares with \$1,642,742.99 for the previous year, a decrease of \$7,481.01.

With the use of the working capital of Saskatchewan Co-operative Wheat Producers Limited, total available working capital for the organization amounts to \$4,493,990.27 compared with last year's amount of \$5,049,493.32, a difference of \$555,503.05. In contrast to the previous year, the entire working capital of the organization was employed throughout the year except for comparatively small amounts during the latter part of July. It is anticipated that the working capital of the organization will again be kept fully employed for the balance of the 1939-40 season.

Details of elevator earnings and expenses for the year ended 31st July, 1939, are shown in Statement No. 11, Page 45, of the Auditors' Report. This statement shows total operating revenue amounting to \$4,076,280.02. After deducting operating expenses of \$3,439,189.74, and various items for depreciation totalling \$158,548.85, there is shown a net profit in the Country Elevator Department of \$478,541.43. The Country Elevator System showed a net earning per bushel before depreciation of .991 cents compared with a net loss of 1.631 cents per bushel for the previous year, or a total operating earning before depreciation of \$637,090.28 as compared with an operating deficit of \$250,924.81 for the previous year.

Terminal Elevator Earnings and Expenses

Profit and Loss Account of Saskatchewan Pool Terminals Limited for the year ended 31st July, 1939, appears as Statement No. 11, Page 57, of the Auditors' Report. Total operating revenues amounted to \$1,684,743.95, with operating expenses of \$1,414,057.50, leaving an operating profit before depreciation of \$270,686.45. This compares with an operating deficit before depreciation of \$419,344.36 for the previous year, or a comparative earning before depreciation of .511 cents per bushel against a loss of 4.730 cents per bushel a year ago. The principal reason for this improvement is of course the substantial increased volume in terminal elevators.

Buffalo Terminal

Profit and Loss Account for the Buffalo Terminal Department is shown as Statement No. 4, Page 47, of the Auditors' Report. This shows an operating revenue of \$58,388.84 and an operating expense of \$101,989.65, leaving an operating deficit before providing for depreciation of \$43,600.81. After adding depreciation amounting to \$17,952.05 the loss thus established is \$61,552.86. It may be noted, however, that the operating expense includes an item of \$52,013.55 representing interest on the investment in this plant. Omitting this item, the Buffalo plant showed an actual cash return of \$8,412.74 in excess of the actual cash outlay for expenses.

As delegates are aware, the Buffalo terminal elevator has been operated in recent years under lease by the Cargill Grain Company of Minneapolis. This lease expired during the year under review and was not renewed, the Cargill people having purchased another large terminal at Buf-

falo. The plant has now been leased to the Superior Elevator Company for a period of ten months from the 1st of June, with an option to the Company to renew the lease for another twelve months period on thirty days notice prior to the termination of the present lease.

With the removal of the six cent preference on Canadian wheat in the British market, Canadian grain can now be shipped in bond through Buffalo to Great Britain, and there is a possibility that in the future this plant may again be operated for the purpose for which it was primarily built.

Combined Elevator and Terminal Profit and Loss Account

Statement No. 3, Page 46, of the Auditors' Report shows the combined summary of Profit and Loss Accounts of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited. Total operating revenue for the year under review amounted to \$5,819,412.81. Operating expenses for the season amounted to \$4,955,236.89, leaving combined operating earnings of the Country and Terminal Elevator Systems of \$864,175.92. This compares with combined operating deficit from the same operations a year ago of \$696,060.42.

The following statement shows a summary of the combined Profit and Loss Account:

Operating Earnings.....	\$864,175.92
<i>Less</i>	
Depreciation Reserve.....	\$259,584.05
Loss on Realization of Assets.....	11,831.18
Share of Pool Expenses.....	60,808.92
Interest on 1929-30 Pool Overpayment....	527,004.46
	<u>\$859,228.61</u>
Net Earnings.....	<u>\$ 4,947.31</u>

It may be noted that this balance of \$4,947.31 represents the surplus earnings for the year after meeting all charges and providing for depreciation on automobiles and sundry equipment at the regular charges, and on country elevators, coal sheds, agents' residences and terminal elevators and equipment at the rate of one per cent. The earnings for the year were insufficient to provide depreciation at the regular rate of five per cent. on the latter items of assets, so that provision for depreciation has been made only to the extent of which earnings were available.

The net result shown indicates an improvement in operating earnings of \$1,560,236.34 as compared with results of the previous year. The large increase in grain handled as between the two years accounts for the improvement shown.

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, 1939, together with details of the distribution of these earnings.

Capital Expenditures in Recent Years

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 Country Elevator System. The following figures bring this information up to date:

Purchase of Saskatchewan Co-operative Elevator System

1st August, 1932—Co-op. Liquidators.....	\$ 445,000.00
1st August, 1933—Co-op. Liquidators (Final Payment)	1,372,000.00
1st August, 1933—Government a/c Co-op. Purchase (Final Payment).....	598,000.00
	<u>\$2,415,000.00</u>

1929 Pool Overpayment

1st Oct., 1932—Government of Saskatchewan.....	\$ 67,000.00	
15th Sept., 1933—Government of Saskatchewan.....	448,000.00	
15th Sept., 1934—Government of Saskatchewan.....	470,000.00	
15th Sept., 1935—Government of Saskatchewan.....	494,000.00	
15th Sept., 1936—Government of Saskatchewan.....	518,000.00	
15th Sept., 1937—Government of Saskatchewan.....	544,000.00	
15th Sept., 1938—Government of Saskatchewan.....	571,000.00	
15th Sept., 1939—Government of Saskatchewan.....	600,000.00	
		3,712,000.00
		<u>\$6,127,000.00</u>

Elevator and Cleaner Programme

31st July, 1933—Paid U.G.G. Ltd. 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	
		940,000.00
Total Capital Commitments.....		<u>\$7,067,000.00</u>
Working Capital of Organization 1st August, 1931.....	\$3,200,000.00	
Working Capital of Organization 1st August, 1939.....	4,493,000.00	
Increase.....		<u>\$1,293,000.00</u>

Saskatchewan Pool Terminals Limited

Financial Statements

Financial Statements and Auditors' Report of Saskatchewan Pool Terminals Limited have already been considered with the accounts of Saskatchewan Pool Elevators Limited.

Terminal Operations

Handlings of grain through Pool Terminals show a very considerable improvement over the preceding season. Handlings for the year under review amounted to 52,917,795 bushels as compared with 8,849,201 bushels in 1937-38. During the year we operated Pool Terminals Nos. 4, 6, and 7, and the handling of each elevator was as follows:

	<i>Bushels</i>
Terminal No. 4.....	14,430,464
Terminal No. 6.....	15,885,658
Terminal No. 7.....	22,601,673

Grain in store as at 31st July, 1939, totalled 5,507,560 bushels, this amount being substantially higher than the stocks at the end of the preceding year when only 828,097 bushels were in store.

A total of 146,392 cars of grain was shipped from Western Canada to the Head of the Lakes during the past year. Of this number Saskatchewan Pool Terminals Limited handled 34,662 cars representing 23.68 per cent. of all cars unloaded. This figure compares with only 8.35 per cent. of unloads handled the previous season.

Pool terminal operations also reflected the good quality of the Saskatchewan crop last year, as 75 per cent. of the

total unload went into the top four grades as follows:

	<i>Per Cent.</i>
No. 1 Hard.....	.5
No. 1 Northern.....	24.2
No. 2 Northern.....	34.3
No. 3 Northern.....	16.0
Total.....	<u>75.0</u>

As indicated in the last annual report, Pool Terminal No. 5 was operated last season by Manitoba Pool Elevators Limited. For the current season, due to improved crop conditions in Saskatchewan, this elevator is being operated by Saskatchewan Pool Terminals Limited.

With respect to Terminal No. 6, a new four-year lease has been completed on terms mutually satisfactory.

Screenings

With the improved handling for the season a substantial increase in the volume of screenings and mixed feed oats was effected as compared with the previous year. Altogether 17,336 tons of refuse screenings were sold at an average price of \$1.48½ per ton. This compares with last season's sales of 2,846 tons at an average price of \$5.89 per ton. In addition, Pool Terminals sold 6,760 tons of No. 1 Feed Screenings at an average price of \$10.14 3/8 per ton as compared with 885 tons at an average price of \$22.86 for the previous year, and 303,741 bushels of mixed feed oats were disposed of at an average price of 19 1/8 cents per bushel as against 127,829 bushels at 39½ cents a year ago.

It will be noted that prices this year were very much lower than those prevailing a year ago as a result of the larger supplies of these by-products of terminal operation being available, combined with an easier feed situation in the United States and Eastern Canada which provide the market for these screenings.

During the winter months a small gang of men were kept in each terminal to take care of the usual repair work which it is impossible to undertake when the plants are operating. While the bulk of the repair work was of a minor and routine nature, extensive repairs were made to the roof of Annex No. 3, Terminal No. 4.

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, 1939, totalled 2,510,795 bushels, as follows:

	<i>Bushels</i>
Wheat.....	1,089,578
Oats.....	1,140,390
Barley.....	211,426
Flax.....	13,667
Rye.....	55,734

This compares with total sales a year ago of 5,574,372 bushels, representing a decrease of over 3,000,000 bushels. Of the stocks sold by elevator agents this year 1,045,000 bushels represent carlot quantities shipped and distributed.

Distribution of Registered and Certified Seed Grain

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

A total of 64,387 bushels of sacked and sealed registered and certified seed grain was purchased, and with the exception of 2,057 bushels, these stocks were all disposed

of. Of the total amount, 6,241 bushels were supplied to Junior Grain Clubs, the balance being sold to elevator patrons.

In addition to the movement of less than carlot quantities of seed, your organization purchased and distributed under the Carlot Seed Grain Distribution Plan, 82 cars, representing approximately 113,000 bushels of registered and certified 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

Following a year when no grain was shipped to Churchill, approximately 3,250,000 bushels of grain were unloaded during the year under review for account of the Canadian Wheat Board. Of this amount, 1,627,647 bushels were shipped by Saskatchewan Pool Elevators Limited.

Additional unloads and shipments have been made to Churchill since the end of the fiscal year which, it is estimated, will bring shipments up to approximately 4,500,000 bushels. Final figures in this connection are not yet available.

Earlier in the present year it was anticipated that 1939 shipments of wheat out of Churchill would reach an all time high. Six cargoes totalling 1,772,000 bushels were shipped during the 1939 shipping season. However, with the declaration of war the whole shipping picture has changed and a number of additional charters were cancelled. The 1939 shipping season closed on 21st September with the clearing of the S.S. Wentworth. In the meantime the Churchill terminal is full of grain which will be carried in store until next shipping season.

Export Department

The volume of grain handled by the Export Department increased substantially over the previous year. Altogether the Department handled close to 9,000,000 bushels of grain, of which 5,285,000 bushels represented wheat. Spreads and premiums on cash grain during the past year were such that much of this business was completed on a very close margin.

General

With improved crop production in the province during the current year present indications are for a much more satisfactory current year's operation than has been shown in recent years.

Saskatchewan Wheat Pool Construction Company Limited

This subsidiary company commenced the 1939 season with a fairly large repair and machinery replacement programme, but with relatively small appropriation for elevator and cottage construction. The original programme was carried to completion and, in addition, several large replacements were made at important points as crops developed to a point where such changes were necessary in order to handle the indicated business.

A survey of the major activities of the Construction Department during the 1939 building season includes the following:

Elevators Rebuilt

Maple Creek.—45,000 bushel elevator built on old site from salvage of elevator at Cross and the old Maple Creek elevator. This elevator is electrically equipped throughout.

Tantallon.—35,000 bushel elevator built from salvage of Tantallon and Creelman "A" elevators, using old Tantallon engine.

Holbein.—35,000 bushel elevator built from salvage of Holbein and Leipzig "B" elevators, using old Holbein engine.

Cleaners

Ten new-style cleaners were installed in new and old elevators during the season.

Engines

Twelve engines, of which four were gasoline-type and the balance Diesel, were installed in new and old elevators.

Scales

Forty-eight 15-ton scales were installed in new and old elevators. In addition, one 10-ton, 18 ft. scale was installed, twenty 10-ton scales were lengthened from 16 to 17 ft., and nine 6-ton scales were converted to semi 10-ton scales.

Air Dumps

A total of 188 72-inch air dumps were installed and 73 old-style dumps were converted to 60-inch lift.

Elevators Painted

A total of 215 elevators and 26 annexes were painted during the year.

Cottages Painted

Fifty dwellings were re-painted during the year.

In view of the heavier crop production in sight, further construction work has been undertaken in the current year. The construction of a new elevator at Clashmoor was approved in September. In addition, 20,000 bushel 10-bin permanent annexes have been built, or are under construction at Arborfield, Aylsham, Beatty, Birch Hills, Lipsett, Naicam, Nipawin, St. Brieux, Shellbrook and Valparaiso. As a result of the heavy rush of grain at country points, combined with the slow movement from the Head of the Lakes, practically all storage space, both country and terminal, has been filled. In an effort to meet this situation approval has been given to the construction of approximately 400 balloon-type storage bins to be built alongside country elevators. Each of these units is 28 x 56 x 16 and holds 20,000 bushels. The approximate cost of these units is \$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 during the past six years:

	<i>Germination Tests</i>	<i>Moisture Tests</i>
1933-34.....	3,572	5,791
1934-35.....	13,224	1,493
1935-36.....	18,081	1,079
1936-37.....	5,910	136
1937-38.....	7,042	120
1938-39.....	10,042	452

In addition to these tests this Department also checks each year a large number of samples for grade and dockage. For the year ended 31st July, 1939, over 2,500 samples were checked, and over 3,000 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 also given special attention to germination tests of the newer varieties of grain.

Modern Press Limited

Full particulars of the operations of Modern Press Limited for the year ended 31st July, 1939, are contained

in the Financial Statements and Auditors' Reports submitted separately to the delegates.

