

Saskatchewan  
Co-operative Wheat Producers  
Limited

# TWELFTH ANNUAL REPORT



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1936

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McGILL UNIVERSITY

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



*Proposed Agenda of Business for  
Annual Meeting*

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1. Appointment of Chairman.
2. Notice of Annual Meeting.
3. Resolution to Adopt Agenda.
4. Minutes of Previous Meeting.
5. Report of Resolutions Committee.
6. Report of Board of Directors.
7. Resolution to Receive Directors' Report.
8. Discussion of Directors' Report.
9. Financial Statement and Auditors' Report.
10. Discussion of Financial Statement.
11. Adoption of Directors' Report.
12. Adoption of Financial Statements.
13. Remuneration of Auditors.
14. Appointment of Auditors.
15. Consideration of Amendments to Articles of Association.
16. Consideration of Resolutions set out in Notice of Meeting.
17. Consideration of other matters that may properly come before the Meeting, introduced by Delegates.
18. Fraternal Delegates.
19. Adjournment.







# SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

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## *Directors' Report*

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Regina, Saskatchewan,  
3rd November, 1936.

In submitting its Twelfth Annual Report to the Annual Meeting of Wheat Pool delegates, your Board of Directors has endeavoured to present a complete picture of the operations of your organization for the year ending 31st July, 1936. As in former years, the Reports of Canadian Co-operative Wheat Producers Limited and Canadian Pool Agencies Limited are included. It may be noted, for the first time since the inception of your organization, that no pooling operations in the marketing of grain were undertaken. With the Canadian Wheat Board in operation for the crop year 1935-1936 the continuation of a Voluntary Pool would have meant an unnecessary duplication of marketing machinery.

### **Consolidated Balance Sheet**

Copy of Consolidated Balance Sheet prepared by Messrs. Geo. A. Touche & Co., Auditors for the Organization, showing the position of the Wheat Pool organization as at 31st July, 1936, together with explanatory notes of the principal items, will be found attached to this Report as Statement No. 1. This Balance Sheet has been compiled by the Auditors from their certified Balance Sheets of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited as at 31st July, 1936. It will be noted from this statement that total current assets as at 31st July, 1936, amounted to \$9,096,489.30, with total current liabilities of \$1,641,266.37. The difference between these two items, amounting to \$7,455,222.93, represents the current position of the organization as at the end of the last fiscal year. After providing for the completion of the approved building programme and work under construction at the end of the year, estimated to cost \$80,000.00, there remains a balance of \$7,375,222.93 available as working capital for the season 1936-1937. This compares with a working capital position of \$6,820,179.90 a year ago—an improvement during the year of \$555,043.03.

### **Consolidated Capital Statement**

Attached to this Report as Statement No. 2 will be found Consolidated Capital Statement which sets out the current financial position of the organization as at 31st July, 1936.

Statement No. 3 sets out in detail the source of capital funds invested in the Pool organization, and also a complete analysis of capital expenditures and surplus capital as at 31st July, 1936. This statement has been prepared by the Treasurer of the organiza-

tion for the information of delegates, and shows in detail the position of surplus capital at the end of the fiscal year. It will be noted from this statement that the various reserve accounts of Saskatchewan Pool Elevators Limited are in liquid form, and that of the total commercial reserve amounting to \$6,567,851.17 an amount of \$3,085,769.81 is in liquid form as compared with \$2,030,183.19 a year ago. The balance of undivided profits, after deducting payments of principal made to the Province of Saskatchewan on account of the 1929-1930 Pool overpayment liability, is shown on the statement as \$709,380.25. This amount is sufficient to cover the balance of the payment due in 1937 amounting to \$367,875.17 and leave a balance of \$340,505.08 as a reserve to cover any part of the payment due to the Government in 1938.

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

### *Financial Statements*

A complete copy of the Financial Statements of Saskatchewan Co-operative Wheat Producers Limited, together with Auditors' Report from Messrs. Geo. A. Touche & Co., 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, 1936, amounted to \$3,942,954.44 and current liabilities to \$623,378.70. The difference between these two items amounting to \$3,319,575.74 represents the current position of the Company, and is available for the purpose of working capital. This represents an increase of \$1,050,917.51 over the amount of working capital reported a year ago. The principal item involved in increased working capital arises from the payment of the sum of \$1,000,000 by Saskatchewan Pool Elevators Limited on account of the loan of \$4,000,000 made to Pool Elevators from the commercial reserve for the construction of Pool Terminal No. 7. With the payment of \$300,000 the previous year the amount due on this loan now stands at \$2,700,000.

### *Income and Expenses*

The total income of the Company for the year ending 31st July, 1936, amounted to \$405,489.12. Details of income will be found in Statement No. 2, Page 20 of the Auditors' Report.

Total operating expenses, details of which are set out in Statement No. 2A, Page 21 of the Auditors' Report, amounted to \$343,888.67.

The surplus of income over expenses amounting to \$61,600.45 has been applied as a reduction of the Company's share of the 1929-1930 Pool overpayment.

There is included in the operating expenses of the Company a sum of \$49,048.90 representing the operating deficit of Modern Press Limited for the year ending 31st July, 1936.

Provision has also been made for depreciation on fixed assets amounting to \$15,183.75.

### *Growers' Equity*

Attached hereto as Statement No. 4 will be found the usual Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1936. This statement shows a balance of assets over liabilities representing



the growers' equity in the organization of \$11,411,931.92 at the end of the fiscal year. This is an increase of \$370,903.11 over the previous year when the balance of assets over liabilities amounted to \$11,041,028.81. In percentages, the growers' equity now stands at 49.628% of the value of the Company's assets as compared with 47.347% last year, an increase of 2.281% during the year.

### **Saskatchewan Pool Elevators Limited**

Saskatchewan Pool Elevators Limited now owns and operates 1085 country elevators in all parts of the province. The maximum number of elevators actually in operation during the past season was 1065.

#### *Grain Handled*

A total of 64,378,656 bushels of all grain was handled through Pool country elevators for the year ending 31st July, 1936. Your Company also handled a total of 917,608 bushels of grain loaded over the platform, making a total handling of all grain for the year of 65,296,264 bushels. Comparative figures for the last three years' handlings are as follows:

#### *Country Elevator Receipts*

| <i>Grain</i> | 1935-36<br>( <i>Bushels</i> ) | 1934-35<br>( <i>Bushels</i> ) | 1933-34<br>( <i>Bushels</i> ) |
|--------------|-------------------------------|-------------------------------|-------------------------------|
| Wheat.....   | 52,437,630                    | 45,087,559                    | 47,484,548                    |
| Oats.....    | 7,586,521                     | 6,317,882                     | 8,055,724                     |
| Barley.....  | 3,075,411                     | 2,004,069                     | 2,675,926                     |
| Flax.....    | 470,912                       | 178,349                       | 178,182                       |
| Rye.....     | 808,182                       | 189,980                       | 307,685                       |
| Totals.....  | <u>64,378,656</u>             | <u>53,777,839</u>             | <u>58,702,065</u>             |

#### *Platform Receipts*

|              | ( <i>Bushels</i> ) |
|--------------|--------------------|
| 1935-36..... | 917,608            |
| 1934-35..... | 1,360,191          |
| 1933-34..... | 1,665,568          |

The average volume of grain handled per elevator during the year under review, based on 1065 elevators operated, amounted to 60,449 bushels of all grain as compared with an average handling per elevator of 53,404 bushels for the previous year.

During the past season Saskatchewan Pool Elevators Limited handled 45.05% of all wheat delivered to country elevators in the province as compared with 44.59% the previous year. Of all grains delivered to country elevators in Saskatchewan for the 1935-1936 season 45.30% was handled by the Pool Elevator System as compared with 44.41% the previous year. The percentage of platform shipments handled by Pool Elevators was shown at 50.51% as compared with 62.28% a year ago.

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 \$78,105.40 as compared with \$336,891.65 for the previous year, or \$2.10 per car as compared with \$11.31 per car a year ago.

#### *Overages and Shortages*

The following figures show the overages and short-



ages in all grains handled through Pool country elevators during the past year:

|             | <i>Overages<br/>(Bushels)</i> | <i>Shortages<br/>(Bushels)</i> | <i>Percentage of<br/>total handled</i> |
|-------------|-------------------------------|--------------------------------|--|
| Wheat.....  | 184,128                       | .....                          | .35%                                   |
| Oats.....   | 97,295                        | .....                          | 1.28%                                  |
| Barley..... | 22,528                        | .....                          | .73%                                   |
| Flax.....   | .....                         | 6,347                          | (1.34%)                                |
| Rye.....    | .....                         | 6,313                          | (.78%)                                 |

The above figures correspond fairly closely to the percentages of last year.

### *Insurance*

*Fire Losses*—Three country elevators were destroyed by fire as well as three engine houses during the past season, compared with one elevator and two engine houses for the previous year. Insurance claims for buildings and contents amounted to \$55,510.67 compared with \$18,025.02 last year. All claims were settled in full by the Insurance companies. Loss ratio figures out at 40.07% as compared with 12.3% for the previous year.

### *Financial Statements*

The Auditors' Report containing detailed accounts covering the year's operations is included in the Financial Statements submitted separately to the delegates.