After providing depreciation on fixed assets at the usual rates amounting to \$5,426.64, and after making provision for doubtful accounts to the extent of \$1,000.00 and writing off the loss on realization of certain equipment during the current year, the operations of the Company show a loss of \$23,880.20. This is made up of a loss of \$35,282.53 on the publication of The Western Producer, less a profit of \$11,402.33 on the operations of the Job Printing Department. This result compares with a loss of \$40,802.76 for the previous season, and shows an improvement in last year's operations of \$16,922.56.

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

Job Printing Department

During the past year this Department showed a substantial increase in revenue and also a substantial increase in net profits. Net profits for the current year amount to \$11,402.33 as compared with \$3,846.90 a year ago. A comparison of the operations of this Department for the past year, with those of the previous year, is shown below:

	1938-39	1937-38	Increase
Job Sales, etc.....	\$72,929.05	\$58,782.63	\$14,146.42
Cost of Stock.....	\$27,474.99	\$23,375.71	\$ 4,099.28
Expenses.....	30,103.10	28,891.72	1,211.38
Loss on Realization of Assets....	1,235.31	1,235.31
<i>Profit before Depreciation</i>	\$14,115.65	\$ 6,515.20	\$ 7,600.45
Depreciation.....	2,713.32	2,668.30	45.02
<i>Net Profit</i>	<u>\$11,402.33</u>	<u>\$ 3,846.90</u>	<u>\$ 7,555.43</u>

It may be of interest to delegates to note that during the year under review two other co-operative publications, The Primrose Guide, with a circulation of 22,000, and the Saskatchewan Co-operative Consumer, with circulation of 12,500, were added to the list of publications printed. Other publications printed by Modern Press Limited are The Western Teacher, The Teachers' Federation Bulletin, and The Co-optimist.

The Western Producer

As indicated above, the deficit arising from the publication of The Western Producer amounts to \$35,282.53, after providing for depreciation of \$2,713.32. This amount represents a reduction in deficit for the previous year of \$9,367.13. 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:

	1938-39	1937-38	Increase (Decrease)
Advertising.....	\$77,298.98	\$67,188.22	\$10,110.76
Subscriptions.....	35,292.07	22,358.62	12,933.45
Miscellaneous.....	793.85	785.44	8.41
<i>Total Revenue</i>	113,384.90	90,332.28	23,052.62
Newsprint.....	45,171.80	40,112.66	5,059.14
Expenses.....	100,540.79	92,200.97	8,339.82
Loss on Realization of Assets	241.52	241.52
<i>Loss before Depreciation</i>	32,569.21	41,981.35	(\$ 9,412.14)
Depreciation.....	2,713.32	2,668.31	45.01
<i>Loss for Year</i>	<u>\$35,282.53</u>	<u>\$44,649.66</u>	<u>(\$ 9,367.13)</u>

Newsprint costs showed an increase of over \$5,000.00 during the year under review resulting from an increase of \$7.50 per ton, effective 1st January, 1938, as well as a slight increase in consumption. These high costs were

offset to some extent by a reduction in the size of the roll from some 35 $\frac{1}{2}$ inches to 34 inches. The following figures provide a fairly comprehensive picture of production costs incidental to the publication of *The Western Producer*:

	1935-36	1936-37	1937-38	1938-39
Total Gross Press Run.....	5,220,789	5,822,518	5,518,312	5,680,332
Total Net Press Run.....	5,155,946	5,740,575	5,478,425	5,637,183
Total Spoiled Copies.....	64,843	81,943	39,887	43,149
Per Cent. Spoils to Net Run.....	1.257%	1.427%	.728%	.765%
Average Net Run Per Issue.....	97,282	110,396	105,354	108,407
Cost Per Copy (net run)....	2.7955c	2.5307c	2.4152c	2.6373c
Cost for 52 Issues (per copy).....	\$1.482	\$1.315964	\$1.255904	\$1.371396
Lowest Net Press Run.....	89,523	102,400	98,650	99,000
Highest Net Press Run.....	103,850	114,350	109,500	115,900

Net advertising revenue during the year under review amounted to \$77,298.98, and represents a gain of \$10,110.76 over the previous year. All classes of advertising shared in the increase.

In view of improved crop production it is probable that the Western farm market may appear more attractive than for some years past to manufacturers and others, and it is possible that the present increase can be maintained.

A total of 69,586 subscriptions were received during the year ended 31st July, 1939. This is the highest production figure for any year in the history of the Circulation Department. The year closed with a total net paid circulation of 110,476 as compared with 97,834 at the same date last year. Distribution of circulation by provinces at the end of the fiscal year for the two-year period was as follows:

	1939	1938
Saskatchewan.....	57,392	52,798
Manitoba.....	19,830	17,246
Alberta.....	25,156	20,527
British Columbia.....	5,238	4,235
Miscellaneous.....	2,860	3,028
Total.....	<u>110,476</u>	<u>97,834</u>

These figures show an increase in circulation of 12,642 during the year, with all western provinces showing an increase.

Editorial

During the year under review probably the most important question affecting organized agriculture concerned the negotiations with the federal government in connection with marketing legislation generally, and with a minimum price for wheat in particular. The Western Producer co-operated with the Wheat Pool organization and farmers' organizations generally throughout the West, and supported with all the vigor at its command the producers' viewpoint on this question. During the extended period of negotiations with the government much of the news and editorial space was devoted to this issue. Your Board is of the opinion that the paper has continued to hold its own during the past year, and that this probably tended to extend and strengthen the interests of its readers.

Agricultural Department

The policy of the Agricultural Department of *The Western Producer* was outlined very fully in the last annual report. In general it can be said that this policy has been followed as closely as possible during the past year.

While the large part of the reading material in the agricultural section of the paper of necessity deals either with grain or livestock, many articles were carried, and

appeared to have been well received, dealing with poultry, fruit growing, bee keeping, etc.

The policy of carrying an account of the major exhibitions in Saskatchewan, Manitoba, and Alberta was again followed, and extended somewhat at the request of our readers. There is every indication that this service has been very popular and has stimulated interest in the paper in many districts where the circulation has been rather limited.

An effort was again made to secure agricultural material and news that would appeal to farm readers throughout the large territory covered by the paper. Developments in farm practices in various regions were kept in mind and many subscribers themselves contributed to making this service of definite reader interest.

The Agricultural Department also endeavours to keep readers supplied with latest developments in the agricultural field. During the past year articles have been carried dealing with new methods arising out of agricultural research; results of experiments carried on by the Dominion experimental farms, agricultural colleges and other institutions; and, no less important, many improvements in farm technique discovered and applied by farmers themselves. In this latter field a fairly exhaustive inquiry was conducted into the use of the header barge in its various forms as a method of harvesting. The department was able to secure a number of firsthand accounts of the experience of those who had used this system and these were published together with illustrations.

Women's Section

The work of this section has continued to increase. The Garden Page conducted by Mrs. S. B. Haight had a most successful year. Mrs. Haight's address "Beating the Drought", given over CBC, attracted widespread attention, and she was a guest speaker at the convention of the Saskatchewan Horticultural Society held in June.

An item which may be of interest to Pool delegates concerns the work carried on by Mr. W. W. Ashley, past-president of the Saskatoon Horticultural Society. Again this year he offered, through the pages of *The Western Producer*, to supply a package of elm seeds to all who sent five cents to cover the cost of mailing. This is a labour of love on Mr. Ashley's part, as his sole concern is to see the long-lived elm tree used to beautify prairie farms. During the year under review, in response to the announcement, Mr. Ashley received 3,251 requests for seeds as compared with 1,862 last year. Altogether he sent out this year 3,600 packages of these seeds.

The Young Co-operators section, embracing juniors and teen-age youth, has added many new members during the past year, active membership now being about 1,780. Activities include a wide range of features of educational and entertainment value.

The highlight of the work of the Young Co-operators was a most successful art contest held last fall. Seventy paintings of autumn leaves were submitted and many of these reached a very high standard. A display was arranged in a local store in Saskatoon, and the Superintendent of Schools in that city brought the display to the notice of the city teachers, a number of whom took their classes to see it.

The Across Borderlines section, which features exchange of letters from boys and girls overseas, has notably increased during the winter months. Evidence of many letters shows that *The Western Producer* is read and welcomed in Australia, New Zealand, India and South and

West Africa, as well as in the British Isles. Many requests for "pen friends" have been received by the paper from Holland under the auspices of educational authorities in that country.

As evidence of reader interest in this section of the paper, delegates may be interested to know that letters and communications received during the year under review totalled well over 16,000.

Reader Services

In addition to the farm services provided by The Western Producer, including dress patterns, fashion books, household arts and embroidery designs, a new "Home Service" was instituted during the past year for the supplying of small booklets dealing with a variety of subjects. Judging by the large number of orders received, this has been remarkably successful, and has appealed to both juniors and adults.

The following figures give some idea of the response to these services offered by The Western Producer:

Dress Patterns and Fashion Books.....	8,849
Household Arts.....	6,086
Embroidery Designs.....	355
Home Service Booklets.....	6,360
	<u>21,650</u>

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 August, 1939, 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 \$39,127.57 as compared with a profit of \$35,847.56 last year. In the course of the year there has been a slight increase in earnings on several classes of insurance, particularly fidelity bonds and lake and ocean marine insurance.

As in previous years, a six per cent. capital stock dividend totalling \$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:

	Capital Stock	Patronage	Total
Manitoba.....	\$ 399.60	\$ 6,246.95	\$ 6,646.55
Saskatchewan.....	400.20	17,493.56	17,893.76
Alberta.....	400.20	10,907.05	11,307.25
Total.....	<u>\$1,200.00</u>	<u>\$34,647.56</u>	<u>\$35,847.56</u>

Pool Insurance Limited

At the time of the last annual meeting of delegates it was pointed out that while the operations of Canadian Pool Agencies Limited had been of very considerable value to the Pool organizations, and had been the means of securing substantial savings in our insurance costs, the

three Pool organizations were of the opinion that a further step should be taken and our own insurance company established.

After surveying the whole field, the organization of Pool Insurance Limited was completed during the past year, and was in operation in time to handle the insurance placed by the three Pool organizations during the current season.

The new Company has an authorized capital of \$500,000.00, composed of 5,000 shares of \$100.00 each of which 2,000 shares have been issued with \$37.50 per share paid up.

Pool Insurance Limited is owned jointly by the three Pool organizations, each Pool having subscribed for one-third of the issued capital.

The activities of the new Company are limited at the present time to the writing of fire insurance on Pool facilities, and license bonds. For the present, only a part of the total liability is assumed, but as the reserves of the Company increase it will be possible to handle a greater percentage of Pool business in our own insurance company.

As there are other types of insurance which it would not be advisable for the new Company to handle at present, Canadian Pool Agencies Limited will continue to operate as heretofore.

Publicity Department

The activities of this Department were somewhat increased during the year under review, particularly in connection with radio and the work of the Wheat Pool Library.

Radio

The use of radio in Pool publicity in recent years has been decidedly limited. At the beginning of the last crop season a radio service of grain prices and other items of information of interest to growers was initiated. This service is broadcast directly from Head Office over a Regina station and includes five-minute broadcasts three times daily from Monday to Friday, and twice on Saturday.

As reported to the annual meeting a year ago, a further radio programme was initiated. The Wheat Pool organization undertook to sponsor the broadcasting of twenty-five Saskatchewan Senior Hockey League games, and fifteen provincial and interprovincial hockey play-off games. Brief talks were given by officers of the organization between the periods of play in these games, and the programme also included direct advertising matter in the course of the game, and transcribed "old-time" music. While these games originated at Regina, a considerable number were also broadcast from Saskatoon, Yorkton, Moose Jaw, and Weyburn. The broadcasts were made through a single Regina station, telephone lines being used to carry games played at the other points. Schedule cards showing the regular league games to be sponsored by the organization were prepared and thousands of requests were received, indicating the interest in the broadcast.

From a survey made last winter by the Publicity Department, and from other sources, there are indications that both types of broadcasts have been favourably received. One type has been complementary to the other. The hockey broadcasts were listened to in almost every part of the province and the response was almost entirely favourable.

In addition to these regular programmes, arrangements were made to broadcast the Community Bands competing

at the 1939 Musical Festival at Moose Jaw, and a short series of Community Sing-Songs with brief addresses at the time of the Regina Exhibition.

Possible radio activities for the coming winter season are under consideration at the present time in the light of experience already gained. The Board has in mind the desirability of reaching all sections of the province and this will be kept in mind in considering radio programmes.

The matter of an interprovincial radio hour, involving the Manitoba and Alberta Pools, has also been under consideration, but nothing definite has been agreed upon up to this time.

Library

There has been a steady increase in the circulation of the Wheat Pool Library during the year under review, resulting partly from the steady growth which has been experienced over the years, and partly from a new regulation announced last spring by the Post Office Department. The new Post Office regulation reduced very substantially the amount of postage on books mailed from non-profit circulating libraries, and may be regarded as a very generous concession to country readers. So great was the reduction that your Board felt justified in authorizing the Library to assume the entire cost of postage, instead of one way only as had been the policy since 1932.

It has always been the policy to supply high quality books to our Pool readers, and the increased demand will not be allowed to lead to a lowering of the standards already set.

Attached to this report as Statement No. 7 will be found statistical data covering the operations of the Library for the year under review.

It may be noted that while the total number of regular borrowers increased from 1,338 to 1,756 the total cost of postage for the year under review amounted to \$565.91 as compared with \$615.80 a year ago.

Following the resolution of the delegates passed at the last annual meeting, arrangements were made to undertake the distribution of travelling libraries consisting of a selection of inexpensive standard books with limp cloth covers. Two dozen carefully selected titles are included in each box which is sent to a Pool elevator and kept in care of the agent until it is ready to be sent on to another point. At the present time 150 of these travelling libraries are in use and a further limited distribution is planned.

Advertising

As in previous years, the principal advertising media used by the Pool organization have been The Western Producer and the Saskatchewan country weekly newspapers and non-English weekly newspapers circulating in the province. During the year a number of back-page advertisements in The Western Producer were sponsored jointly by the three Pool organizations, and delegates may have noted that this joint sponsorship has been carried into the current year.