For the year under review the crop production was larger than for the previous year, but on account of rust which developed over a large area of the province prior to harvest, quality was comparatively poor. The percentage of cars of wheat grading within the contract grades was 65% as compared with 78% in the previous season.

There are no direct liabilities against the Company's assets other than the contingent liability in connection with the 1929-1930 Pool overpayment. The only capital commitment to be made during the past season was in connection with this contingent liability and amounted to \$518,716.11. The year's interest on the 1929-1930 Pool overpayment amounted to \$616,689.09. Payment in each case has been made or provided for. A further prepayment of \$175,776.75 was also made.

It will be noted from the Company's Balance Sheet that total current assets of Saskatchewan Pool Elevators Limited as at 31st July, 1936, amounted to \$7,216,228.45, with current liabilities of \$3,103,645.56. The difference between these two items amounting to \$4,112,582.89 represents the current position of the Company at the end of the fiscal year. After providing for contingent liabilities of \$80,000 in connection with building programme and work under construction, and taking into account the sum of \$877.36 in respect of Saskatchewan Pool Terminals Limited, the balance of \$4,033,460.25 represents the amount available as working capital at the beginning of the season. This shows a reduction from the previous year of \$499,401.57. With the use of the working capital of Saskatchewan Co-operative Wheat Producers Limited and Modern Press Limited amounting to \$3,341,762.68 there is available a total working capital for the organization of \$7,375,222.93 as compared with last year's amount of \$6,820,179.90, an increase of \$555,043.03.

As has already been noted, during the year under review the Company has repaid to the parent company

an additional amount of \$1,000,000 on the loan against Pool Terminal No. 7 and, in addition, has provided \$190,000 for new elevators, cottages, cleaners, drying equipment at Buffalo, and sundry capital replacements.

#### *Country Elevator Earnings and Expenses*

The Profit and Loss Account for the year ending 31st July, 1936, Statement No. 2, Page 47 Auditors' Report, shows total operating revenue of \$5,117,650.62. After deducting operating expenses of \$3,488,270.12 and depreciation on country elevators, etc., amounting to \$752,027.71 the balance of \$877,352.79 represents the net earnings of the country elevator department. This compares with net earnings for the previous year of \$456,586.57. This sum represents an average net earning per elevator, based on 1065 elevators, of \$819.50 after making adjustments for platform grain, and compares with average earning per elevator of \$446.66 the previous year when 1007 elevators were in operation. Net earnings per bushel of grain handled through country elevators amounted to 1.356 cents as compared with .836 cents for the previous season.

#### *Terminal Elevator Earnings and Expenses*

The Profit and Loss Account of Saskatchewan Pool Terminals Limited for the year ending 31st July, 1936, Statement No. 2, Page 59 Auditors' Report, shows total operating revenue of \$2,035,014.65 with operating expenses amounting to \$1,520,188.05, leaving operating earnings for the year under review amounting to \$514,826.60 before depreciation. After providing for full depreciation on the Terminal Elevator System amounting to \$414,164.10 net earnings from the Port Arthur terminals are shown at \$100,662.50. This compares with net earnings of \$539,368.60 for the previous year, or a comparative net earning per bushel of grain handled through Pool terminals of .20 cents against 1.463 cents for the previous season.

In connection with the above figure which shows a substantial reduction in earnings from previous seasons, it should be noted that the terminal elevators were placed in a very difficult position during the past season through inability to purchase any appreciable quantities of grain to earn a reasonable carrying charge. A large proportion of the crop was delivered to the Canadian Wheat Board which sold to shippers and exporters and these in turn moved the grain to eastern positions before storage accrued, and particularly before the close of navigation.

#### *Buffalo Terminal*

The Profit and Loss Account for the Buffalo terminal department, Statement No. 4, Page 49 Auditors' Report, shows operating revenue of \$56,458.49 with operating expenses and rent of \$97,109.76, leaving an operating deficit of \$40,651.27. After providing for depreciation amounting to \$88,946.16 there is shown a net loss of \$129,597.43 compared with \$132,484.49 for the previous year. It should be noted that these figures are arrived at after charging interest on investment in the elevator amounting to \$60,283.98 and depreciation of \$88,946.16. Omitting these charges the Buffalo plant showed an actual cash return of \$19,632.71 in excess of the actual cash outlay for expenses. This compares with an actual cash return of \$21,927.45 for the previous year. The decreased cash return is accounted for by increased cost of repairs to the plant.



On account of continued unfavourable conditions for assuming operating risks your Board considered it advisable to approve a renewal of the lease of the Buffalo plant to the Cargill Grain Company of Minneapolis for a three-year period. This Company is able to make use of the Buffalo terminal in the handling of American grain and for transfer purposes in connection with their large Albany plant. Drying equipment to the value of \$16,000 was installed in the elevator and the yearly rental increased by \$3,200 per annum—equal to 20% depreciation.

### **Combined Country and Terminal Earnings and Expenses**

The Summary of Profits, Statement No. 3, Page 48 Auditors' Report, shows combined operating revenue of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year ending 31st July, 1936, amounting to \$7,209,123.76. Operating expenses for the season totalled \$5,105,567.93 leaving combined operating earnings of the country and terminal systems amounting to \$2,103,555.83 before providing for depreciation and interest on the 1929-1930 Pool overpayment. This compares with operating earnings for the previous season of \$2,117,153.59.

#### *Distribution of Earnings*

The following statement shows the distribution of earnings:

|   |                       |
|---|-----------------------|
| Operating Earnings for the year ending 31st July, 1936..... | \$2,103,555.83        |
| <i>Deduct:</i>  |                       |
| Depreciation Reserve.....                                   | \$1,255,137.97        |
| Loss on Realization of Assets.....                          | 24,160.10             |
| Proportion of Pool Expenses.....                            | 55,392.40             |
| Interest on 1929-1930 Pool Overpayment.                     | 616,689.09            |
|   | <u>\$1,951,379.56</u> |
| Balance representing Net Earnings.....                      | <u>\$ 152,176.27</u>  |

The above item of \$152,176.27 representing the net earnings of the Company for the year ending 31st July, 1936, compares with net earnings of \$171,090.20 the previous year. This amount has been transferred to Undivided Profits Account.

Attached to this Report as Statement No. 6 will be found a Statement of Earnings covering the entire period of the operations of the Company from 1st August, 1925, to 31st July, 1936, together with details of the distribution of these earnings.

### **Saskatchewan Pool Terminals Limited**

For the crop year 1st August, 1935, to 31st July, 1936, Pool terminal elevators at Port Arthur handled a total of 49,584,944 bushels of all grains as compared with a total of 36,852,476 bushels for the same period in the previous year. This represents an increase of nearly 13,000,000 bushels over the previous season's handlings.

Shipments of grain during the Fall months kept pace with receipts, and at the close of navigation last year lake head stocks were the lowest in several years.

After the close of navigation last year receipts of grain at Port Arthur were insufficient to fill any of our elevators, and storage earnings during the Winter months were necessarily low. Pool Terminal No. 5 was empty after the close of navigation and the plant was closed down for the balance of the season.



In view of the light crop during this current season, Pool Terminal No. 5 has been leased for the present year to Manitoba Pool Elevators Limited at a reasonable rental. The workhouse of the Manitoba Pool's Terminal No. 3 was destroyed by fire at the beginning of the present season and your Board was glad to co-operate with the sister organization in Manitoba in making available Pool Terminal No. 5.

The following statement shows the total volume of grain handled by Pool terminals during the past season as compared with the previous season:

|                     | 1935-36<br>(Bushels) | 1934-35<br>(Bushels) |
|---------------------|----------------------|----------------------|
| Terminal No. 4..... | 14,733,717           | 11,994,674           |
| Terminal No. 5..... | nil                  | 403,975              |
| Terminal No. 6..... | 14,595,636           | 13,040,230           |
| Terminal No. 7..... | 20,255,591           | 11,413,597           |
| Totals.....         | <u>49,584,944</u>    | <u>36,852,476</u>    |

As at 31st July, 1936, there was in store in all Saskatchewan Pool terminals at the Head of the Lakes a total of 5,371,520 bushels of grain as compared with 19,904,583 bushels the previous year.

During the season 156,159 bushels of grain shipped by Manitoba Pool Elevators Limited were unloaded in Saskatchewan Pool terminals, while 23,582 bushels were unloaded by the Alberta Wheat Pool.

During the past season screenings were shipped and sold from Pool terminals as follows:

|                                    |                 |
|------------------------------------|-----------------|
| Refuse Screenings.....             | 14,254 tons     |
| Standard Recleaned Screenings..... | 5,621 tons      |
| Mixed Feed Oats.....               | 597,023 bushels |

Refuse screenings were sold during the year at an average price of \$2.50 per ton; standard recleaned at an average price of \$10.63 per ton; and mixed feed oats at an average price of 20.17 cents per bushel, all f.o.b. Port Arthur. It will be noted that these prices were substantially lower than those received during the past year.

It may be of interest to delegates to note that Saskatchewan Pool terminals handled over 31% of all cars of grain received at the Head of the Lakes during the season 1935-1936.

The entire Terminal System was maintained in first class working condition throughout the year. Major repairs, replacements and the installation of new equipment included the following:

**Elevator No. 4:** One new leg belt and two new conveyor belts installed at a cost of \$3,628. One new No. 44 Hart Emerson "Uni-Flow" Cleaner installed on the bin floor at a cost of approximately \$5,000.

**Elevator No. 6:** Two new conveyor belts were installed at a cost of \$2,868. The C.N.R. also undertook to install a No. 44 Hart Emerson "Uni-Flow" Cleaner similar to the one installed by your Company in Elevator No. 4. A No. 7 Monitor Wheat Head Thresher was also installed at an approximate cost of \$500. This machine is used for recovering grain from the wheat heads which were very prevalent in dockage during the past season.

## Coarse Grains Department

### Local Sales

Total sales of wheat and coarse grains for seed and feed, including sales by agents from country elevators and carlot sales, for the fiscal year ending 31st July, 1936, totalled 5,038,035 bushels, as follows:

|             |                          |
|-------------|--------------------------|
| Wheat.....  | 2,298,168 bushels        |
| Oats.....   | 2,206,035 "              |
| Barley..... | 429,222 "                |
| Flax.....   | 30,199 "                 |
| Rye.....    | 74,411 "                 |
| Total.....  | <u>5,038,035 bushels</u> |

## Distribution of Registered and Certified Seed Grain

With a view to assisting the production and sale of high class seed grain your organization purchased and distributed at cost a total of 14,566 bushels of registered and certified seed. Of this amount 8,828 bushels were supplied to Junior Grain Clubs, the balance having been resold at cost to patrons of Pool elevators by local agents.

In addition to this movement of less than carlot quantities of grain, your organization co-operated with the Field Crops Branch of the Department of Agriculture in assisting to dispose of a number of carlots of registered and certified seed in exchange for local stocks.

### Churchill

Last Fall Saskatchewan Pool Elevators Limited shipped to Churchill 2,289,000 bushels of wheat—1,739,000 bushels for account of the Canadian Wheat Board and the balance for account of an export firm. This comprised the total movement of grain to Churchill last Fall, your Company supplying the entire amount. Approximately 2,000,000 bushels of 1936 grain were carried over in the country for account of the Canadian Wheat Board and this was shipped to Churchill after the opening of navigation.

A total of 4,293,500 bushels of wheat was exported through the northern port during the 1936 season.

As this report is being prepared the 1936 navigation season in Hudson Bay and Strait had recently closed, the fifth complete season since Churchill opened for business as a modern port. Fourteen ships cleared from Churchill; the largest number on record with the exception of 1934. Wheat exports were in fact the largest to date, but no other commodities were sent out as had been the case in 1934.

A feature of the recent season was that, toward the close vessels could not be procured to clear two wheat cargoes available at the port, and this shortage also prevented export of certain other commodities.

The record of wheat exports via Churchill now stands thus:

|                           |                                  |
|---------------------------|----------------------------------|
| 1931 (Trial Cargoes)..... | 545,000 bushels                  |
| 1932.....                 | 2,736,000 "                      |
| 1933.....                 | 2,708,000 "                      |
| 1934.....                 | 4,050,000 "                      |
| 1935.....                 | 2,407,000 "                      |
| 1936.....                 | 4,293,500 "                      |
| <b>Total.....</b>         | <b><u>16,739,500 bushels</u></b> |

The bulk of this grain, estimated at about 86% of the total, has been supplied by the Saskatchewan Wheat Pool organization, either exported directly or else shipped to Churchill and sold to one of the international exporting firms.

The situation this Fall is that, while the Pool organization has stocks available to ship to Churchill for Winter storage, so long as the present market situation continues no company or agency could place wheat at Churchill without incurring a substantial loss, especially when interest and carrying charges are taken into account.



Imports during the 1936 season appear to have varied little in total volume from last year, when inbound tonnage amounted to 2,261 long tons. Coal brought in was less, but on the other hand there was an increase in general cargo and a greater variety of commodities, a greater number of shippers and of consignees than in any previous season.

Because of the slackened business in 1935, the Imperial Shipping Committee could not recommend a further reduction in basic insurance rates. It did, however, agree to two important concessions:

- (a) That the season should open 5th August instead of 10th August as previously; provided that no vessel should enter Hudson Strait until the Dominion Government patrol steamer advised that it was safe to do so: Further, that, while the season would close as before on 15th October, the surcharge for late departures from Churchill would be enforced for the preceding five days only instead of the preceding eight days.
- (b) The percentage insurance rate for vessels equipped with gyro compass would be reduced from 22s. 6d. to 17s. 6d. It is explained that a ship of 5,000 tons gross valued at £50,000 and insured against all risks would in 1935 have saved £187 10s. on the premium each voyage if equipped with gyro. But, as the cost of rent and installing gyro for a three-month period is almost £180, a shipowner would just break even if he made only one voyage. At the new rates the saving on one voyage is about £130 and for two voyages nearly £450.

The latter concession is particularly interesting in view of the fact that in September, 1936, occurred the second loss on the Hudson Bay Route. The British steamer "Avon River", not equipped with gyro compass, went aground during a storm on Mansel Island near the mouth of Hudson Bay. Pending the result of an official inquiry, all that may be said here is that the advocates of gyro as an aid to keeping a vessel on its course in waters where magnetic disturbances are pronounced will be encouraged to press their claims. It is understood that the Saskatchewan Government is pressing for still more favoured treatment for vessels equipped with gyro.

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

A survey of the major activities of the Saskatchewan Wheat Pool Construction Company during the 1936 building season includes the following:

#### *Elevators Demolished and Rebuilt*

|                 |   |
|-----------------|---|
| Drinkwater..... | 38,000 bushel elevator built on new site  |
| Earl Grey.....  | 45,000 bushel elevator built on new site  |
| Langham.....    | 38,000 bushel elevator built on same site |
| Quill Lake..... | 38,000 bushel elevator built on same site |

#### *New Elevators*

|                  |  |
|------------------|--|
| Meadow Lake..... | 35,000 bushel elevator built and equipped with New Type Cleaner. |
|------------------|--|

#### *Elevator Construction Costs*

Only one new elevator was constructed with entirely new material this year, namely at Meadow Lake. Construction costs in connection with this elevator will hardly serve as a fair average for the province as the freight costs are considerably higher and a large amount of gravel was used on both indrive and outdrive roads due to the nature of the ground. However, there is sufficient information to indicate that elevator construction this year is some \$800 higher than last year for the following reasons: (1) Increase in lumber prices; (2) installation of larger scales; and (3) additional sales tax on all material. The approximate



price of a 35,000 bushel elevator, without cleaner, is \$12,750, which includes an item of \$300 overhead.

### *Elevators Purchased*

Elevators were purchased at Colmer and Lepine, and the necessary repairs carried out in time to open the operating season.

### *Elevators Destroyed by Fire and Rebuilt*

Donavon: The 45,000 bushel elevator destroyed by fire on 3rd September was opened for business as a 35,000 bushel elevator on 21st September.

Ordale: The 35,000 bushel elevator destroyed by fire on 14th May was replaced immediately.

Robinhood: The 35,000 bushel elevator destroyed by fire on 7th October is now being rebuilt by the Construction crew.

It is regrettable that these three fire losses involved elevators of relatively recent types of building.

The engine house and contents at Craik were destroyed by fire on 4th February and were replaced immediately.

### *Cleaners*

The Cleaner programme for the year under review included the installation of 2 Hart Emerson No. 32 "Uni-Flow", 16 Hart Emerson No. 30 "Uni-Flow", and 23 Hart Carter No. 2131 Combination. The transfer of 3 Five-Unit Emersons, 1 Three-Unit Emerson, and 11 Globes No. 850 was also completed.

*Air Dumps:* Three Air Dumps were rebuilt to a new type and four transferred to points not previously served.

*Scales:* 23 Ten-Ton, 18 ft. Scales were installed during the year.

*Engines:* 10 Full Diesel Engines were installed during the year, exclusive of new or rebuilt elevators. In addition 11 Engines were transferred to other points.

*Elevators Repainted:* 74 elevators and 2 Annexes were painted during the year.

### *Cottages*

Standard 4-room Cottages have been built at Courval and Lajord and the same type is now being constructed at Gronlid and Kyle, and 2-room living quarters have been added to engine houses at two points. A 4-room house was also purchased at Tate.

The average cost of a 4-room standard cottage, 22x26, with full concrete basement, walls and floor, is approximately \$1,725, exclusive of lot. This is approximately \$175 more than costs of one year ago due to increase in lumber prices, sales tax, and increase in size of basement as well as a slightly more expensive type of insulation which it is considered will be very effective. Paint was ordered out to 20 points and agents were instructed to repaint exterior of dwellings.

## **Modern Press Limited**

### *Financial Statements*

Full particulars of the operations of Modern Press Limited for the year ending 31st July, 1936, are contained in the Financial Statements and Auditors' Reports covering the operations of the organization and submitted separately to the delegates.

The Profit and Loss Account for Modern Press Limited, Statement 2, Pages 32 and 33 of the Auditors' Report, shows that after providing for depreciation on fixed assets to the extent of \$5,257.54, and after making provision for doubtful accounts to the extent of \$1,000, the operations of Modern Press Limited show

a loss of \$49,048.90 made up of a loss of \$58,590.53 on the publication of The Western Producer less a profit of \$9,541.63 on the operations of the Job Printing Department. This result compares with a net loss of \$43,701.07 for the previous year. The net deficit for the year has again been charged to Saskatchewan Co-operative Wheat Producers Limited.