Calendar

The usual Pool Elevator Calendar was prepared and approximately 130,000 copies were distributed.

Exhibitions

The Wheat Pool organization again participated in the Class A exhibitions at Saskatoon and Regina, and the usual rest rooms and exhibits were operated. These exhibitions have provided an excellent means of contact with Pool members.

Additional representation was also provided at most of the Class B fairs held throughout the province, and the use of Class B fairs will be developed further in the coming year.

Crop Reports

The weekly report of crop conditions compiled at Head Office and published in *The Western Producer*, with summaries in the daily press, has continued to provide an excellent medium of publicity.

During the year the number of rain gauges in use at country elevators was increased, so that information is now available on the important factor of local rainfall in preparing these condition reports.

It may be of interest to delegates to note that because of the proved accuracy of these reports on the condition of the crop during the growing season in recent years, these reports are now regarded as providing authoritative and up-to-date information on growing crop conditions.

Country Organization

Wheat Pool Committees

As shown in Statement No. 8 the total number of Wheat Pool committees on record as at 31st July, 1939, was 1,184. This compares with 1,186 in 1938, 1,183 in 1937, and 1,176 in 1936. Fourteen committees were dissolved and twelve new committees were organized.

Statement No. 9 shows the number of committees that reported annual meetings and that were re-organized during the year, according to districts and sub-districts. This table indicates that 1,056 committees so reported as compared with 1,023 during the previous year.

By a comparison of the number of committees reporting re-organization and the new committees formed with the total figure given in Statement No. 8, it will be seen that 128 Wheat Pool committees did not report re-organization during the year. Experience suggests that a large proportion of these committees did hold their annual meetings, and re-election of members, but the importance of maintaining contact with the central office by reporting all meetings and their proceedings is still not fully realized by all the secretaries of committees. Year by year improvement in maintaining this contact is apparent. In 1938 there were 153 committees that had not reported re-organization, and 134 committees in 1937. At the present time there are 31 committees which have not reported their annual meetings for two years, and 28 which have not reported for longer periods.

The value of the Wheat Pool committee as a basis for local organization and co-operative education continues to be manifest. The necessity for holding regular meetings as a preliminary to the building up of co-operative activity is being realized to a greater extent each year, and the addition of young men as committee members is assisting materially in extending the co-operative influence in the community.

In addition to the routine duty of keeping themselves informed regarding the policies and progress of the Company and organizing meetings of shareholders for the same purpose, building up and maintaining the morale of the membership, deliveries to Pool elevators and Western Producer subscriptions, the committees have done valuable work in supporting and developing other producer and consumer co-operative undertakings. In many communities numerous activities for the benefit of agriculture in general would not have been initiated but for the interest of the Wheat Pool committees. These include a

number of activities carried on in co-operation with the Extension Department of the University of Saskatchewan, such as Junior Grain Clubs, Swine and Calf Clubs, and Girls' Homecraft Clubs; Study Groups, Credit Unions, Boys' Engineering Schools, Agricultural Short Courses, and Short Courses under the Dominion-Provincial Youth Training Plan.

While considerable progress has been made in recent years in the face of widespread depression and disappointment, much work still remains to be done. There are still a substantial number of producers in this province who have not become shareholders of the organization. The consistently changing problems of agriculture will require the same concentrated study and attention in the future as in the past if a solution is to be found. The need and the opportunity for continuous intensive work by local Wheat Pool committees is therefore still urgent.

Committee Conventions

Committee conventions, in which all but three sub-districts took part, were held during June and July. In all 120 conventions were held of which 82 were single sub-district conventions, 37 jointly by two sub-districts, and one in which three sub-districts met together. Three conventions were postponed owing to rain and will be held later in the year. Conventions were not as largely attended as in previous years, the reason in nearly all cases being given as due to rain and bad road conditions. On the other hand, reports indicate that more attention was given to matters of organization and education. Matters of policy were dealt with by the director in attendance, and keen interest was shown in the efforts of your Board to place before the Dominion government the point of view of the western farmer in regard to the marketing of wheat and other agricultural commodities. Committee conventions gave greater attention to the discussion of organization based on the reports of Wheat Pool committees, and the discussions and ensuing resolutions indicated a greater appreciation of the necessity for organized work.

Co-operative Education

Monthly programmes dealing with the operations of the Wheat Pool and other matters of interest relating to the Co-operative Movement were issued to Wheat Pool committees periodically during the year. Reports of committees indicate that these programmes are being received with continued interest.

Prior to the annual general meeting last November, a programme setting out the 1929 Pool Overpayment Policy, as it then stood, was compiled as a result of numerous enquiries for information. Programmes of this character are particularly valuable and can be used effectively by the committees to clarify the policies of the Company.

Other programmes that received a considerable amount of notice were those dealing with "The Price of Wheat and Bread Costs"; "Accomplishments through Co-operation", which was a statement setting out the financial position of the Company in simple form; and "The Western Producer—Weekly Paper or House Organ". The response to the last named programme especially indicated that the monthly programmes are widely read, and the numerous resolutions received from the committees showed that the subscribers wished to see The Western Producer develop further as a weekly newspaper.

As requested by the delegates in annual meeting, a programme was issued just prior to the holding of committee conventions summarizing the proceedings of the

conventions held the previous year. This programme also received a considerable amount of attention and was followed up by a second programme.

The moving picture continues to be a popular adjunct to the holding of Wheat Pool meetings. During the year under review 1,156 meetings were held at which pictures were shown. Pictures presenting a co-operative message appear to be difficult to find, although every available source is being continually investigated. A film produced by the Harman Foundation in New York, portraying the development of the co-operative movement in its many branches in Nova Scotia, entitled "The Lord Helps Those Who Help Each Other", has proved both popular and useful. Nine copies of this film have been acquired and are being shown throughout the province. Other co-operative pictures have been secured but with this exception none of these fully met with our requirements.

During the year a survey has again been made of the field of sound pictures, and several films produced in Britain have been screened but they have not proved satisfactory. In view of the lack of an adequate supply of sound pictures suitable to the needs of co-operative education it would not appear to be wise to undertake to acquire sound equipment at this time.

The development of Study Groups has been an encouraging feature of the year. While Study Group material on co-operation has been issued to all persons or groups applying for it, the attention of prospective groups is directed as much as possible to the Adult Education programme of the Extension Department of the University of Saskatchewan. As the Extension Department has not yet compiled any material dealing with the producer co-operative movement it has made use of that issued by this organization.

The first Co-operative School, conducted under the auspices of the Saskatchewan Wheat Pool Employees' Association, was held at Carlyle Lake early in July. Over one hundred students registered for the school, nearly all of whom were Pool elevator agents from the adjacent sections. The average attendance for the twelve lectures was ninety-two. Apart from the educational benefits to those attending, the school succeeded in financing itself with a small balance. The total individual cost was \$4.10 per person, including board and lodging for the three days. As a result of this experience the Employees' Association has decided to extend the experiment to other regions next year, and conduct a series of Co-operative Schools along similar lines.

During the year a promising experiment was initiated in co-operation with the Ukrainian Self-Reliance League, and through the medium of the Canadian Ukrainian Youth Association. One-day Co-operative Schools to the number of forty were held throughout the Ukrainian settlements of the province. These were attended by over seven hundred students, the great majority of whom were under the age of thirty. On the completion of each day's school, the students were asked to write an essay. The writers of twenty-five of the best essays were to be the guests of the Wheat Pool and the Ukrainian associations involved, while attending the summer Co-operative School at the University of Saskatchewan. Largely as a result of this enterprise, and an essay competition sponsored jointly by the Saskatchewan Co-operative Wholesale Society and the Consumers' Co-operative Refineries Limited, eighty-eight students registered at a Co-operative School held at the University in July. Twenty of the students registered had part of their expenses paid by the S.C.W.S.

and the Refineries. Thirty-eight students were Ukrainians who had attended the one-day schools already referred to, and eight were Pool elevator agents. This school was one of the most effective of any co-operative school conducted at the University in the past. All the students were young and attended every lecture. As evidence of the keen interest shown, seventy-five of the eighty-eight students submitted essays of a high standard on subjects taken up in the lectures.

This was the first time that the co-operative organizations of the province had made a concerted effort to assist directly in the organization of co-operative schools by the Co-operation and Markets Branch of the Department of Agriculture and the Extension Department of the University of Saskatchewan by undertaking a programme of selection of students who should attend. The results of the experiment indicate that it was very much worth while and should be followed up.

There are other directions in which the co-ordination of educational activities by the co-operative organizations of the province can be demonstrated as having borne fruit. During the year under review fifty-three co-operative trading associations and twenty local livestock shipping associations, most of which have authority to carry on trading activities, were incorporated under the Co-operative Associations Act. Ten credit unions were also incorporated during the period. Under the Co-operative Marketing Associations Act of the province eleven associations were incorporated. Two of these associations are federations—The Carrot River (Livestock) Marketing Association Limited and the Alfalfa Growers' Co-operative Marketing Association Limited. Eight are regional Alfalfa Growers' Associations federated into the Alfalfa Marketing Association, and one is the Honey Producers' Association. The total number of co-operative associations incorporated under the Co-operative Associations Act, as at 31st July, 1939, is 611 of which 401 are authorized to carry on trading activities. For the twelve months ending 31st December, 1938, the volume of sales reported by 318 trading associations then active amounted to \$3,974,226.09. Up to 31st July, 1939, twenty-six credit unions have been registered and the number of co-operative marketing associations totalled nineteen, in addition to those incorporated under special legislation.

Junior Co-operative Activities

Variety Testing Project

For the fifth year in succession a province-wide variety testing project was undertaken by your organization. As in previous years this programme was planned in co-operation with the University of Saskatchewan, the individual tests again being conducted by selected junior co-operators.

Six different wheat varieties were used in each test—Marquis, Thatcher, Apex, Renown, Regent (formerly known under No. 975.1) and Rival, a new variety developed at the North Dakota Experimental Station. All varieties, with the exception of Marquis, possessed rust resistant qualities. The whole project consisted of 341 tests and with three exceptions two or more tests were located in each sub-district. Thus the experiment covered the entire grain-growing area of the province.

Each test was sown in a modified Latin square. The same varieties were used in each test but the distribution of the varieties differed in each case, no two tests being sown alike. With the adoption of this method of seeding, a

statistical analysis of yield results was possible. This analysis shows the necessary difference between varieties which is required to determine if one variety yields more than another under the conditions of the test, and irrespective of soil variability. As a result it is possible to compile approved scientific data on the comparative performance of the varieties used.

During the past growing season considerable controversy developed as to the merits of the new rust resistant varieties in comparison with the older standard varieties which had shown themselves susceptible to rust in years past.

Generally speaking, threshing returns have indicated that many fields had been under-estimated. The results of this year's testing programme will give accurate and extensive information regarding yields and other agronomic characteristics of the new varieties. The data will also show the relative value of these new varieties when compared with Marquis which has remained the standard of Canadian wheat for so many years.

The full results of this variety testing programme will again be published in booklet form. In a test of this nature, the most comprehensive which has ever been attempted, a considerable amount of detail work is involved. This includes threshing, weighing, grading, protein testing, compilation and statistical work. However, it is hoped that the report will be available in ample time so that the results can be studied before seeding operations begin in the spring of 1940.

A testing programme was also undertaken with flax. This was conducted at the request of the National Research Council. Twenty-two tests were located in the areas most suitable for the production of flax. Each test included Bison, Red Wing, Crown and Royal. The latter is a new variety which has been released during the past season. Most of these flax tests reached maturity and the results will be included in the report covering the results of the wheat test.

The report of last year's variety testing project was published as an eighty-eight page booklet in the spring of this year. This report was widely distributed and created great interest among farmers, technical agriculturists and business men throughout Western Canada.

Grain Clubs

During the year under review your organization continued its support of the Junior Grain Club Movement throughout the province. Altogether 264 Clubs were in operation in 1939 as compared with 236 a year ago. The 1939 club membership reached 5,597 as compared with 5,184. The total acreage seeded by Junior Grain Clubs last year reached an all-time high of 11,338 acres, an increase of approximately 1,000 acres over the previous year. The following figures show the varieties of grain seeded and the approximate number of members sowing each variety of grain in the 1939 season:

	<i>Clubs</i>	<i>Members</i>
Apex Wheat.....	96	2,046
Thatcher Wheat.....	55	1,177
Renown Wheat.....	51	1,101
Marquis Wheat.....	30	670
Regent Wheat.....	5	110
Reward Wheat.....	2	44
Reliance Wheat.....	1	14
Red Bobs Wheat.....	1	19
Vanguard Oats.....	11	201
Victory Oats.....	6	136
Banner Oats.....	3	30
Regal Barley.....	2	30
O.A.C. Barley.....	1	19
Total.....	264	5,597

In addition to their value in the growing and distribution of good seed within the community, the Junior Grain Clubs are rapidly becoming an important factor in the province for the organized distribution of information regarding sound agricultural practices. During the winter season each club becomes a study group for the purpose of discussing various agricultural problems. Each of the clubs has been sent a list of one hundred questions by the Extension Department dealing with grain production and including questions on agricultural methods, weed control, insect control, disease control, marketing, etc. Each leader is also supplied with a complete list of bulletins, both Dominion and Provincial, from the study of which the answers to the questions submitted can be secured. An effort is made to hold a specified number of meetings during the winter months, and at each meeting a number of these questions and the answers to them are discussed. Your Board believes that this phase of the Junior Grain Club Work is particularly valuable.

In many districts in those parts of the province subject to rust the Junior Grain Clubs have been the first organizations to introduce rust resistant varieties into the districts.

During the season under review registered and certified seed amounting to 6,241 bushels was supplied by your organization to 133 Grain Clubs in the province.