#### *Job Printing Department*

This Department shows an improvement in revenue slightly over \$2,000 over the previous year, and an increase in net profit of \$1,504.92—net profit for the current year amounting to \$9,541.63 as compared with \$8,036.71 a year ago.

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

|                              | 1935-1936          | 1934-1935          | <i>Increase</i>   |
|------------------------------|--------------------|--------------------|-------------------|
| Job Sales, etc.....          | \$69,186.97        | \$67,052.53        | \$2,134.44        |
| Cost of Sales.....           | 26,082.62          | 25,664.63          | 417.99            |
| Expenses.....                | 30,933.95          | 30,741.06          | 192.89            |
| Profit before Depreciation.. | 12,170.40          | 10,646.84          | 1,523.56          |
| Depreciation.....            | 2,628.77           | 2,610.13           | 18.64             |
| Net Profit.....              | <u>\$ 9,541.63</u> | <u>\$ 8,036.71</u> | <u>\$1,504.92</u> |

#### *Western Producer*

On 31st July, 1936, The Western Producer showed a total net paid circulation of 101,749 copies as compared with 84,392 copies for the last issue in July, 1935, and 62,122 copies for 1934. Steady progress has been made in increasing circulation in Manitoba and Alberta. The circulation in these two provinces now stands at 21,268 copies per issue in Alberta as compared with 17,469 copies a year ago and 11,318 copies in Manitoba as compared with 5,673 copies a year ago. Distribution of circulation at the end of the year was as follows:

|                       |                       |
|-----------------------|-----------------------|
| Saskatchewan.....     | 60,106 copies         |
| Manitoba.....         | 11,318 "              |
| Alberta.....          | 21,268 "              |
| British Columbia..... | 3,762 "               |
| Miscellaneous.....    | 5,295 "               |
| Total.....            | <u>101,749 copies</u> |

It was reported to the last annual meeting of delegates that every effort would be made to bring the circulation of The Western Producer up to a minimum of 100,000 copies per week and it will be noted that this objective has been attained. A comparison of operations for the year with those of the previous year is shown below:

|                            | 1935-1936          | 1934-1935          | <i>Increase<br/>(Decrease)</i> |
|----------------------------|--------------------|--------------------|--------------------------------|
| Advertising.....           | \$56,578.16        | \$39,538.38        | \$17,039.78                    |
| Subscriptions.....         | 28,475.29          | 41,482.09          | (13,006.80)                    |
| Miscellaneous.....         | 488.69             | 332.90             | 156.79                         |
| Total Revenue.....         | <u>\$85,542.14</u> | <u>\$81,353.37</u> | <u>\$ 4,188.77</u>             |
| Newsprint.....             | 35,892.79          | 24,676.36          | 11,216.43                      |
| Expenses.....              | 105,611.11         | 105,804.66         | (193.55)                       |
| Loss before Depreciation.. | 55,961.76          | 49,127.65          | 6,834.11                       |
| Depreciation.....          | 2,628.77           | 2,610.13           | 18.64                          |
| Loss for Year.....         | <u>\$58,590.53</u> | <u>\$51,737.78</u> | <u>\$ 6,852.75</u>             |

It will be noted from the above figures that the decrease in subscription revenue has been more than offset by an increase in advertising revenue. The increase in the cost of newsprint used in the production of The Western Producer is attributable to the increase in size and circulation of the paper as compared



with a year ago. The total number of copies printed during the year under review totalled 5,220,789 gross press run and 166,263,200 pages as compared with an output of 4,175,515 copies and 116,543,032 pages for the previous year.

The following figures provide a general picture of production and costs incidental to the publication of The Western Producer:

|   | 1935-1936 | 1934-1935 | 1933-1934 |
|---|-----------|-----------|-----------|
| Total Net Press Run.....                    | 5,155,946 | 4,102,962 | 3,186,831 |
| Average Net Run per issue                   | 97,282    | 78,903    | 61,285    |
| Total Cost per copy .....                   | 2.7955c   | 3.2437c   | 2.75c     |
| Total Cost for 52 issues<br>(per copy)..... | \$1.482   | \$1.686   | \$1.43    |
| Lowest Net Press Run.....                   | 89,523    | 61,950    | 54,556    |
| Highest Net Press Run.....                  | 103,850   | 90,162    | 63,406    |

During the year 1935-1936 one issue of a 24-page size and 52 issues of a 32-page size were produced, making a total number of issues for that year of 53 compared with 52 for the two previous years.

It will be noted that the larger deficit arising from the publication of The Western Producer can be attributed directly to the increase in the size of the paper.

Your Board would like to take this opportunity of reminding delegates that the greatest value of The Western Producer to the Co-operative Movement in Western Canada is one which cannot be expressed in financial statements. It provides a medium for the presentation of the views of the organized farmers of Western Canada in a way and to an extent that cannot be ignored. Negotiations are now underway with the Manitoba Pool looking toward the paper becoming the official organ of the Co-operative Movement in Manitoba. In building up a strong co-operative press in Western Canada we are following the policy of the Co-operative Movement in Great Britain. In spite of the widespread operations of the Co-operative Movement in the Old Land, the necessity for maintaining a strong co-operative press is fully appreciated and large sums of money have been expended in securing adequate expression for the Movement. The recent acquisition and reorganization of Reynolds Weekly by the co-operative press of Great Britain is but the latest of the steps taken by British co-operators to this end.

### Publicity Department

As in recent years, the Pool Publicity Department concerned itself principally with advertising and publicity matters connected with the Country Weekly and Non-English press circulating in the province, and with The Western Producer. Weekly reports on the condition of the Saskatchewan Wheat Crop, supplemented by maps, were supplied to The Western Producer during the 1936 season as had been the case the year previously. There are indications that this crop reporting service is coming to be regarded as an outstanding feature of The Western Producer. So far the efforts to have these reports cover the three western provinces have not been successful and the reports have been confined to the Province of Saskatchewan. It is to be hoped, however, that in the future some arrangement will be possible by which accurate information will be available for the three western provinces.

Two special pamphlets were issued during the year, one dealing with the Hudson Bay Route and the second



with Governmental Aids to Agriculture in countries other than Canada. While the Hudson Bay pamphlet was designed chiefly for distribution among the schools of the province it has been in considerable demand for general distribution.

The usual Pool calendar was prepared and approximately 130,000 copies distributed throughout the province.

The first draft of a manuscript relating in a brief informal way the growth of grain growers' co-operation in Western Canada has been completed recently. This will be edited carefully and if found satisfactory arrangements will probably be made for its publication.

### *Pool Library*

During the year under review 5,321 books were mailed to country borrowers. This compares with 4,919 books mailed in the previous year and constitutes an all-time high record for the use of the library. The number of books and pamphlets in the library remains at approximately 1800, and a new catalogue showing all revisions is now in the course of preparation and will be available for distribution in the near future.

As previously pointed out, the Pool library contains a very careful selection of books on agriculture, co-operation, sociology, trade and commerce, etc., and is available to all members of the organization.

Attached to this Report as Statement No. 7 will be found details of activities centering in the Pool library, together with details of cost of postage, etc.

### **Country Organization Department**

The total number of Wheat Pool committees on record as at 31st July, 1936, was 1176 as compared with 1160 at the same period last year. The usual schedule showing the number of committees by district and sub-district is attached hereto as Statement No. 8.

The number of Wheat Pool committees re-organized during the year, up to 31st July, 1936, was 1029—an increase of 16 over the same period a year ago. The usual statement showing the number of committees re-organized is attached hereto as Statement No. 9.

The large percentage of committees which have completed re-organization during the past year is decidedly encouraging as indicating a healthy condition of this important branch of our organized activities, and shows a continued interest in the work of the organization in the country.

The regular monthly programme to Wheat Pool committees was continued throughout the past year, and your Board is satisfied that this has constituted a substantial factor in maintaining the interest of the committees.

### *Committee Conventions*

Committee Conventions held during the year under review appear to have been as successful as in any previous year. Committee members attending these gatherings availed themselves fully of the information given regarding the policies and operations of the Pool and subsidiary companies and, it is believed, carried home to their localities a better appreciation of the matters discussed.

Your Board feels that there is still some improve-

ment to be made in the conduct of our committee conventions. The main purpose for holding these gatherings is:

- (a) the receiving by the committees of the fullest possible information regarding the policies and operation of the organization, with sufficient discussion to ensure a clear understanding of their implications; and
- (b) the exchange of experience in regard to the best method of imparting such information to the shareholders, of maintaining and building up membership and morale, and of getting the membership to take an active and individual interest in the welfare of the organization to the end that each shareholder may be in a position to make his contribution toward the building up of sound policy and the development of the co-operative ideal as the basis of community life.

It is suggested that in the coming year a good deal of attention should be given to this matter by the delegates in their discussions with the committees of their sub-district.

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

As in former years, the annual report of the Board of Directors of Canadian Co-operative Wheat Producers Limited is attached hereto, together with a supplementary report dealing with the financial position of the Company.

The position of the Canadian Wheat Board and also the matter of the 1930-1931 Pool Adjustment is dealt with fully in the Central report.