Home Craft Clubs

The work of the Women's Department of the University of Saskatchewan in undertaking the organization of groups of rural girls into Homecraft Clubs has now been in operation for almost four years. During the summer of 1939, 143 active clubs were in operation with a total membership of approximately 1,400. Reports received from 95 clubs during the year indicate that projects have been undertaken as follows:

Tomato Project.....	45 Clubs
Vitamin Garden.....	30 Clubs
Bedroom Project.....	26 Clubs
Knitting Project.....	41 Clubs
Dressmaking Project.....	22 Clubs

In addition to the foregoing, about 30 clubs who had dropped their regular project work during the past summer continued to hold meetings to maintain their Homecraft connections. These meetings take the form of social and recreational programmes, and in this way are a stimulating influence in the community life of the district in which they are located.

Since this organization assisted in launching this Girls' Club Movement, and since Wheat Pool delegates generally have maintained a keen interest in its development, a more detailed report of the activities of the Homecraft Clubs in the province, prepared by Professor Oxner, Head of the Women's Department of the University of Saskatchewan, will be distributed separately to delegates.

General

Your Board believes that the value to the agricultural life of this province of the work of Junior Clubs cannot be over-estimated. The several thousands of boys and girls passing through these clubs each year will be the men and women of the near future who will direct and control the agricultural destinies of this province. Assistance to this movement is now 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 thus rendered is readily acknowledged by

University authorities. In addition to voluntary assistance, a grant of \$7,500.00 was made to the University of Saskatchewan, and the Director of the Extension Department advises that, without this financial assistance, it is probable that the Junior agricultural programme would have to be drastically curtailed.

Enrollment of New Members

The following statement shows the number of applications for shares received and allotted by the Board 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

It will be noted that there was a substantial increase in the number of applications received as compared with the previous year.

Marketing Legislation

Wheat Board

During the year under review your Board made every effort to have the Wheat Board continue to function to take delivery of the 1939 crop with an initial payment not less than that in force the previous year.

In December last a conference was convened by Premier Bracken of Manitoba, representative of all interests in Western Canada, in an effort to clarify the western agricultural situation. Arising from this conference the Western Committee on Markets and Agricultural Readjustment was appointed to continue the work initiated by this conference. Your organization has been associated with this Committee since its inception.

After a number of meetings the Western Committee arrived at the definite conclusion that the first step which must be taken in the readjustment of agriculture was to ensure a reasonable price for grain production, and direct representations were made on two occasions to the Dominion government urging that the Wheat Board be continued, and that an initial payment for the 1939-40 crop should be established not lower than the amount paid the previous year.

Pool delegates have been kept advised of the progress made in this connection, and it may be sufficient to say that, while the recommendations of the Western Committee were not entirely accepted, the government agreed that the Wheat Board should continue to function for the current year. Amendments to the Wheat Board Act established a statutory initial payment of 70 cents per bushel, basis One Northern, Fort William, and also limited the quantity of grain which could be delivered to the Board to 5,000 bushels from any one farm unit.

In order to support recommendations made to the Dominion government, your organization arranged for the distribution of a petition the result of which could be submitted to the Dominion government. It may be regarded as a tribute, both to the keen interest shown by farmers everywhere in this matter, and to the efficiency of our country organization, that in a comparatively short time, 155,204 names were secured to this petition in Saskatchewan. In addition 4,904 names were secured to this petition in Ontario, Manitoba, Alberta, and British Columbia, bringing the total up to 160,108. It may be noted that

this result was secured at a time when road conditions in the province were as bad as they were possible to be, and there is little doubt but that if this petition had been circulated a month later the number of people anxious to sign would have greatly increased the number of signatures. A summary of the petitions received was handed to the Prime Minister in the course of a meeting between the Western Committee and members of the Dominion Cabinet. The following is a list of the federal constituencies with the number of signatures secured in each:

<i>Constituency</i>	<i>Number of Signatures</i>
Assiniboia.....	5,566
Weyburn.....	6,582
Wood Mountain.....	7,663
Maple Creek.....	6,449
Swift Current.....	8,009
Moose Jaw.....	6,540
Regina City.....	12,257
Qu'Appelle.....	6,129
Melville.....	8,536
Yorkton.....	8,472
Lake Centre.....	8,532
Rosetown-Biggar.....	8,127
Kindersley.....	6,310
Saskatoon City.....	3,399
Rosthern.....	5,893
Humboldt.....	7,745
Mackenzie.....	8,516
Melfort.....	8,587
Prince Albert.....	6,194
The Battlefords.....	10,028
North Battleford.....	5,670
	<hr/> 155,204 <hr/>

Wheat Co-operative Marketing Act 1939

At the last session of Parliament an Act to Encourage the Co-operative Marketing of Wheat was enacted and your organization has taken steps to operate under this Act.

As soon as it became evident that there would be a substantial volume of wheat to be marketed in excess of the 5,000 bushels which might be delivered to the Canadian Wheat Board, an application was made to the Dominion government, as provided by this Act, for an agreement to operate a pool. The Act provides a guaranteed price of 60 cents per bushel to the selling agency marketing grain delivered to it. The amount of 60 cents covers the total guarantee of the government and includes the costs of administration, carrying charges, etc., which must be incurred by the selling agency in operating the pool. The initial payment finally agreed upon with the government was 56 cents per bushel, basis One Northern, Fort William, which provided a margin of four cents per bushel for administration costs and carrying charges to be guaranteed in the event of the selling price throughout the year being less than 60 cents per bushel.

This means in effect that your organization is operating a voluntary pool for the 1939-40 crop. Saskatchewan Co-operative Wheat Producers Limited is the co-operative organization which has entered into an agreement with the government for the carrying on of the pool, and Saskatchewan Pool Elevators Limited has been appointed the selling agency.

Arrangements have also been made under which Saskatchewan Pool Elevators Limited will act as the selling agency for any grain delivered to a similar pool operated by Manitoba Pool Elevators Limited. The grain from the two provinces will be treated as one pool, and any further payments which may be made will be on the same basis in the two provinces.

Agricultural Products Co-operative Marketing Act

This Act applies to all agricultural commodities other than wheat. Under its terms any co-operative association may make application for a marketing agreement, which must be approved by the Dominion government.

Since the products covered by the Act would include coarse grains, your organization endeavoured to secure an agreement with the government for the pooling of coarse grains during the current crop season. The amount of the initial payment to be guaranteed by the government involved protracted negotiations.

The Act as it stands at present provides that an initial payment "not exceeding 80 per cent. of the wholesale price for an agricultural product over the period of three years immediately preceding the year of production" may be approved. Our first suggestion involved the fixing of an initial payment on oats, barley, flax, and rye on the basis of the maximum amount contemplated, namely 80 per cent. of the average price for the past three years. This price was very substantially in excess of the current market price at the time these negotiations were entered into, and we were advised that such a payment could not be considered. A proposal for a guaranteed initial payment on coarse grains which would bear some relationship to the 60 cent guaranteed price for wheat was submitted. This price, while considerably lower than the 80 per cent. of the last three years average was still in excess of current market prices. This suggestion was also rejected and a public announcement made that there was no intention under this legislation to bonus the production of coarse grains.

After further negotiations a proposal was submitted that we would undertake to operate a coarse grains pool under the terms of this legislation, with guaranteed initial payments based on the market prices in force at that time. This proposal was agreed to by representatives of the Department of Agriculture and an agreement was drawn up for submission to the government for the operation of a coarse grains pool with guaranteed initial payments at Fort William as follows:

Oats.....	.26c per bushel basis 2 C.W.
Barley.....	.32c per bushel basis 2 C.W. 6-Row
Flax.....	\$1.25c per bushel basis 1 C.W.
Rye.....	.36c per bushel basis 2 C.W.

As these prices represent the total amounts to be guaranteed by the government, an estimate was made of administration and operating costs, carrying charges, etc., and initial payments to growers established as follows:

Oats.....	.23c per bushel basis 2 C.W.
Barley.....	.29c per bushel basis 2 C.W. 6-Row
Flax.....	\$1.18c per bushel basis 1 C.W.
Rye.....	.32c per bushel basis 2 C.W.

Acting on the assumption that since agreement had been arrived at, an announcement was made that a coarse grains pool would function for the current year, and Pool elevator agents were advised accordingly. We were later advised that when this agreement had been submitted to the Dominion government for approval, the government had decided they were not prepared to approve the agreement for operation this year. On receipt of this information we again urged that the decision of the government should be reconsidered but were again advised from Ottawa that it would not be advisable at this time to have the application to establish a coarse grains pool reconsidered. Under the circumstances no coarse grains pool will be in operation for the current year's crop.

Prairie Farm Assistance Act

While this legislation does not directly concern the marketing of grain it has a direct bearing on farm income in years of crop failure or low prices. As passed at the last session of Parliament this Act empowers the Dominion government:

- (a) To make certain payments to all farmers residing in those areas where there has been a crop failure by reason of any condition other than hail.
- (b) To make certain payments to all grain farmers in years which may be declared to be emergency years if the price of wheat is below a specified figure.

Any given area may be declared to have suffered a crop failure when a specified number of townships in any one province have average yields of five bushels or less per acre. In Saskatchewan the number of townships involved is 135, or approximately fifteen rural municipalities.

The compensation payable in a crop failure year is \$2.50 per acre on half of the cultivated acreage. The maximum number of acres on which the farmer may receive compensation is 200, so that the maximum amount of assistance which may be received is \$500.00. A minimum amount of \$200.00 will be paid irrespective of the size of the farm or the number of acres under cultivation.

Emergency Year Assistance

The present year, 1939-40, has been declared an emergency year, and any succeeding year may be declared an emergency year in which low prices, low yields, and general conditions combine to create a critical financial position.

The compensation payable in an emergency year varies according to the amount the Fort William price of wheat for One Northern is below 80 cents and above 70 cents per bushel during a specified period, and also according to the average yield of wheat in the township.

Where the average yield in the township is four bushels per acre, or less, the compensation will be \$2.00 per acre on half of the cultivated acreage of the farm with a maximum of 200 acres, so that the total payment to a farmer cannot exceed \$400.00. Where the average yield is over four bushels and not more than eight bushels per acre in a township, the payment will be \$1.50 per acre on half the cultivated acreage up to 200 acres, with a maximum payment of \$300.00. Where the average yield is over eight bushels and not more than twelve bushels per acre the payment may be \$1.00 per acre on half the cultivated acreage with the same maximum of 200 acres.

In those cases where the average township yield is four bushels, or under, and over four bushels and not more than eight, the 1939-40 payment will be made regardless of the price of wheat. In those cases, however, where the yield is over eight bushels and not more than twelve the compensation of \$1.00 per acre on a maximum of 200 acres will only be paid provided the average price is 70 cents or less per bushel for One Northern cash wheat at Fort William. For each cent the average price is above 70 cents, 10 cents per acre will be deducted, so that no compensation will be payable in the event of the average price being 80 cents or over.

No compensation is payable where the average yield of the township exceeds twelve bushels per acre and no minimum is provided, but the maximum payment which may be made is \$400.00 per farm.

Provision is also made in the Act to create a fund from which such payments may be made by levying yearly a tax of one per cent. on the net sale price of wheat, oats,

barley and rye marketed hereafter, the government being authorized to augment such fund by whatever amount may be required by non-interest bearing loans.

The operations of the Act are definitely restricted to Western Canada, and by regulation payment of compensation is restricted to those who actually operate grain growing farms.

While the compensation provided is altogether inadequate for such purpose, your Board believes this Act may prove to be the nucleus of a future effective crop insurance plan.

1929-30 Pool Overpayment

At the last annual meeting the delegates approved certain proposed changes in the 1929-30 Pool Overpayment Plan. Briefly, the position may be set out as follows:

As a result of the overpayment on the 1929-30 crop the Government of Saskatchewan, under its guarantee, made settlement to the lending banks of the sum of approximately \$13,752,000.00, the repayment of which was undertaken jointly by Saskatchewan Co-operative Wheat Producers Limited and Saskatchewan Pool Elevators Limited.

At the annual meeting held in 1931 the delegates decided that, so long as this debt remained unpaid, the earnings of Saskatchewan Pool Elevators Limited which might be used to pay off this debt would be treated as an excess elevator charge and credited on a patronage basis against each growers' overpayment, if any, or otherwise to be set up as a credit to his account.

At the last annual meeting the delegates approved of a plan which provided that the amount of the earnings of Saskatchewan Pool Elevators Limited hitherto applied against this indebtedness should be credited as an excess elevator charge, and that subsequent to 31st July, 1938, the overpayment should be treated as a Company loss rather than as an individual liability. Where the Pool member had received an overpayment such excess elevator charge would be credited against the individual's overpayment. Where no overpayment existed, or where such credit was in excess of the amount of the overpayment, elevator deductions and commercial reserves of Saskatchewan Co-operative Wheat Producers Limited would be purchased and credited to such Pool member.

In carrying out the decision of the delegates at the last annual meeting a very great deal of office work was involved. This has now been completed and approval has been given to the various transactions necessary to give effect to the decisions of the delegates. A refund of excess charges has been declared to Pool members who delivered grain to Pool elevators during the crop years 1929-30 to 1937-38 inclusive, in the sum of \$2,851,616.37. This is the amount of the earnings of the Company which has been applied against the indebtedness to the government. Distribution and credit will be made as follows:

- (a) At the rate of one cent per bushel on all grain delivered to Pool elevators in the crop year 1929-30, and at the rate of three-fourths of one cent per bushel on grain consigned to Pool terminals in the same year.
- (b) At the rate of three-fourths of one cent per bushel on all grain delivered to Pool elevators in the crop year 1930-31, and at the rate of one-half cent per bushel on all grain consigned to Pool terminals in that crop year.
- (c) At the rate of one-half cent per bushel for all grain delivered or consigned to Pool elevators or Pool terminals respectively in the crop years 1931-32 to 1937-38 inclusive.

Of the above amount of excess elevator charges, the sum of approximately \$2,558,000.00 will be credited against overpayments received by individual Pool members. The balance of \$293,291.86 will be credited to those Pool members who received no overpayment, or whose credit exceeds their overpayment. Settlement will be made for this credit by the purchase, preferably from estates of deceased members, of elevator deductions and commercial reserves at a price not exceeding fifty cents on the dollar for both classes of certificates. These certificates will be held in trust by Saskatchewan Co-operative Wheat Producers Limited.

The plan provides that the amount of elevator and commercial reserve deductions transferred to each Pool member will be in the same proportion that the total amount of elevator deductions at present outstanding bears to the total amount of commercial reserves at present outstanding.

The effect of the foregoing means simply that the individual plan of meeting the 1929-30 Pool Overpayment, approved by the delegates in 1931, has been applied up to and including 31st July, 1938, and thereafter the balance will be treated as a Company loss, neither the individual grower nor his certificates being any further liable for his overpayment.

Staff

During the year under review 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. Matters affecting not only the welfare of the employees but also the well-being of the organization as a whole, and particularly the matter of Co-operative Education, were under consideration, and a friendly relationship has been maintained.

Superannuation, the principle of which was approved by the last annual meeting of delegates, has been prominent amongst the matters discussed with staff representatives. At the last meeting held between the Staff Association's representatives and the Executive Committee of the Board a suggestion was submitted that, since the preparation of a plan which would meet with the needs of the organization and its employees might take considerable time to develop, steps should be taken to formulate such a plan so that it could be put into effect when conditions warranted. At a recent meeting between the Board of Directors and the permanent employees of the Terminal elevators at Port Arthur, the need for some form of superannuation was emphasized by the Terminal employees represented.

Future Policy

Wheat Marketing

Following the declaration of war a meeting of the Boards of Directors of the Manitoba, Saskatchewan and Alberta Pool organizations was held in Regina to give consideration to the new set of conditions thus created. During the present month a meeting has been held between the members of the Central Executive and the Wheat Committee of the Dominion government for a discussion on the whole wheat situation.

As delegates are aware, all wheat markets in Europe have been closed since the outbreak of war. In Great Britain all wheat purchases are made by a single national purchasing agency, and it is quite probable that following the precedent established during the Great War a single

purchasing board may function to secure the wheat requirements of the Allied countries.

While substantial stocks of wheat have been accumulated in both Great Britain and France, and while there are large supplies of wheat in the world today, nevertheless if the present war is long continued your Board is of the opinion that a situation could well develop under which an assured supply of foodstuffs, and particularly of wheat, might well become the most important contribution which Canada could make toward bringing this war to a successful conclusion.

Your Board believes that it is in the national interest, as well as in the interests of wheat producers generally, that a definite policy for the marketing of wheat should be established, and recommends the following programme for the consideration and approval of this meeting:

1. That complete control of the marketing of Canadian wheat should be vested in the Canadian Wheat Board.
2. That in view of the fact that it may be regarded as an important part of Canada's war effort to provide an assured supply of foodstuffs, and since British grain markets have been closed and the purchasing of British requirements has been placed in the hands of a national purchasing board; and in view of the impossibility of the futures market reflecting a proper price for Canadian wheat, speculative trading should be suspended in Canada and the futures market closed.
3. That the Government of Canada should negotiate directly with the British Government in an endeavour to establish price levels for Canadian wheat which would bear a fair relationship to the cost of other commodities.
4. That since 1926 price levels are generally regarded as representing parity, we recommend that the 1926 levels should be used to establish the price basis.
5. That an Advisory Committee, with adequate producer representation, be appointed to act with the Wheat Board in its marketing operations.

In this connection, it may be noted that the Act as at present constituted provides for the appointment of such an Advisory Committee.

Coarse Grains

Under normal conditions a comparatively small percentage of the coarse grains produced in this province are sold at country elevators, the very large part of our production, particularly of oats and barley, being consumed on the farm, or traded between individual farmers. Reports indicate that it is likely to be the policy of the federal government in the immediate future to encourage the feeding of coarse grains on the farm for the production of meats for the British market. In consequence your Board is of the opinion that for the marketing of next year's crop an application should again be submitted and negotiations undertaken for an agreement under the terms of the Agricultural Products Co-operative Marketing Act, 1939, so that a coarse grains pool may be available to those growers who have marketable surpluses, and with a minimum price guaranteed by the Dominion government.

General Agricultural Products

Your Board believes that the policy of agricultural marketing accepted by the Empire Producers Conference at Sydney last year, and approved at the last annual meeting of delegates, is sound, and under normal conditions should be brought into operation at the earliest possible moment. It may be anticipated, however, that under war conditions it is likely that the federal government will set up government boards to deal with the marketing of practically all farm products in Canada. It is the opinion of your directors that on the various government boards which may be organized for the handling and marketing of agricultural products there should be appointed

an Advisory Committee with adequate producer representation.

Co-operative Distribution

During the past year the matter of co-operation with the Saskatchewan Co-operative Wholesale Society in developing the movement for co-operative distribution was under consideration from time to time. A number of meetings were held between a committee of your Board and a committee representing the Wholesale Society with a view to arriving at some arrangement under which the Wholesale Society and the Pool Elevator organization would be able to work in closer co-operation.

Some time ago a clause was added to the contracts of Pool Elevator agents declaring that it was part of their duties to assist in the development of the co-operative movement in every way possible, and a substantial number of our agents have been acting as managers of local co-operative associations.

The experience of recent years had indicated that the position was not entirely satisfactory. It was found that the necessity of having agents bonded by two separate organizations tended to create certain difficulties, while some form of supervision by travelling superintendents appeared to be essential. After surveying the whole position the joint committee representing the two organizations arrived at the conclusion that it was important that some method should be found which would overcome the inconvenience of double bonding of elevator agents and at the same time provide some measure of supervision.

In the course of the year an effort was made to arrive at an agreement that in those cases where a Pool elevator agent was acting as manager of a local association affiliated with the Saskatchewan Co-operative Wholesale Society, the management should be vested in Pool Elevators, and that certain commissions should be paid to Pool Elevators to cover the services of the agent, the use of Pool facilities at the local point and also some measure of supervision by travelling superintendents. It was suggested that the supervision provided by travelling superintendents would include checking agents' reports and remittances to the S.C.W.S., and outstanding accounts; and that the superintendents would maintain contact with the Boards of the local association to determine whether the requirements of the S.C.W.S. as to the taking of inventories were being complied with.

After discussions between the committee and the management of Saskatchewan Pool Elevators Limited and the Saskatchewan Co-operative Wholesale Society the original proposals were modified. About the middle of June all Pool elevator agents were circularized asking them to co-operate in every way possible in lining up binder twine business, and authorizing them to look after the distribution and collections when the twine was shipped.

While the discussions involved the distribution of a wider range of commodities in addition to binder twine, and tentative suggestions for the payment of commissions for the handling of these goods were considered, no final agreement was concluded. Your Board is of the opinion that it will require further study and investigation of the whole field of co-operative distribution before a satisfactory understanding can be arrived at.

Conclusion

Under war conditions the agricultural industry may be called upon to face an entirely new set of problems. Your Board is satisfied that Saskatchewan farmers will

meet whatever new conditions may develop as a result of war with the same determination, and in the same spirit of co-operation, as they faced the conditions arising from drought and depression in recent years.

As already suggested, it is probable that in the coming year Government War Boards controlling the handling and marketing of commodities may become an important factor in our economy.

Reference has often been made to the fact that in the United States it has become the established custom for the Department of Agriculture to consult with representatives of the organized farmers on questions affecting the agricultural industry. Apparently this practice is not limited to the United States. In a radio address to British farmers, dealing with foodstuff production in war time, about two weeks after the declaration of war, the British Minister of Agriculture, Sir Reginald Dorman-Smith, stated:

"Now, I and my colleagues, the Secretary of State for Scotland and the Food Controller, will be keeping in very close touch with the National Farmers' Unions of England and Scotland, and I hope that farmers will also use their own organizations to the full for obtaining any additional information which they may require from time to time."

The times call for increased co-operation, not only between individual farmers, but also between farmers' organizations and the Canadian government. Your Board is inclined to express the hope that in the difficult days that lie ahead there may be an increasing degree of consultation and discussion between those responsible for the formulation of national agricultural policies at Ottawa and representatives of organized agriculture.

All of which is respectfully submitted.

J. H. WESSON, *President*

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

L. WIDDUP, *Second Vice-President*

BROOKS CATTON

A. D. YOUNG

T. G. BOBIER

L. W. ELLIOTT

MARSH ADAMS

N. C. STEWART

OLAF NYLUND

A. E. HOKANSON

ED. COOKE

J. P. JENKINS

R. A. ROBINSON

W. A. URTON

J. N. SANDAGER

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 MAIN STREET
WINNIPEG

20th September, 1939.

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, 1939, and have reported in statutory form on the Balance Sheets of each of these Companies.

The items of Growers' Accounts shown under Accounts Receivable Deferred are stated at amounts representing the actual debits accrued to these accounts, but as these values are dependent on the future operations of the Pool organizations, the Balance Sheet figures must not be read as representing the actual current values.

In respect of country elevators and coal sheds, terminal elevators and equipment, and agents' residences, provision for depreciation for the year has been made at the rate of one per cent.; in the two preceding years no provision for depreciation was made in respect of these assets.

We have obtained all the information and explanations we have required, and subject to the above qualifications, 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.

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, 1939**

STATEMENT No. 1

ASSETS

LIABILITIES AND CAPITAL

Cash and Securities

Cash in Banks.....	\$ 982,204.70
Cash Funds—Payors	63,854.82
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	1,891,452.50
	<u>\$ 2,937,512.02</u>

Accounts Receivable—Current

Sundry.....	491,294.17
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Stocks of Grain—less Stored Grain

(as certified by responsible officials).....	2,923,097.55
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Stock in Trade—Modern Press, Limited

(as certified by responsible officials).....	7,153.07
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Prepaid Taxes, Insurance and Other Expenses.....

99,014.08

Total Current Assets.....

\$ 6,458,070.89

Accounts Receivable, Deferred

Growers' Overpayments 1929-1930 Pool.....	\$12,903,741.43
Province of Saskatchewan—Sinking Fund	
Interest Account.....	576,091.41
Growers' Accounts.....	48,051.71

13,527,884.55

Investments and Memberships (At Cost)

Canadian Co-operative Wheat Producers, Limited.....	\$50,000.00
Canadian Pool Agencies Limited.....	6,870.00
Pool Insurance Limited.....	25,050.00
Consumers' Co-operative Refineries, Limited.....	1,400.00
Winnipeg Grain Exchange.....	23,650.00

Cheques, Vouchers, etc., Outstanding

Cheques and Money Orders.....	\$ 387,100.44
Grain Drafts, Cash Tickets, etc.....	358,657.28
Outstanding Certificates.....	12,614.35
	<u>\$ 758,372.07</u>

Accounts Payable—Current

Province of Saskatchewan re 1929-1930 Pool Overpayment

Principal.....	\$600,478.74
Accrued Interest.....	195,737.57

\$796,216.31

Less Prepayment of Principal.... 48,266.02

\$ 747,950.29

Sundry..... 362,758.26

1,110,708.55

Total Current Liabilities.....

\$ 1,869,080.62

Deferred Liabilities

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 9,867,537.04
Deferred Interest on 1928-1929 Deductions.....	281,110.83

10,148,647.87

Winnipeg Grain and Produce Exchange Clearing Association, Ltd.	12,250.00	
Lake Shippers' Clearance Association, Limited.....	3,000.00	
Rural Telephone Shares.....	1,362.00	
	123,382.00	
Less Reserve.....	50,000.00	
		73,382.00
Fixed Assets (less Reserves for Depreciation)		
Country Elevators and Coal Sheds.....	\$ 8,731,833.60	
Terminal Elevators.....	5,441,498.53	
Land, Buildings and Machinery—Regina and Saskatoon.....	165,409.34	
Agents' Residences.....	349,311.34	
Work under Construction.....	60,711.30	
Sites—Terminal Elevators, etc.....	363,885.20	
Office Furniture and Fixtures.....	35,604.59	
Automobiles and Sundry Equipment.....	65,772.11	
		15,214,026.01
Deferred Charges		
Overpayment 1929-1930 Pool—Company's Share less Reductions.....	\$ 85,907.24	
Operating Expenses 1930-1931 Pool.....	377,804.53	
Stocks of Repair Parts and Supplies.....	53,924.86	
		517,636.63
		<u>\$35,791,000.08</u>

Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	107,492.00
Reserve.....	1,836,394.94
Reserve for Sinking Fund 1929-1930 Pool Overpayment.....	100,000.00
Insurance Reserve.....	99,844.93
Undivided Profits.....	2,873,628.48
Contingent Liabilities	
In respect of Buildings and Work under Construction—Estimated.....	\$95,000.00

Approved on behalf of the Board.

J. H. WESSON, Director.

A. F. SPROULE, Director.

This is the Balance Sheet referred to in our Report of 20th September, 1939.

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

CONSOLIDATED BALANCE SHEET

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

ASSETS

CASH AND SECURITIES:

Dominion of Canada and Province of Saskatchewan Bonds—\$1,891,452.50: This represents \$200,000.00 Dominion of Canada, 3% Perpetual Bonds, and \$1,929,000.00 Province of Saskatchewan, 4½% Debentures, 1951, at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$491,294.17: In addition to an amount of \$291,438.23 covering sales of grain to the Province of Saskatchewan for purposes of relief, the above 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—\$2,923,097.55: This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1939, 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.

Stock-in-Trade—\$7,153.07: 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—\$99,014.08: This amount represents prepayment of various current operating expenses.

ACCOUNTS RECEIVABLE—DEFERRED:

Growers' Overpayments, 1929-1930 Pool—\$12,903,741.43: The amount shown represents the balance due by growers in respect of excess initial payments on deliveries to the 1929-1930 Pools, after writing down the maximum overpayment on any grade of grain to 18 cents per bushel and applying credits from the final payment of the 1928-1929 crop. The decrease of \$18.51 from the balance shown at 31st July, 1938, is accounted for by minor adjustments in a number of accounts.

Province of Saskatchewan—Sinking Fund Interest—\$576,091.41: 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 repayment 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 above mentioned account, namely, Sinking Fund Interest Account. The Surplus Interest Account previously carried in our Balance Sheet has been merged with the above account.