Attached hereto as Statement No. 10 will be found a copy of the Balance Sheet of Canadian Co-operative Wheat Producers Limited as at 2nd December, 1935. A statement of the Balance Sheet items which were assumed by the Canadian Wheat Board on behalf of the Dominion Government, prepared by the Treasurer of the Company, is shown as an appendix to the Balance Sheet as Statement No. 11.

### **Canadian Pool Agencies Limited**

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

The Balance Sheet for the year ending 31st July, 1936, and Statement of Income and Expenses of Canadian Pool Agencies Limited, are also attached hereto as Statements No. 12 and 13 respectively.

The result of the operations of this interprovincial subsidiary for the year under review shows a profit of \$47,071.33 as compared with \$50,562.70 last year. As indicated in the report, the decrease in earnings for the past season is due to the elimination of Lake Marine and Outturn business. This loss in business has been substantially offset by increased revenues due to the higher grain prices prevailing throughout the year, and to a reduction in operating expenses. A capital stock dividend of 6% was paid to the three provincial organizations who are the shareholders of this Company, and a patronage dividend was paid on the basis of business contributed. The details of these dividends are as follows:

|                   | <i>Stock<br/>Dividend</i> | <i>Patronage<br/>Dividend</i> | <i>Total</i>       |
|-------------------|---------------------------|-------------------------------|--------------------|
| Manitoba.....     | \$ 399.60                 | \$ 5,226.10                   | \$ 5,625.70        |
| Saskatchewan..... | 400.20                    | 28,434.84                     | 28,835.04          |
| Alberta.....      | 400.20                    | 14,201.76                     | 14,601.96          |
| <b>Total.....</b> | <b>\$ 1,200.00</b>        | <b>\$47,862.70</b>            | <b>\$49,062.70</b> |



## Other Co-operative Activity

### *Saskatchewan Co-operative Conference*

This has continued to provide a common meeting place at which representatives of the larger producer co-operative organizations, as well as the farmers' educational organization, might meet and discuss matters of interest to the entire agricultural industry. Regular meetings have been held during the season under review, all of which were attended by a representative of your Board of Directors. Arising from a recommendation of this body, consideration is now being given by representatives of the larger producer co-operatives to a policy of closer co-ordination of educational and organization activities in the country.

### *Co-operative Union of Canada*

Membership in the national body, representative of co-operative thought throughout Canada, was maintained during the year.

### *British Co-operative Wholesale Society*

During the month of August representatives of the Co-operative Wholesale Society of England visited Western Canada, and the Executive Committee of your Board was enabled to meet two of its directors, as well as its Central Grain Buyer. Mr. Hobley, who for many years held the office of Central Grain Buyer for the Co-operative Wholesale Society, retired during the past year, and his successor, Mr. A. C. Bracey, paid his first visit to Canada at this time. The matter of closer co-operation in the purchase and sale of wheat for use in the C.W.S. mills in England was under discussion.

### *Western Agricultural Conference*

As outlined in the last Annual Report, steps were taken to create a western unit of agricultural associations covering the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia, as a preliminary step in creating a national agricultural association. One meeting of this western conference was held in the late Spring, but close contact has been maintained between the provinces by correspondence, and it is anticipated that the next meeting of the conference will be held in November when steps to be taken in connection with the securing of adequate marketing legislation will be under consideration.

### *Canadian Chamber of Agriculture*

During the past year preliminary steps were taken to set up a national body representative of the agricultural interests of Canada. Following a meeting held in Toronto, arrangements were completed under which the Canadian Chamber of Agriculture was established. The objectives of this organization are briefly:

1. To co-ordinate the efforts of the different branches of agriculture for the purpose of promoting their common interests through collective action.
2. To render such services to those engaged in agricultural pursuits as conditions will justify.
3. To assist in formulating and promoting national agricultural policies to meet changing national and international economic conditions.

Membership in the Chamber is to be confined to such national, provincial and interprovincial federations and organizations of bona fide producers of agricultural products as may be approved by the Executive Committee.

During the past year every effort was made to complete organization in Eastern Canada, so that at the time of the next meeting, which will probably be held towards the end of November, permanent officers may be set up. In the meantime, the provisional Board of Directors has functioned during the past year with Mr. J. H. Wesson, Vice-President of your organization, as provisional President and Mr. H. B. Cowan, of Peterboro, Ont., as Secretary.

### **Natural Products Marketing Act**

Both the Western Agricultural Conference and the Canadian Chamber of Agriculture are vitally interested in the matter of adequate marketing legislation. At the organization meeting held in Toronto last year the national body placed itself on record as endorsing the principles embodied in the Natural Products Marketing Act. Following the decision of the Supreme Court holding the Natural Products Marketing Act ultra vires, representations were made to Ottawa by the Chamber of Agriculture urging Parliament to pass the necessary legislation to remove legal disabilities and to preserve the essential features of the legislation. No action was taken by Parliament prior to adjournment. In the meantime the Government of British Columbia has indicated that it is appealing the decision of the Supreme Court to the Privy Council.

Consideration has been given both by your Board and by the Saskatchewan Co-operative Conference to the position of this important marketing legislation, and it is anticipated, after a survey of the position in all provinces, which will be made at the time of the next meeting of the Canadian Chamber of Agriculture, that united representations from the Chamber as representative of all the organized agricultural interests of Canada will be submitted to the Government prior to the opening of the next session of Parliament.

### **Enrollment of New Members**

During the year under review 775 applications were received for one share of stock in Saskatchewan Co-operative Wheat Producers Limited, and this number of shares was allotted. The total number of shareholders on record as at 31st July, 1936, stands at 105,717 as compared with 104,942 a year ago. During the months of August and September 82 applications were received and shares allotted.

### **Life Insurance for Pool Members**

At the last Annual Meeting the delegates passed a resolution recommending to the Board that the necessary steps be taken in conjunction with the Manitoba and Alberta Pool organizations to give effect to a scheme of insurance providing the maximum amount of insurance at a minimum of cost, subject to the Board being satisfied that there was adequate support in the country for this proposal.

Early in the present year the Board approved steps being taken to circularize all delegates asking them for their opinion as to the amount of support available for an insurance scheme at the present time. A substantial number of delegates responded to the request for information, a summary of which indicated that while there was general approval of the idea of insurance there was no particular evidence of a strong demand for this development under existing conditions. In



following up its investigations on this question, the Insurance Committee of your Board was advised that the Pool organization did not have power under its present charter to use any of the funds of the organization in the formation or financing of a life insurance company. In consequence the Committee recommended to the Board:

1. That, in the event of the formation of a life insurance association being proceeded with, it should be set up as a subsidiary of Saskatchewan Co-operative Wheat Producers Limited.
2. On the basis of legal opinion submitted by R. H. Milliken, K.C., neither Saskatchewan Co-operative Wheat Producers Limited nor Saskatchewan Pool Elevators Limited has power at the present time to set up such a subsidiary company.
3. That the application for a charter for an insurance association should be delayed until such time as the powers of the organization are extended so that an insurance association may be organized as a subsidiary, and until such time as there is evidence of satisfactory support in the country to ensure the success of the proposal.
4. That the Board of Directors should give consideration to the necessary changes in the Pool Act of Incorporation.

Under the circumstances, therefore, no steps have been taken up to this time to provide life insurance for Pool members. The Board gave consideration to the matter of amending the Act of Incorporation and recommends for the consideration of the delegates that the Company's Act of Incorporation be amended to provide the Company with the necessary power to promote or engage in any line of business which can be carried on to the advantage of Pool members, or in the interests of Saskatchewan agriculture generally.

### Future Marketing Policy

Following the recommendations of the Agricultural Committee of the House of Commons, the Federal Government has appointed the Hon. W. F. A. Turgeon a commissioner "to enquire into and to report upon the subject of the production, buying, selling, holding, storing, transporting and exporting of Canadian grain and grain products, and other questions incident to such matters."

Without restricting the generality of the foregoing, Judge Turgeon has been asked to enquire into and to report upon:

1. The method now or heretofore employed in marketing Canadian grains abroad, including Government Grain Board, Co-operative or Pool marketing, price stabilization measures and the open market or competitive method; and the effect of these various methods upon markets.
2. All transactions since the year 1930 pertaining to the handling of grain for relief and seeding purposes in the Provinces of Manitoba, Saskatchewan and Alberta, under the Dominion Government guarantee, or otherwise.
3. The extent, if any, to which the Canadian Wheat Board protected speculative short interests in the Winnipeg Wheat Market in December, 1935, immediately following the higher price fixed by the Argentine Government for Argentine wheat; and the effect, whether beneficial or harmful, of any such action taken by the Board.
4. The effect of the practice of mixing and of the selection of grain for protein content by millers and exporters.
5. The causes of the decrease in Canadian grain exports in recent years.
6. The measures which should be taken to retain and to extend the marketing throughout the world of Canadian wheat and other grains and their products.

The three western Pool organizations propose to present the views of the organized producers in a joint memorandum to the Commission.