Growers' Accounts—\$48,051.71: Items comprising this amount are made up as follows:

	Amount	Written-off	Balance
Growers' Accounts Receivable.....	\$11,777.67	\$11,777.67	
Advances Against Reserves.....	2,477.36		2,477.36
Seed Grain Advances Against Reserves.....	37,827.13		37,827.13
Contract Notes 1928-1933 Pool.....	13,666.00	5,918.78	7,747.22
	<u>\$65,748.16</u>	<u>\$17,696.45</u>	<u>\$48,051.71</u>

The amount of \$65,748.16, shown above, is the balance carried forward from the previous year after applying subsequent transactions. The amounts written off, namely \$17,696.45, represent an appropriation of this year's surplus earnings of Saskatchewan Co-operative Wheat Producers Limited.

Investments—\$73,382.00: This amount represents investments in Shares and Memberships at cost, less a Reserve of \$50,000.00, which was set aside from the surplus Income of the Pool in Season 1936-1937, to provide against loss covering the Company's investment in Cana-

dian Co-operative Wheat Producers Limited. During the year additional stock of Consumers' Co-operative Refineries Limited was acquired to the value of \$717.22, representing a portion of the dividends received on supplies purchased from that Association. In addition, 666 shares of Pool Insurance Limited, at a par value of \$100.00 each, were subscribed for, and an amount of \$25,050.00 was paid thereon.

FIXED ASSETS:

Country Elevators and Coal Sheds—\$8,731,833.60: Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$14,806,844.62	\$6,079,405.13	\$8,727,439.49
Coal Sheds.....	6,523.26	2,129.15	4,394.11
	<u>\$14,813,367.88</u>	<u>\$6,081,534.28</u>	<u>\$8,731,833.60</u>

Terminal Elevators—\$5,441,498.53: The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,075,809.31	\$1,547,036.01	\$1,528,773.30
Terminal No. 5.....	1,202,805.28	597,799.28	605,006.00
Terminal No. 6.....	75,049.59	36,783.51	38,266.08
Terminal No. 7.....	3,945,570.17	1,574,831.97	2,370,738.20
Buffalo Terminal.....	1,795,205.48	896,490.53	898,714.95
	<u>\$10,094,439.83</u>	<u>\$4,652,941.30</u>	<u>\$5,441,498.53</u>

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

Land, Buildings and Machinery, Regina and Saskatoon—\$165,409.34: This includes the following items:

Regina	Plant Value	Depreciation	Net
Head Office Building.....	\$180,000.00	\$110,250.00	\$ 69,750.00
Site.....	25,397.75	25,397.75
Fixtures and Equipment.....	11,809.97	9,155.50	2,654.47
Saskatoon			
Modern Press Building.....	25,566.49	9,770.90	15,795.59
Site.....	9,200.00	9,200.00
Machinery and Equipment	67,406.02	24,794.49	42,611.53
	<u>\$319,380.23</u>	<u>\$153,970.89</u>	<u>\$165,409.34</u>

Agents' Residences—\$349,311.34: Included in this asset are 348 Agents' Residences, valued at \$550,140.96, against which there is a Reserve for Depreciation amounting to \$200,829.62.

Work Under Construction—\$60,711.30: 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 \$95,000.00, is shown as a Contingent Liability.

Sites—Terminal Elevators, etc.—\$363,885.20: 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.....	976.25
Cottage Sites.....	33,126.71
	<u>\$363,885.20</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$85,907.24: This amount includes all overpayments of the 1929-1930 Pool in excess of 18 cents per bushel on any grade of grain, and, in addition, includes the discount on bonds issued by the Province of Saskatchewan in reimbursing the Lending Banks. Details of these charges, and of various items applied in reduction of the account, will be found in the following summary:

Cost of writing down overpayment to maximum of 18 cents per bushel.....	\$ 949,443.01
Discount on Bonds issued by the Province of Saskatchewan.....	275,040.00
	<u>\$1,224,483.01</u>

Deductions

Saskatchewan Pool Elevators Limited, 1929-1930 Adjustment Account.....	\$197,656.30	
Credit received in respect of excess interest paid Province of Saskatchewan.....	194.98	
Interest on $4\frac{1}{2}\%$ Debentures, 1951 Sinking Fund.....	576,091.41	
Surplus Income, Seasons 1931-1938 inclusive.....	364,633.08	
(Net).....		\$1,138,575.77
		<u>\$ 85,907.24</u>

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.

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$12,614.35: 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—\$747,950.29: This amount represents the balance of the principal payment due 15th September, last, together with interest accrued to 31st July, 1939, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

Sundry—\$362,758.26: This item consists principally of Customers' Margin Accounts, Loan Accounts and Accrued Expenses.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—

\$9,867,537.04: This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1939, the balance of which is provided for above under the heading of "Accounts Payable—Current." The balance of the liability is payable in twelve amortized payments of principal and interest, commencing 15th September, 1940.

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>

CAPITAL, RESERVES, ETC.:

Elevator Deductions—\$12,188,060.07, Commercial Reserve—\$6,567,851.17: Funds in respect of Elevator Deductions are invested in the 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—\$107,492.00: This amount includes new capital subscribed during the year, to the extent of \$603.00.

Reserve Account—\$1,836,394.94: Details of this account are shown below:

Balance at 1st August, 1938.....	\$1,809,824.87
Less Corporation Tax—Season 1937-1938	
Province of Saskatchewan.....	\$ 510.00
Province of Ontario.....	6,290.46
	<u>6,800.46</u>
	<u>\$1,803,024.41</u>

Canadian Pool Agencies Limited, Share of Profits—Season 1937-1938.....	17,493.56
Saskatchewan Inspection Service—Surplus.....	9,772.73
Prior Season's Adjustments.....	1,156.93
Balance of Profits for the year transferred from Profit and Loss Account.....	4,947.31
	<hr/>
	\$1,836,394.94

Reserve for Sinking Fund re 1929-1930 Pool Overpayment—\$100,000.00: This amount was set aside from the earnings of Season 1932-1933 to provide a Reserve for such amounts, due by Growers in respect of the 1929-1930 Pool Overpayment, as may be ultimately found to be uncollectible, and is in accordance with the plan of repayment of the Growers' Overpayments as approved by the Delegates.

Insurance Reserve—\$99,844.93: This Reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded, and replaces the usual excess coverage which has been discontinued. No losses were charged to this account during the year under review.

Undivided Profits—\$2,873,628.48: This amount includes earnings of Saskatchewan Pool Elevators Limited, set aside during Seasons 1929-1937 inclusive, distribution of which has been deferred.

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, 1939

	Dr.	Cr.		Brought Forward.....	\$19,184,281.32	\$23,773,271.59
Capital Receipts						
Elevator Deductions.....		\$12,188,060.07	Approved Programme of Building and Work under Construction (Estimated Expenditures)			
Commercial Reserve.....		6,567,851.17	Country Elevators, Agents' Residences and Cleaners.....	\$	59,300.00	
Capital.....		107,492.00	Sundry Capital Replacements.....		96,411.30	
Reserve.....		1,836,394.94		\$	155,711.30	
Reserve for Sinking Fund re 1929-1930 Pool Overpayment.....		100,000.00	Less Paid on Account (Work under Construction).....		60,711.30	
Insurance Reserve.....		99,844.93				95,000.00
Undivided Profits.....		2,873,628.48	Balance—Surplus Available as Working Capital for Season 1939-1940.....			4,493,990.27
		<u>\$23,773,271.59</u>				
Capital Expenditures						
Fixed and Sundry Assets						
Fixed Assets (Less Reserve for Depreciation).....	\$15,214,026.01					
Investments and Memberships.....	73,382.00					
Deferred Accounts						
Accounts Receivable—Deferred.....	\$13,527,884.55					
Deferred Charges.....	517,636.63					
		<u>\$14,045,521.18</u>				
Less Deferred Liabilities.....	10,148,647.87					
		<u>3,896,873.31</u>				
Carried Forward.....	\$19,184,281.32	\$23,773,271.59			<u>\$23,773,271.59</u>	<u>\$23,773,271.59</u>

STATEMENT No. 2 (2)

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1939

Current Assets.....	\$6,458,070.89
Current Liabilities.....	1,869,080.62
	<hr/>
Current Position as per Balance Sheet.....	\$4,588,990.27
Less:	
Estimated Capital Expenditure to complete Programme of Building and Work under Construction.....	95,000.00
	<hr/>
Balance—Surplus available as Working Capital for Season 1939-1940.....	\$4,493,990.27
	<hr/>

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

STATEMENT No. 3

SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1939

	Capital	Commercial Reserve	Elevator Deductions	Reserve Account	Reserve for Sinking Fund 1929-30 Pool Overpayment
SOURCE OF CAPITAL FUNDS					
Stock Subscriptions.....	\$ 107,492.00				
Deductions from Pool Payments.....		\$ 6,567,851.17	\$12,188,060.07		
From Surplus Earnings.....				\$ 1,836,394.94	\$ 100,000.00
Province of Saskatchewan—Loan.....					
TOTAL RECEIPTS.....	\$ 107,492.00	\$ 6,567,851.17	\$12,188,060.07	\$ 1,836,394.94	\$ 100,000.00
ANALYSIS OF CAPITAL EXPENDITURES					
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction).....	\$ 107,492.00	\$ 2,800,529.29	\$12,188,060.07	\$ 212,944.71	
Investments.....		36,970.00		36,412.00	
1929-1930 Pool Overpayment.....		724,574.56			\$ 100,000.00
Operating Expenses 1930-31 Pool.....		377,804.53			
Advances, etc. to Growers.....		48,051.71			
Stocks of Repair Parts and Supplies.....		2,303.68		51,621.18	
TOTAL EXPENDITURES.....	\$ 107,492.00	\$ 3,990,233.71	\$12,188,060.07	\$ 300,977.89	\$ 100,000.00
BALANCE—SURPLUS CAPITAL.....	\$	\$ 2,577,617.46	\$	\$ 1,535,417.05	\$

STATEMENT No. 3—Continued

SOURCE OF CAPITAL FUNDS		Insurance Reserve	Undivided Profits	Deferred Interest 1928-29 Deductions	Deferred Loans Outstanding Province of Saskatchewan	TOTAL
Stock Subscriptions.....						\$ 107,492.00
Deductions from Pool Payments.....						18,755,911.24
From Surplus Earnings.....	\$	99,844.93	\$ 2,873,628.48	\$ 281,110.83		5,190,979.18
Province of Saskatchewan—Loan.....					\$ 9,867,537.04	9,867,537.04
TOTAL RECEIPTS	\$	99,844.93	\$ 2,873,628.48	\$ 281,110.83	\$ 9,867,537.04	\$33,921,919.46
ANALYSIS OF CAPITAL EXPENDITURES						
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction).....						\$15,309,026.01
Investments.....						73,382.00
1929-1930 Pool Overpayment.....			\$ 2,873,628.48		\$ 9,867,537.04	13,565,740.08
Operating Expenses 1930-31 Pool.....						377,804.53
Advances, etc. to Growers.....						48,051.71
Stocks of Repair Parts and Supplies.....						53,924.86
TOTAL EXPENDITURES	\$		\$ 2,873,628.48	\$	\$ 9,867,537.04	\$29,427,929.19
BALANCE—SURPLUS CAPITAL	\$	99,844.93	\$	281,110.83	\$	\$ 4,493,990.27
TOTAL CURRENT ASSETS— (As per Consolidated Balance Sheet, Statement "1").....						\$ 6,458,070.89
TOTAL CURRENT LIABILITIES— (As per Consolidated Balance Sheet, Statement "1").....						1,869,080.62
BALANCE—Current Position						\$ 4,588,990.27
Less Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....						95,000.00
BALANCE—Surplus Capital						\$ 4,493,990.27

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, 1939**

ASSETS

Fixed Assets (<i>Less</i> Reserve for Depreciation).....	\$15,214,026.01	
Investments and Memberships (<i>Less</i> Reserve).....	73,382.00	
Other Assets (Deferred Accounts Receivable, etc.)		
Province of Saskatchewan—Sinking Fund Interest Account.....	576,091.41	
Stocks of Repair Parts and Supplies.....	53,924.86	
Surplus Capital (After providing for Expenditures to complete Programme of Building and Work under Construction) Amount provided to complete Program of Building and Work under Construction.....	4,493,990.27	
	95,000.00	
Total Net Assets (Exclusive of amounts due by Growers).....	<u>\$20,506,414.55</u>	
LIABILITIES (Exclusive of Liabilities to Shareholders)		Equity
Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 9,867,537.04	48.119%
TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS	\$ 9,867,537.04	48.119%
BALANCE OF ASSETS OVER LIABILITIES—Growers' Equity	10,638,877.51	51.881%
	<u>\$20,506,414.55</u>	<u>100.000%</u>

STATEMENT OF GRAIN HANDLINGS

STATEMENT No. 5

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

As at 31st July, 1939

TOTAL HANDLED (ALL GRAINS)

SASKATCHEWAN POOL ELEVATORS LIMITED

Country Elevators.....	888,373,023	63,480,172	951,853,195
Platform.....	55,105,054	825,964	55,931,018

Total.....

943,478,077

64,306,136

1,007,784,213

Number of Elevators Operated.....

Average Handling per Elevator.....

1,069

59,383

SASKATCHEWAN POOL TERMINALS LIMITED

Terminal No. 4.....

196,346,401

14,430,464

210,776,865

Terminal No. 5.....

71,883,383

.....

71,883,383

Terminal No. 6.....

215,262,152

15,885,658

231,147,810

Terminal No. 7.....

181,325,485

22,601,673

203,927,158

Terminal No. 8.....

28,240,761

.....

28,240,761

Total.....

693,058,182

52,917,795

745,975,977

BUFFALO TERMINAL ELEVATOR.....

131,930,775

.....

131,930,775

SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT OF EARNINGS
1st August, 1925, to 31st July, 1939

	Total 1925-1938	Season 1938-1939	Total 1925-1939
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....	\$16,467,147.96	\$605,300.59	\$17,072,448.55
DISTRIBUTION OF EARNINGS			
Farm Storage.....	\$ 306,456.74		\$ 306,456.74
Share of Pool Expenses.....	791,428.67	\$ 60,808.92	852,237.59
Dividends to Pool.....	1,915,273.80		1,915,273.80
Excess Charges Refund.....	4,256,040.82		4,256,040.82
Interest Paid on 1929-1930 Pool Overpayment.....	4,305,566.79	527,004.46	4,832,571.25
Transferred to Reserve Account.....	1,831,447.63	4,947.31	1,836,394.94
Transferred to Insurance Reserve.....	87,305.03	12,539.90	99,844.93
Transferred to Sinking Fund Reserve re 1929-1930 Pool Overpayment.....	100,000.00		100,000.00
Transferred to Undivided Profits.....	2,873,628.48		2,873,628.48
TOTAL	<u>\$16,467,147.96</u>	<u>\$605,300.59</u>	<u>\$17,072,448.55</u>
Net Earnings (as above).....			\$17,072,448.55
Depreciation Reserve as at 31st July, 1939.....			11,074,348.76
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in respect of the purchase of the Assets of the latter Company).....			2,150,331.29
TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1939			<u>\$30,297,128.60</u>
CAPITAL—AS AT 31st JULY, 1939			<u>\$12,195,200.00</u>

NOTE: The figures shown for the period 1925-1938 have been altered to include adjustments applicable to that period, but which were not determined in time to be included in the figures previously submitted.

LIBRARY RECORD FOR 1938-39

	Books Mailed	Books Returned	Requests		Postage
			Books	Catalogues	
1938					
August.....	235	261	7	1	\$ 22.19
September.....	282	291	11	9	29.93
October.....	307	323	25	8	25.78
November.....	428	367	93	126	42.68
December.....	574	501	123	94	57.85
1939					
January.....	831	730	216	195	83.78
February.....	909	765	197	95	76.10
March.....	1,003	968	163	55	85.99
April.....	518	596	28	10	46.27
May.....	410	503	32	6	28.58
June.....	675	571	145	200	33.67
July.....	633	652	69	56	33.09
Totals.....	<u>6,805</u>	<u>6,528</u>	<u>1,109</u>	<u>855</u>	<u>\$565.91</u>

Number of Borrowers as at July 31, 1939

Contract Signers.....	1,580
Agents.....	176
	<u>1,756</u>

WHEAT POOL COMMITTEES

STATEMENT No. 8

TOTAL NUMBER OF COMMITTEES 1938-1939

Sub-district	1	2	3	4	5	6	7	8	9	10	Total
District 1.....	3	4	7	10	7	7	8	11	6	8	71
District 2.....	8	4	5	8	5	6	9	8	14	6	73
District 3.....	3	4	3	4	8	6	4	5	4	6	47
District 4.....	3	7	10	5	5	2	4	7	3	6	52
District 5.....	10	7	5	7	8	5	6	10	9	5	72
District 6.....	9	10	7	8	11	12	13	7	7	9	93
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	3	9	7	6	6	7	63
District 10.....	6	7	4	8	15	8	2	7	6	9	72
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.....	7	7	6	7	8	15	12	7	8	10	87
District 15.....	9	8	5	8	7	5	7	5	8	10	72
District 16.....	6	8	9	7	4	11	7	9	12	6	79

Total 1184

STATEMENT No. 9

COMMITTEES REORGANIZED 1938-1939

Sub-district	1	2	3	4	5	6	7	8	9	10	Total
District 1.....	3	4	7	10	7	7	8	11	5	8	70
District 2.....	7	4	4	8	4	5	9	8	13	5	67
District 3.....	3	3	2	4	6	..	1	3	3	6	31
District 4.....	2	7	10	5	4	2	4	6	2	5	47
District 5.....	10	6	5	7	8	4	4	10	7	5	66
District 6.....	9	10	7	8	9	12	11	6	7	8	87
District 7.....	8	5	5	5	7	8	6	4	11	6	65
District 8.....	10	8	8	7	8	9	6	9	5	4	74
District 9.....	5	7	5	8	3	8	6	6	6	6	80
District 10.....	5	5	2	5	11	8	2	6	4	7	56
District 11.....	3	5	10	4	5	7	10	4	5	4	57
District 12.....	7	6	9	7	6	6	7	8	12	8	76
District 13.....	8	11	2	11	6	12	4	7	9	7	77
District 14.....	6	7	5	7	8	12	12	6	8	7	78
District 15.....	6	7	5	8	6	3	7	5	8	9	64
District 16.....	5	8	9	7	3	8	5	9	11	5	70

Total 1044

You Have Seen Co-operation

In the pages of this annual meeting report you have read the story of what co-operation has won for the wheat-grower.

One billion bushels of grain handled in 15 years! That is a proud record, but it is only part of the story of accomplishment.

The co-operative movement does not rest on its laurels. It goes from strength to strength, and in the progress towards betterment of conditions in the farm homes of Saskatchewan the assistance of all who live in this province is invited.



Saskatchewan
Co-operative Wheat
Producers
Limited

Head Office: REGINA

CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1939

EXHIBIT "A"

ASSETS			LIABILITIES		
Agency Assets		\$186,626.23	Agency Liabilities.....		\$186,626.23
Cash in Agency Bank Accounts.....	\$ 3,936.66		Insurance Accounts Payable.....	\$161,949.71	
Insurance Accounts Receivable.....	182,689.57		Commissions Payable—per contra.....	24,676.52	
	<u>\$186,626.23</u>			<u>\$186,626.23</u>	
Shareholders' Assets.....		129,770.18	Shareholders' Liabilities and Reserves.....		35,995.05
Cash.....	\$ 13,807.90		Accounts Payable.....	\$ 11,359.43	
In General Bank Accounts.....	\$13,747.90		Saskatchewan Inspection Service.....	\$ 9,772.73	
On Hand.....	60.00		Miscellaneous.....	1,586.70	
	<u>\$13,807.90</u>			<u>\$11,359.43</u>	
Accounts Receivable.....	34,810.16		Reserves Against Unearned Income.....	24,635.62	
Commissions—per contra.....	\$24,676.52		General.....	\$15,000.00	
Canadian Co-operative Wheat Pro- ducers Limited.....	1,044.60		Specific.....	9,635.62	
Loan Accounts—secured.....	7,627.34			<u>\$24,635.62</u>	
Miscellaneous.....	1,481.70			<u>\$ 35,995.05</u>	
	<u>\$34,810.16</u>				

Investments—at cost	80,198.35
\$80,000.00 Dominion of Canada Bonds 3¼% mat- uring June 1966 (quoted value 31st August, 1939, \$79,200.00)	
Membership Deposits—Insurance Agents' Associa- tions	200.00
Furniture and Equipment	753.77
Cost.....	\$6,019.05
Less Depreciation Reserve.....	5,265.28
	<u>\$ 753.77</u>
	<u><u>\$129,770.18</u></u>

\$316,396.41

Equity of the Shareholders	93,775.13
Capital Stock—Authorized, \$20,000.00	
Issued and fully paid (2,000 shares of \$10.00 each) \$ 20,000.00	
Earned Surplus	
Balance as at 31st August, 1938.....	\$35,847.56
Less—Stock dividend 6% paid.....	1,200.00
	<u>\$34,647.56</u>
Operating Surplus for year ended 31st August, 1939, per Exhibit B.....	39,127.57
	<u>\$ 73,775.13</u>
	<u><u>\$ 93,775.13</u></u>

Signed on behalf of the Board.

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

\$316,396.41

AUDITORS' REPORT

We have audited the accounts of Canadian Pool Agencies Limited for the fiscal year ended 31st August, 1939, and have received all the information and explanations we have required. Bank balances have been confirmed by certificates obtained direct from the Company's bankers. Accounts receivable and accounts payable have been confirmed by circularization. Dominion of Canada Bonds held for investment were produced for our examination. Membership deposits have been verified direct with the depositaries.

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 August, 1939, according to the information and explanations accorded us, and as shown by the books of the Company.

Winnipeg, Manitoba, 28th September, 1939.

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

EXHIBIT "B"

CANADIAN POOL AGENCIES LIMITED

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 1939

Income:

Commissions Earned.....		\$49,654.95
Fire.....	\$26,516.15	
Bonds.....	14,842.57	
Accident and Sickness.....	66.64	
Liability.....	1,262.22	
Auto.....	2,368.22	
Robbery and Burglary.....	311.59	
Forgery.....	67.50	
Personal Effects.....	19.44	
Windstorm.....	402.68	
Sprinkler.....	41.00	
Plate Glass.....	165.34	
Steam Boiler.....	9.61	
Lake Marine.....	635.97	
Ocean Marine.....	104.68	
Contingent.....	3,016.42	
	<u>\$49,830.03</u>	
Less Brokerage paid.....	175.08	
	<u>\$49,654.95</u>	
Interest.....		543.26
Interest on Investments.....		2,600.00
Miscellaneous.....		152.53
		<u>\$52,950.74</u>

Expenses:

Salaries.....	\$11,480.00	
Administrative.....	1,627.38	
Rent and Light.....	1,380.71	
Miscellaneous Office Expense.....	274.94	
Insurance.....	71.85	
Telephone and Telegraph.....	345.77	
Audit.....	350.00	
Printing and Stationery.....	241.25	
Postage and Excise.....	167.20	
Taxes and Licenses.....	341.50	
Travelling.....	134.23	
	<u>\$16,414.83</u>	
Less Allowances:		
Saskatchewan Inspection Service.....	\$2,291.66	
Interprovincial Pool.....	300.00	
	<u>2,591.66</u>	
		13,823.17
Net Income Transferred to Surplus.....		<u><u>\$39,127.57</u></u>

*Canadian Co-operative Wheat Producers
Limited*

DIRECTORS' REPORT
1938-1939

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

Gentlemen:

World Wheat Situation

War clouds, which had hung heavily on the horizon for many months, let loose their terrors shortly after the close of the 1938-39 crop year. While there was some accumulation of security stocks by European countries during the crop year, the huge world wheat carryover was not appreciably reduced. World wheat exports for the crop year 1938-39 are estimated at about 610 million bushels, leaving a world carryover of well over a billion bushels. Total world wheat trade in recent years has been at a level of about 550 million bushels, of which Europe has taken about 400 million bushels.

With the 1939 world wheat crop, exclusive of Russia and China, estimated at 4,259,000,000 bushels by the Dominion Bureau of Statistics, the second largest wheat crop in history, world wheat supplies are the largest on record. This is in sharp contrast with the situation that prevailed in 1914. The United States Department of Agriculture gives world supplies of wheat in 1914 at 3,700,000,000 bushels, while this year they are estimated at 5,300,000,000 bushels, or almost one and one-half times as large.

With the opening of the present war and the enforcement of a blockade on Germany by the United Kingdom and French navies, wheat became a conditional contraband of war, and there can be no large increase in wheat imports by neutral countries if there is a likelihood of its finding its way into Germany. The principal market for wheat will continue to be the United Kingdom, which normally imports in the neighborhood of 220 to 225 million bushels from all sources of supply. France has a surplus of wheat from the crop year 1938-39 estimated at about 50 million bushels.

The British Government has centralized trade in wheat and cereal products under a Food Controller and placed the milling industry under the supervision of the Board of Trade. All stocks of cereals and cereal products above 50 tons are being requisitioned by the Government.

The Liverpool and London futures markets have been closed and a committee, of which James Rank is Chairman, will be the sole purchaser for British wheat supplies.

The Australian Government on September 14, 1939, acquired all commercial wheat stocks and formed a compulsory pool with returns to growers equalized. Information about the price paid to producers is not yet available. The Argentine Government, which holds practically the entire surplus from the 1938-39 crop, was estimated to have had about 130 million bushels on hand on September 1. The United States 1938-39 wheat crop was placed at 736,400,000 bushels on August 10, with a carryover of

254,000,000 bushels on July 31. In a series of addresses by Henry A. Wallace, United States Secretary of Agriculture, wheat producers across the line have been advised not to increase their wheat acreage over the national wheat allotment of 62 million acres, as there is nothing in the current wheat situation to warrant United States farmers increasing their wheat acreage above the allotment. Mr. Wallace considers that United States domestic wheat supplies of nearly a billion bushels are ample for any immediate prospective demand.

Domestic Crops

On September 8 the Agricultural Branch of the Dominion Bureau of Statistics estimated the current year's Canadian wheat crop at 449,058,000, which is 99,048,000 bushels larger than the 1938 wheat production. The spring wheat crop in the prairie provinces was estimated at 59 million for Manitoba; 218 million for Saskatchewan and 145 million for Alberta, a total of 422 million against 326 million in 1938. South-eastern Saskatchewan suffered severely from drought, but yields in all three provinces threshed out better than expected.

The Canadian wheat carryover at the end of the crop year was 102,161,568 bushels, of which 7,148,092 was in store in the United States.

Agricultural Policy Committee

At an Interprovincial Conference of the three Pool Boards held at Calgary, July 22-23, 1938, after some discussion on the lack of any comprehensive agricultural policy for Western Canada, a resolution was adopted recommending the appointment of a committee representing the three Pool organizations to make a study of the subject and report to your Central Board. The committee was appointed, composed of L. W. Elliott, Chairman, representing the Saskatchewan Wheat Pool, Ben S. Plumer the Alberta Wheat Pool and C. H. Burnell, Manitoba Pool Elevators. An interim report has been submitted by the committee which deals first with production and suggests the advisability of reducing the acreage under wheat with a considerable extension of the acreage planted to grasses and clovers to provide larger supplies of forage and increased pasture for livestock, as well as to put fibre in the soil where grains have been grown for extended periods. Producer co-operative seed growers' marketing organizations should be organized to market forage crop seeds, and pure seed production and distribution for all Western farm crops encouraged and extended. Other recommendations in the interim report suggest that with further development of the P.F.R.A. plans for community pastures, the bulk of our cattle and sheep should be marketed in a finished condition, furnishing a large market for feed grain and forage crops. Co-operative packing plants of substantial capacity and adequate financial strength should be established to prevent or minimize unwarranted fluctuations in prices and exercise of influence favourable to producers in the packing business.