Pending the completion of the enquiry and the submission of a report to the Government, it is obviously difficult for your Board to submit definite recommendations to this meeting at this time. Hitherto it has been the opinion of your Board of Directors:

1. That there should be developed a national marketing policy the objective of which would be to secure a price for grain sufficient to maintain a reasonable standard of living in the farm homes of Western Canada.
2. That this policy should aim to establish a measure of parity between the price of things which a farmer must buy and the commodities which he has to sell.
3. That this can be most surely accomplished through the operations of a national marketing board with control over the movement and marketing of all grain.
4. That there must be the closest possible measure of contact between the marketing board and the producers, and that such contact can best be established by setting up an advisory committee, representative of the grain producers of Canada, to co-operate with the board.
5. That such a national marketing board should undertake to establish direct overseas selling connections, and arrange to sell grain directly to overseas consumers.
6. That every possible effort should be made to provide that the trade relations of Canada should be so designed as to encourage the export of our principal export commodities, particularly wheat.
7. That, with the change in the situation in the Argentine which would follow the construction of adequate storage and handling facilities in that country, there are now greater possibilities of successful international co-operation in the marketing of wheat than has hitherto existed, and that the field of international understanding and co-operation should be fully explored with a view to securing the greatest measure of international stabilization in world wheat prices.

Speaking generally, the foregoing has hitherto represented the views of your Board in connection with a future marketing policy for Canada.

Following the decision of the Canadian Wheat Board to refuse to accept deliveries of grain of this year's crop, as outlined in the Central Report, your Board has noted a desire on the part of growers in various parts of the province that steps should be taken to re-introduce the operations of a contract pool. Your Board will welcome the fullest possible discussion on this important question of future marketing policy by this meeting in order that a definite line of action may be laid down at the earliest possible date.

## **Junior Co-operative Activities**

### *Variety Testing Projects*

*Wheat:* Following the heavy losses incurred by grain growers a year ago as a result of rust, at the beginning of the present year your Board approved a project looking toward the testing of two or three of the best known varieties of rust resistant wheat.

It was originally hoped that a sufficient quantity of two Canadian varieties would be made available by the authorities so that the test could be made of two Canadian varieties with the U. S. variety, Thatcher, as rust resistant wheat, along with two of the standard varieties of wheat. Later it was decided that the rust resistant varieties being developed in the Dominion would not be released for another year.

In the meantime, arrangements had been made by farmers and others to secure a quantity of Thatcher wheat which had resisted rust in a marked degree, and it was decided to test the quality of Thatcher in an effort to secure reliable information for the use of growers throughout the province. Arrangements were



completed, in co-operation with the Dominion experimental stations and the University of Saskatchewan, to establish plots containing four varieties of wheat, Marquis, Reward and Thatcher being included in each plot with Reliance, Garnet or Ceres constituting the fourth variety, depending on the location of the plot.

As in previous years, this work was carried on by junior co-operators.

Although weather conditions were very unfavorable to a province-wide experiment of this kind, a large percentage of the plots were harvested, and we believe that the data obtained will be of very real value to the province. The data are now being assembled and arrangements are being completed to publish the results secured from these test plots. It is hoped that the publication will be available early next Spring in advance of seeding.

Your Board has realized the importance of maintaining a uniformly high quality in our exportable wheat surplus, and believes that the greatest possible care should be exercised in the introduction of new varieties. On the other hand, it is of the utmost importance that a rust resistant variety of wheat should be made available at the earliest possible moment, particularly in those areas of the province which are susceptible to rust.

While our report when completed will indicate the relative value of Thatcher as compared with the other standard varieties above referred to as a result of one year's test, there is sufficient preliminary information available to indicate that Thatcher may be a useful wheat both in Western Canada and in the northern wheat producing States. In the field it presents a good appearance, having a bright yellow strong straw, and appears to have ripened slightly earlier than Marquis. Milling and baking tests for the past two years are satisfactory. Its chief defect is in the shape of kernel it develops, the kernel being small and somewhat whitish in colour. In view of the satisfactory nature of the preliminary reports received on this variety a supply of this seed has been secured by Saskatchewan Pool Elevators and will be offered for sale to growers later in the year along with other varieties which have been distributed during the past two years.

*Barley:* At the request of the National Barley Committee, arrangements were again undertaken to conduct a number of barley variety test plots throughout the province. Two plots were established in each Pool district similar to those conducted last season, with the same varieties being tested. In addition, arrangements were made for nineteen of last year's junior co-operators located in the main barley producing areas of the province to carry on additional tests. Plots were also similar to last season's with the exception that the variety "Olli" was substituted in some of the plots for Colsess. Data for a two-year period will now be available from the results of these plots.

A special publication dealing with the results of these co-operative barley test plots in Saskatchewan is now being completed by the Federal Department of Agriculture, and it is anticipated that this will be available for distribution in the very near future.

Your Board wishes to record its appreciation of the valuable services rendered by both junior and senior co-operators in making possible the carrying out of this

valuable work on a province-wide scale. It may be noted that, as a result of this work undertaken by your organization during the past two years, a new method of variety testing on a province-wide scale has been introduced.

Your Board also desires to record its appreciation of the valuable assistance rendered by Professor J. B. Harrington, of the Field Husbandry Department of the University of Saskatchewan, who has devoted much time and thought to the successful carrying out of this work.

### **Junior Grain Clubs**

It will be remembered that at the last annual meeting the delegates registered unanimous approval of a suggestion that the Pool organization should continue to render all possible assistance in the extension of the Junior Club movement. Following the annual meeting, Professor Rayner and Professor Gordon of the Extension Department of the University of Saskatchewan met with your Board for a full discussion on the future development of Junior Grain Club Work. Following further discussions, the Extension Department undertook to increase substantially the number of clubs in operation this year. At the same time arrangements were completed with the Women's Work Department of the University to initiate a club movement for girls. In order to assist the University in carrying on the increased work involved, a grant of \$7,500 was approved.

During the current year approximately 230 Junior Clubs were in operation, a large percentage of the increase being clubs organized under the auspices of the Pool organization. In addition, the University arranged for the organization of some 130 girls' clubs in different parts of the province, sponsored primarily by the Homemakers' Clubs of Saskatchewan.

In connection with the operations of the Junior Grain Clubs, new foundation seed grain was supplied by Saskatchewan Pool Elevators at cost to 122 of the clubs actually operating. In view of the very rapid increase in the number of grain clubs during the past two years, it was inevitable that there should be a certain percentage of failures. Official reports on the year's work will not be available until towards the end of the calendar year, but it is evident that a very large percentage of the clubs operated on a satisfactory basis during the year, and that the number which can be regarded as failing to carry out the programme is remarkably small. A provisional report of such clubs sponsored by our organization has been received, and steps will be taken to render all possible assistance so that the mistakes of the current year will not be repeated. Generally speaking, in spite of the mistakes which are inevitable in such rapid growth, the Junior Grain Club Movement is in a very healthy condition and it is anticipated that there will be a further increase in the number of clubs in operation during 1937.

### **Milling**

The matter of co-operative milling and the co-operative distribution of flour has been under consideration by your Board at different times during the past year. A conference was also held between the Executive Committee of your Board and representatives of the co-operative trading associations when this question was under consideration.



A few years ago a very complete investigation was made into the flour milling situation by a committee and, after considering the matter at the last Board meeting, it was agreed that it would be advisable to bring this report up to date. In consequence a committee has been appointed to go further into the possibilities of co-operative flour milling, and to co-operate with the representatives of the co-operative trading associations in the province.

### **McPhail Memorial Foundation**

In view of the continued serious economic condition of the agricultural industry in the Province of Saskatchewan, and in view of the increased expenditure undertaken to assist the work of the Extension Department of the University of Saskatchewan in initiating and extending the Junior Club Movement amongst farm boys and girls, it was not deemed advisable during the past year to undertake any definite programme in connection with the proposed McPhail Memorial Foundation. With any near approach to a return to normal conditions, however, your Board believes that steps should then be taken to initiate the programme approved at the last annual meeting of delegates.

### **Staff**

Your Board takes this opportunity of expressing its appreciation of the continued loyal and efficient service of the Staff as a whole, both in the Head Office and subsidiary offices, and in the country.

### **Conclusion**

A survey of the international co-operative movement at the present time shows substantial achievement in recent times. Both branches of the movement—consumers' and agricultural—are definitely on the march, particularly in Europe and in North America. In Europe co-operative societies are rapidly increasing; their economic and social activities are growing every day; their volume of trade is increasing; and they appear to have gained the confidence of the great mass of working people. In the United States there is also evidence of substantial progress, and, during the past summer, the President of the United States appointed a Special Commission of Inquiry to visit Europe and to prepare a report which may well provide the basis for even more rapid increase in co-operative development. In Canada reports of the Co-operative Union also indicate substantial gains.

Due to the loyal support of its members during the past year, your organization has continued to make progress in spite of the difficult conditions arising from the widespread drought and low commodity prices through which the province is passing.

The difficulties with which the grain grower was faced twenty years ago involved primarily the conditions under which grain was handled at initial points. To a great extent these have been solved as a result of the application of co-operative principles. The wider field involving the actual marketing of the commodity still lies before us, and your Board is satisfied that ultimately this also will be solved in the interests of the producers as the result of a better

appreciation of the value of the principles of co-operation, both nationally and internationally.