The interim report deals at some length with the marketing of farm products and argues that efficient marketing of farm products requires control of the product. Before such control could be secured, it would be necessary to have Dominion legislation providing for the establishment of marketing boards with power to control and regulate inter-provincial and export trade in the controlled commodity.

Provincial legislation would also be required to provide for the establishment of provincial boards to control and regulate the marketing of the controlled commodity

within the province. In the international market, co-operation to the fullest extent with similar marketing organizations in other countries is recommended.

Dealing with the sale of Canadian wheat, the report recommends that:

"Sales of Canadian wheat should be carried on by a Canadian Wheat Board with producer representation and government support, and adequate selling machinery should be set up in all countries where Canadian wheat is taken in substantial quantities, and the sale of our wheat pressed in the same manner that other industries effect sales of their products."

Other recommendations deal with agricultural credit, security of tenure, soil conservation, and the expansion of the P.F.R.A. into a permanent work agency covering the three prairie provinces.

Western Committee on Markets and Agricultural Readjustment

A conference on markets for Western Farm Products, called by Hon. John Bracken, Premier of Manitoba, was held in Winnipeg, December 12 to 15 inclusive. There was a large attendance with addresses by outstanding authorities from Canada and the United States, and animated and intelligent discussion. The difficulties facing the wheat producers of the exporting countries, and the farmers of Western Canada in particular, were outlined clearly and in detail and, at the request of the Conference, a Western Committee on Markets and Agricultural Readjustment was appointed by Premier Bracken. This Committee included the Presidents of your three organizations, the Vice-President of United Grain Growers, representatives of the farmers' educational associations, Northwest Grain Dealers' Association, Western Boards of Trade, municipal organizations, and the prairie provincial governments.

This committee, named on January 21, met in Regina on January 31 and February 1, and again in Saskatoon on February 13 and 14. At the Regina meeting it was the unanimous view of the Committee that the most urgent problem for western agriculture was the matter of federal aid in respect to marketing the 1939 crop. In the light of the views and material presented to the Winnipeg Conference, it was unanimously agreed to present its proposals to the Dominion Government in connection with the question of federal aid in respect to the 1939 crop.

The following resolution was unanimously agreed to:

"That while this Committee, in the light of the expert evidence presented to the Conference held in the City of Winnipeg and the unanimous reaction of its members with reference thereto, is of the opinion that the present guaranteed price of wheat is not sufficient to enable the farmers of Western Canada either to pay interest on or to retire the capital of their present indebtedness, or to maintain adequate standards of living for themselves and their families, and while this Committee also recognizes that a wheat policy for the crop year 1939-40 is necessarily only a temporary measure, pending an ultimate adjustment of western economy by national action and world market developments or both, it hereby requests the Chairman forthwith to nominate a sub-committee to present to this Committee for consideration, and subsequently to recommend to the Dominion Government for adoption a federal wheat policy for the year 1939-40.

And, by way of general direction to its sub-committee, this Committee offers for its guidance, its unanimous opinion that the Dominion Government should be requested to extend to the western wheat growers in respect of the wheat to be grown in the crop year 1939-40 at least the protection given in the crop year 1938-39."

At Saskatoon the following resolution was unanimously agreed to:

"That in view of the present international position with reference to the marketing of wheat and of the importance of the

wheat industry within the general economy of the Dominion of Canada;

And of the necessity of the continuance of protection for western wheat growers, at least to the extent of the protection afforded to them during the crop year 1938-39, and pending the determination of a permanent western wheat and agricultural programme to which this Committee is devoting and proposes continuously to devote its study and attention;

The Dominion Government be requested to establish as its wheat policy for the crop year 1939-40:

- (1) The continuation of the Wheat Board for 1939-40.
- (2) The setting of a guaranteed price for wheat of at least 80 cents for No. 1 Northern, basis Fort William."

In addition to the foregoing, the Committee considered the possibility of subsidiary assistance as follows:

"The Committee, while it believes that the wheat industry by reason of its very nature and of the position which it occupies in the national economy, requires specialized consideration, is also aware of the difference between the problem of protection for the wheat industry, the problem of that limited class of farmers who grow coarse grains for sale, and the problem of those farmers who by reason of drought or other calamity suffer a total or partial crop failure.

In view of what may evolve as the particular needs of the two last named classes, the Committee submits to the Government for consideration the extension to those classes of some system of reasonable assistance, and in particular ask the Dominion Government to consider some subsidiary assistance by way of a crop insurance plan or some other method to assure all farmers an improved minimum maintenance income.

To that end the Committee will be prepared to assist the Government in the consideration and the formation of any such subsidiary scheme or of an adequate long term plan."

It was gratifying to your representatives on the Committee to find that the policies advocated for many years by the pooling and farmer organizations were now receiving the full support of so many other interests.

Two submissions were personally presented by the Committee to the Dominion Cabinet on March 1 and April 24. As a consequence of the representations made to the Cabinet and western Members of Parliament of all parties, the initial price of 60 cents per bushel which had been introduced into the House was raised, but only to 70 cents per bushel.

On September 2, 1939, your Executive sent the following wire to Hon. W. D. Euler, Minister of Trade and Commerce and Chairman of the Federal Government Wheat Committee:

"To avoid complete disorganization grain markets by wide fluctuations and uncontrolled speculation Wheat Pool organizations recommend immediate suspension futures market and hundred per cent. control by Canadian Wheat Board with advisory committee reappointed on basis provided by Wheat Board Act."

The views of your Executive were acknowledged and promised due consideration, but the Government up to the present has not accepted the suggestion of your Executive.

Federal Agricultural Legislation

Much legislation dealing with agriculture was passed at the 1939 session of Parliament. The Agricultural Products Co-operative Marketing Act makes provision for guaranteeing by the federal Government of initial payments on farm commodities marketed co-operatively, exclusive of wheat, up to a maximum of 80 per cent. of the average wholesale price of the commodity over the period of three years immediately preceding the year of production.

An amendment to the Wheat Board Act 1939 substitutes an enacted advance for the power previously given the Board to set a minimum price from year to year. The Act now guarantees the farmer an advance of 70 cents per bushel for No. 1 Northern, Fort William, this

amount to be payable only on 5,000 bushels delivered to the Board by each individual farmer.

The Wheat Co-operative Marketing Act provides for any group of producers or elevator operators setting up a central selling agency to handle wheat on a co-operative basis with a guaranteed advance by the Government of 60 cents a bushel to the co-operative, out of which administrative and carrying costs would have to be met.

A Grain Futures Act was passed providing for "the Supervision and Regulation of Trading in Grain Futures," but no supervisor has yet been appointed.

The Prairie Farm Assistance Act is intended to aid farmers in years of distress and crop failure by graduated payments on an acreage basis. A levy of one per cent. on all grain marketed in Western Canada will partially meet the payments under this Act.

Other legislation deals with livestock and livestock products, cheese factory improvement and assistance to butter and livestock marketing.

A Central Mortgage Bank Act which would provide for mortgage debt adjustment on a large scale but on a purely voluntary basis has not yet gone into force.

In order to encourage more extensive use of Western Canadian barley, the grades have been changed by statute to more nearly conform in quality and standard to the requirements of our customers overseas and in Eastern Canada.

Pool Insurance Limited

Organization of Pool Insurance Limited was completed in August, 1939, another important forward step by the three provincial Pool organizations to reduce production and handling costs.

The new company is owned jointly by the three Pools and has an authorized capital of \$500,000.00. The directors of this organization are the same as those of Canadian Co-operative Wheat Producers Limited and Canadian Pool Agencies Limited.

Mr. R. M. Dancer was appointed Acting Manager and D. Bruce Murray, Acting Treasurer. Mr. Dancer has been associated with Canadian Pool Agencies Limited for the past nine years and has spent in all about twenty-one years in the insurance business.

Mr. Murray has been with the Pools since their inception and assisted in the organization of Canadian Pool Agencies Limited in 1928. He is one of two Canadians granted a fellowship by the American Institute of Insurance and is a member of the Council of the Insurance Institute of Winnipeg.

The company, in the meantime, is limiting its activities to the writing of fire insurance on Pool facilities, and license bonds.

Wheat Advisory Committee

Two lengthy sessions of the Wheat Advisory Committee have been held in London the present year, and while some progress is reported, it is doubtful if any agreement can be arrived at by the Committee until the end of the war. Your board is convinced that there can be no stability in the wheat market without some measure of international co-operation.

Barley Feeding Experiments

The barley feeding experiments carried on for a number of years in co-operation with our three Pool organizations by eastern Experimental Farms and Agricultural

Colleges have reached a successful conclusion, with the superiority of barley over any other feeds for bacon hogs convincingly demonstrated. All the barley used in the feeding experiments was supplied by the Pools. The feeding tests were made at Macdonald College, in Quebec, the Ontario Agricultural College at Guelph, and the Dominion Experimental Farms at St. Anne de la Pocatiere, Quebec, and Nappan, Nova Scotia.

Conclusion

No man can say when the present war will end. All countries involved are preparing for a long struggle. Canada is as one with the other members of the British Commonwealth of Nations in a steadfast determination to oppose with all the means in our power the rule of force in human relationships. Heavy demands will be made upon our producers and an increase in our production costs is inevitable.

Western Canada will unquestionably be depended upon to provide the bulk of the wheat supplies imported by the Allies during the war. Our farmers are anxious to make their maximum contribution to Canada's war effort. At a conference of the three Wheat Pool Boards, a resolution was passed which recommended to the Dominion Government that in any measures or action of the Government in 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. Canada must have a solvent agriculture if our country is to do its full share towards winning the war.

Respectfully submitted,

P. F. BREDT, President

JOHN H. WESSON, Vice-President } *Executive*

L. HUTCHINSON

L. WIDDUP

A. F. SPROULE

BEN S. PLUMER

GEORGE BENNETT

C. H. BURNELL

J. W. BALDWIN

Canadian Pool Agencies Limited

DIRECTORS' REPORT 1938-1939

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

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st of August, 1939, together with a Statement of the Income and Expenses for the year ended as at the same date.

The result of the operations of your Company for the year is a profit of \$39,127.57 as compared with \$35,847.56 last year. It had been anticipated that a greater profit would be shown due to the larger crop, but on account of the reduced prices of grain our expectations were not realized. However, there has been a slight increase in earnings on several classes of insurance; more particularly Fidelity Bonds and Lake and Ocean Marine Insurance, and your Agency is therefore able to show additional profit over last year.

The principle upon which Pool Agencies operates puts service before profit, and the Agency has again been successful in obtaining reductions in rates on several classes of insurance, mainly Terminal Buildings and Grain Fidelity Bonds, and various types of Liability Insurance. These reductions while benefitting the Pools directly adversely affect the earnings of the Agency. In addition the very favorable rates applicable to our Line Elevators and Grain have been maintained in the face of a higher loss ratio during the past season.

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.

Canadian Co-operative Wheat Producers Ltd.: This item represents August expenditures made by your Company for Interprovincial Pool expenses.

Loan Accounts: In order to obtain an interest earning on surplus funds, advances were made for the purchase of automobiles, etc., which were adequately secured at the current rates of interest; and in addition a substantial amount of new insurance business was obtained as a result of this policy.

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 investment being made for the purpose of earning interest on surplus funds when the provincial organizations had no further use for them. The market value of these bonds as at the date of the Balance Sheet represented an amount of \$79,200.00. 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: A few items of equipment were purchased during the year. However, as the asset represented under this heading has been depreciated to its salvage value, no depreciation has been written off for this year.

Accounts Payable

Saskatchewan Inspection Service: This amount represents the undistributed surplus to the credit of the Saskatchewan Inspection Service at the time of winding up the Company, 31st July, 1939. The work done by this Service is now being handled by Pool Insurance Limited.

Reserves

General: Due to the nature of our business, where the larger proportion of policies in force become due immediately prior to the end of our financial year, it is necessary to set up adequate reserves to provide for cancellations and for operating expenses in connection with the handling of the insurance.

Specific: This specific reserve represents commission on business applicable to next season, and which has gone through our accounts during the current season.

Equity of Shareholders

Capital Stock: The ownership of the Capital Stock of the Company is held by the three provincial organizations who contribute their business to us: Alberta and Saskatchewan having 667 shares each, while Manitoba holds 666 shares.

Earned Surplus: This represents the surplus earnings for the year ended 31st August, 1938, and is available for patronage dividends in the following proportions:

Manitoba.....	\$ 6,246.95	
Saskatchewan.....	17,493.56	
Alberta.....	10,907.05	
		<u>\$34,647.56</u>

The six per cent. Capital Stock Dividend totalling \$1,200.00 was paid as at 29th March, 1939. The distribution being as follows:

Manitoba.....	\$399.60
Saskatchewan.....	400.20
Alberta.....	400.20

The combined total of these two dividends represents a return of 80.58 per cent. of the total commissions received by your Company.

Profit and Loss Account

Income: We have set out the original sources of commission earnings in the belief that this additional 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 and Fidelity Bonds.

Expenses: You will notice on the Statement under "Administrative Expense", an amount of \$1,627.38. This represents our share of Directors' Fees and Expenses. In previous years a fixed sum was allowed Canadian Co-operative Wheat Producers Limited. We believe the present method of paying a percentage of the expenses of each meeting is more equitable.

The deduction from the total expenses of \$2,591.66 represents the Management Fee paid by the Saskatchewan Inspection Service for supervision and administration of its operations, and an allowance from Canadian Co-operative Wheat Producers Limited for the handling of their account. The allowance from the Saskatchewan Inspection Service is \$208.34 less than last year due to the fact that the Service was only in operation eleven months. The amount received from Canadian Co-operative Wheat Producers Limited is the same as that received in past years, but on previous statements it was shown as an earning.

Respectfully submitted,

P. F. BREDT, President

JOHN H. WESSON, Vice-President } *Executive*

LEW HUTCHINSON

L. WIDDUP

A. F. SPROULE

GEORGE BENNETT

BEN PLUMER

COLIN H. BURNELL

J. W. BALDWIN

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