Respectfully submitted,

L. C. BROUILLETTE, *President*

J. H. WESSON, *Vice-President*

BROOKS CATTON

L. WIDDUP

L. W. ELLIOTT

MARSH ADAMS

A. F. SPROULE

OLAF NYLUND

JAS. WOODBURN

T. G. BOBIER

R. A. ROBINSON

FRANK WOTHERSPOON

A. D. YOUNG

R. J. MOFFAT

J. P. JENKINS

W. A. URTON





SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS  
LIMITED

MODERN PRESS LIMITED

SASKATCHEWAN POOL ELEVATORS LIMITED

SASKATCHEWAN POOL TERMINALS LIMITED

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

and

CANADIAN POOL AGENCIES LIMITED

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## STATEMENTS

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GEORGE A. TOUCHE & CO.  
*Chartered Accountants*

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356 MAIN STREET  
WINNIPEG

16th September, 1936.

The President and Shareholders,  
Saskatchewan Co-operative Wheat Producers,  
Limited,  
Regina, Saskatchewan.

We submit herewith a Consolidated Balance Sheet at 31st July, 1936, of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited, and Saskatchewan Pool Terminals Limited, which has been prepared from our certified Balance Sheets of the Companies at 31st July, 1936.

In presenting these Statements, we wish to express our appreciation of the courtesies and co-operation extended to us by your Directors and the Officers of the various Companies during the course of our work.

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, 1936**

**ASSETS****LIABILITIES AND CAPITAL**

|   |                 |  |
|---|-----------------|--|
| <b>Cash</b>                                     |                 |  |
| Cash in Banks.....                              | \$ 2,112,193.54 |  |
| Cash Funds—Payors.....                          | 75,899.72       |  |
|   | <hr/>           |  |
|   | \$ 2,188,093.26 |  |
| <b>Accounts Receivable, Current</b>             |                 |  |
| The Canadian Wheat Board re 1930-1931 Pool      |                 |  |
| Payment Wheat.....                              | \$191,710.72    |  |
| Expenses.....                                   | 24,906.46       |  |
|   | <hr/>           |  |
|   | \$ 216,617.18   |  |
| Sundry.....                                     | 1,043,826.24    |  |
|   | <hr/>           |  |
|   | 1,260,443.42    |  |
| <b>Stocks of Grain—less Stored Grain</b>        |                 |  |
| (as certified by responsible officials).....    | 5,643,949.95    |  |
| <b>Stock in Trade—Modern Press, Limited</b>     |                 |  |
| (as certified by responsible officials).....    | 4,002.67        |  |
|   | <hr/>           |  |
| <b>Total Current Assets</b> .....               | \$ 9,096,489.30 |  |
| <b>Accounts Receivable, Deferred</b>            |                 |  |
| Canadian Co-operative Wheat Producers, Ltd..... | \$ 24,979.77    |  |
| Manitoba Pool Elevators, Limited.....           | 134,045.93      |  |
| Growers' Overpayments 1929-1930 Pool.....       | 12,903,803.31   |  |
| Province of Saskatchewan                        |                 |  |
| Surplus Interest Account.....                   | \$158,390.16    |  |
| Sinking Fund Interest Account.....              | 124,120.43      |  |
|   | <hr/>           |  |
|   | 282,510.59      |  |
| Growers' Accounts.....                          | 66,825.98       |  |
|   | <hr/>           |  |
|   | 13,412,165.58   |  |

|  |                 |  |
|--|-----------------|--|
| <b>Cheques, Vouchers, etc., Outstanding</b>    |                 |  |
| Cheques and Money Orders.....                  | \$ 285,080.25   |  |
| Grain Drafts, Cash Tickets, etc.....           | 417,553.69      |  |
| Outstanding Certificates.....                  | 207,695.31      |  |
|  | <hr/>           |  |
|  | \$ 910,329.25   |  |
| <b>Accounts Payable, Current</b>               |                 |  |
| Province of Saskatchewan.....                  | \$ 229,460.66   |  |
| Sundry.....                                    | 501,476.46      |  |
|  | <hr/>           |  |
|  | 730,937.12      |  |
| <b>Total Current Liabilities</b> .....         | \$ 1,641,266.37 |  |
| <b>Deferred Liabilities</b>                    |                 |  |
| Province of Saskatchewan re 1929—              |                 |  |
| 1930 Pool Overpayment.....                     | \$11,752,806.27 |  |
| Less Prepayments.....                          | 175,776.75      |  |
|  | <hr/>           |  |
|  | \$11,577,029.52 |  |
| Manufacturers Life Insurance Company.....      | 6,000.00        |  |
| Deferred Interest on 1928-1929 Deductions..... | 281,110.83      |  |
|  | <hr/>           |  |
|  | 11,864,140.35   |  |



**Investments and Memberships (at Cost)**

|   |              |           |
|---|--------------|-----------|
| Canadian Co-operative Wheat Producers, Ltd.                     | \$ 50,000.00 |           |
| Canadian Pool Agencies, Limited                                 | 6,670.00     |           |
| Winnipeg Grain Exchange   | 23,650.00    |           |
| Winnipeg Grain & Produce Exchange Clearing Association, Limited | 12,250.00    |           |
| Rural Telephone Shares  | 1,337.00     |           |
|   |              | 93,907.00 |

**Fixed Assets (less Reserve for Depreciation)**

|  |                 |               |
|--|-----------------|---------------|
| Country Elevators and Coal Sheds                   | \$ 8,343,489.18 |               |
| Terminal Elevators                                 | 5,494,683.48    |               |
| Land, Buildings and Machinery Regina and Saskatoon | 206,633.25      |               |
| Agents' Residences                                 | 318,398.60      |               |
| Work under Construction                            | 110,450.23      |               |
| Sites—Terminal Elevators, etc.                     | 362,445.20      |               |
| Office Furniture and Fixtures                      | 29,574.35       |               |
| Automobiles and Sundry Equipment                   | 54,977.25       |               |
|  |                 | 14,920,651.54 |

**Deferred Charges**

|  |               |            |
|--|---------------|------------|
| Overpayment 1929-1930 Pool—Company's Share | \$ 375,318.39 |            |
| Operating Expenses 1930-1931 Pool          | 377,804.53    |            |
| Sundry                                     | 83,643.68     |            |
|  |               | 836,766.60 |

\$38,359,980.02

|   |               |
|---|---------------|
| <b>Elevator Deductions</b>                                    | 12,188,060.07 |
| <b>Commercial Reserve</b>                                     | 6,567,851.17  |
| <b>Capital</b>  | 105,717.00    |
| <b>Reserve</b>  | 3,127,596.61  |
| <b>Reserve for Sinking Fund 1929-1930 Pool Overpayment</b>    | 100,000.00    |
| <b>Insurance Reserve</b>                                      | 71,365.43     |
| <b>Undivided Profits</b>                                      | 2,693,983.02  |
| <b>Contingent Liabilities</b>                                 |               |
| In respect of Buildings and Work under Construction—Estimated | \$80,000.00   |

\$38,359,980.02

## CONSOLIDATED BALANCE SHEET

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

### ASSETS

#### ACCOUNTS RECEIVABLE—CURRENT:

**Canadian Wheat Board re 1930-1931 Pool Payment—Wheat—\$191,710.72:** This amount represents the balance of monies to be made available to the Company, by the Canadian Wheat Board, for distribution to primary producers in accordance with the terms of the 1930 Crop Equalization Payments Act.

**Canadian Wheat Board re 1930-1931 Pool Payment—Expenses—\$24,906.46:** The above amount comprises the expenses incurred in respect of the distribution of the Final Payment on wheat delivered to the 1930-1931 Pool, and is chargeable to the Canadian Wheat Board under the terms of the regulations governing the 1930 Wheat Crop Equalization Payments Act.

**Sundry—\$1,043,826.24:** In addition to an amount of \$843,170.63 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—\$5,643,949.95:** This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1936, 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—\$4,002.67:** 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.

#### ACCOUNTS RECEIVABLE—DEFERRED:

**Canadian Co-operative Wheat Producers Limited—\$24,979.77:** This represents an advance to the above named Company, repayment of which will be made in due course.

**Manitoba Pool Elevators Limited—\$134,045.93:** This amount represents the balance owing in respect of the Company's interest in the proceeds of the sale of the Davidson-Smith Terminal to the above named Company. During the year under review payment of principal amounting to \$26,809.18, together with accrued interest to 31st July, 1936, was received. The balance is payable in five equal annual instalments, commencing 31st July, 1937.

**Growers' Overpayments, 1929-1930 Pool—\$12,903,803.31:** 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 overpayments on any grade of grain to 18 cents per bushel and applying credits from the final payment of the 1928-1929 crop. The increase of \$23.25 from the balance shown at 31st July, 1935, is accounted for by minor adjustments in a number of accounts, amounting to \$85.37, less cash repayments on other accounts, amounting to \$62.12.

**Province of Saskatchewan—Surplus Interest Account \$158,390.16—Sinking Fund Interest Account \$124,120.43:** 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 4 % Debentures, 1951, such excess payments have been made, and are reflected in the two above mentioned accounts, namely, Surplus Interest Account and Sinking Fund Interest Account.

**Growers' Accounts—\$66,825.98:** Items comprising this amount are as follows:

|   |                    |
|---|--------------------|
| Growers' Accounts Receivable.....         | \$11,339.13        |
| Advances Against Reserves.....            | 2,465.83           |
| Seed Grain Advances Against Reserves..... | 37,962.15          |
| Contract Notes, 1928-1933 Pool.....       | 15,058.87          |
|   | <u>\$66,825.98</u> |



**FIXED ASSETS:**

**Country Elevators and Coal Sheds—\$8,343,489.18:** Included in this amount are the following items:

|                        | Plant Value            | Depreciation          | Net                   |
|------------------------|------------------------|-----------------------|-----------------------|
| Country Elevators..... | \$14,451,412.95        | \$6,112,127.10        | \$8,339,285.85        |
| Coal Sheds.....        | 6,709.75               | 2,506.42              | 4,203.33              |
|                        | <u>\$14,458,122.70</u> | <u>\$6,114,633.52</u> | <u>\$8,343,489.18</u> |

**Terminal Elevators—\$5,494,683.48:** The following are the details of the amount shown in respect of this asset:

|                       | Plant Value            | Depreciation          | Net                   |
|-----------------------|------------------------|-----------------------|-----------------------|
| Terminal No. 4.....   | \$ 3,055,174.73        | \$1,516,718.15        | \$1,538,456.58        |
| Terminal No. 5.....   | 1,194,545.69           | 585,771.23            | 608,774.46            |
| Terminal No. 6.....   | 75,526.67              | 36,307.80             | 39,218.87             |
| Terminal No. 7.....   | 3,943,225.05           | 1,535,376.27          | 2,407,848.78          |
| Buffalo Terminal..... | 1,778,923.27           | 878,538.48            | 900,384.79            |
|                       | <u>\$10,047,395.41</u> | <u>\$4,552,711.93</u> | <u>\$5,494,683.48</u> |

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

**Land, Buildings and Machinery, Regina and Saskatoon—\$206,633.25:** This includes the following items:

|                             | Plant Value         | Depreciation        | Net                 |
|-----------------------------|---------------------|---------------------|---------------------|
| <b>Regina</b>               |                     |                     |                     |
| Head Office Building.....   | \$180,000.00        | \$ 83,250.00        | \$ 96,750.00        |
| Site.....                   | 25,397.75           | .....               | 25,397.75           |
| Fixtures and Equipment..... | 11,595.77           | 4,955.32            | 6,640.45            |
| <b>Saskatoon</b>            |                     |                     |                     |
| Modern Press Building.....  | 25,409.74           | 5,935.94            | 19,473.80           |
| Site.....                   | 9,200.00            | .....               | 9,200.00            |
| Machinery and Equipment     | 65,239.35           | 16,068.10           | 49,171.25           |
|                             | <u>\$316,842.61</u> | <u>\$110,209.36</u> | <u>\$206,633.25</u> |

**Agents' Residences—\$318,398.60:** Included in this asset are 323 Agents' Residences, valued at \$514,742.73, against which there is a Reserve for Depreciation amounting to \$196,344.13.

**Work Under Construction—\$110,450.23:** This represents sundry construction work in progress at various points at the year end and deposits paid on two elevators in course of purchase. The balance of the approved programme of Capital Expenditures, amounting to \$80,000.00, is shown as a Contingent Liability.

**Sites—Terminal Elevators, etc.—\$362,445.20:** 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..... | 123,803.94          |
| Elevator Sites.....   | 1,051.25            |
| Cottage Sites.....    | 31,611.71           |
|                       | <u>\$362,445.20</u> |

**DEFERRED CHARGES:**

**Overpayment 1929-1930 Pool—Company's Share—\$375,318.39:** 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 18c per bushel..... | \$ 949,443.01 |
| Discount on Bonds issued by Province of Saskatchewan.....          | 275,040.00    |

**Deductions** \$1,224,483.01

|  |                     |
|--|---------------------|
| Saskatchewan Pool Elevators Limited, 1929-1930 Adjustment Account.....           | \$197,656.30        |
| Credit received in respect of excess interest paid Province of Saskatchewan..... | 194.98              |
| Balance of excess interest paid Province of Saskatchewan.....                    | 158,390.16          |
| Interest on 4½% Debentures, 1951 Sinking Fund.....                               | 124,120.43          |
| Surplus Income 1931-1935 inclusive   | 307,202.30          |
| Surplus Income, 1935-1936.....   | 61,600.45           |
|  | <u>849,164.62</u>   |
|  | <u>\$375,318.39</u> |

**Operating Expenses, 1930-1931 Pool—\$377,804.53:** This amount comprises the net operating expenses of the 1930-1931 Pool after crediting back the unexpended portion of a reserve which was provided to cover the deferred accounting in connection with the above Pool. As no provision was made in the 1930 Wheat Crop Equalization Payments Act for the payment of the above expenses, the amount becomes a charge to be written off from the future earnings of the Company.

**Sundry—\$83,643.68:** This item represents expenditures made which are chargeable to future seasons, and includes the following:

|  |                    |
|--|--------------------|
| Repair Parts and Supplies on Hand..... | \$37,056.78        |
| Prepaid Insurance and Taxes.....       | 15,266.40          |
| Sundry Prepaid Expenses.....           | 31,320.50          |
|  | <u>\$83,643.68</u> |

## LIABILITIES

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

**Outstanding Certificates—\$207,695.31:** The above represents the amounts 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—\$229,460.66:** The amount shown represents accrued interest to 31st July, 1936, on the total liability to the Province in respect of the 1929-1930 Pool Overpayment. The instalment of principal due this year was prepaid prior to the date of the Balance Sheet.

**Sundry—\$501,476.46:** This item consists principally of Customers' Margin Accounts, Loan Accounts and Accrued Expenses.

### **DEFERRED LIABILITIES:**

**Province of Saskatchewan re 1929-1930 Pool Overpayment—\$11,577,029.52:** This represents the balance owing on the above account after prepayment of this year's instalment of principal and a further prepayment of a portion of next year's instalment. The balance is payable in fifteen annual amortized payments of principal and interest, commencing 15th September, 1937.

**Manufacturers Life Insurance Company—\$6,000.00:** This represents the balance of a mortgage, payable in 1937, on the Modern Press Building, Saskatoon.

**Deferred Interest on 1928-1929 Deductions—\$281,110.83:** This amount of interest 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.

**Capital—\$105,717.00:** This amount includes new capital subscribed during the year, to the extent of \$775.00.

**Reserve Account—\$3,127,596.61:** Details of this account are shown below:

|   |                       |
|---|-----------------------|
| Balance at 1st August, 1935.....                                      | \$3,161,988.69        |
| <b>Add:</b>   |                       |
| Canadian Pool Agencies Limited Share of Profits—Season 1933-1934..... | 28,434.84             |
| Adjustment of Terminal Overages Season 1934-1935.....                 | 6,929.46              |
|   | <u>\$3,197,352.99</u> |
| <b>Deduct:</b>  |                       |
| Income Tax, Seasons 1931-1935 Inclusive .....                         | 69,756.38             |
|   | <u>\$3,127,596.61</u> |

**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 connection with the 1929-1930 Pool Overpayment, as may ultimately



be found to be uncollectible, and is in accordance with the plan of repayment of Growers' Overpayments as approved by the delegates.

**Insurance Reserve—\$71,365.43:** 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. Losses charged to this account during the year under review amounted to \$1,091.93.

**Undivided Profits, \$2,693,983.02:** In addition to the sum of \$152,176.27 transferred from this season's earnings this amount includes earnings of Saskatchewan Pool Elevators Limited set aside during the seasons 1929-1930, 1930-1931, 1932-1933, 1933-1934 and 1934-1935 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, 1936

|   | Dr.             | Cr.             |  |                 |                 |
|---|-----------------|-----------------|--|-----------------|-----------------|
| Elevator Deductions.....                                  |                 | \$12,188,060.07 | Brought Forward.....                             | \$17,399,350.37 | \$24,854,573.30 |
| Commercial Reserve.....                                   |                 | 6,567,851.17    | Approved Programme of Building                   |                 |                 |
| Capital.....  |                 | 105,717.00      | and Work under Construction                      |                 |                 |
| Reserve.....  |                 | 3,127,598.81    | (Estimated Expenditures)                         |                 |                 |
| Reserve for Sinking Fund re 1929-1930 Pool Over-          |                 |                 | Country Elevators, Agents' Resi-                 |                 |                 |
| payment.....  |                 | 100,000.00      | dences and Cleaners.....                         | \$ 150,000.00   |                 |
| Insurance Reserve.....                                    |                 | 71,365.43       | Buffalo Terminal—Drying Equip-                   |                 |                 |
| Undivided Profits.....                                    |                 | 2,693,983.02    | ment.....  | 16,000.00       |                 |
|   |                 |                 | Sundry Capital Replacements.....                 | 24,450.23       |                 |
| Fixed and Sundry Assets                                   |                 |                 |  | \$ 190,450.23   |                 |
| Fixed Assets ( <i>Less</i> Reserve for Depreciation)..... | \$14,920,651.54 |                 | <i>Less</i> Paid on Account (Work under          |                 |                 |
| Investments and Memberships.....                          | 93,907.00       |                 | Construction).....                               | 110,450.23      |                 |
|   | \$15,014,558.54 |                 | Balance—Surplus available as Working Capital for | \$ 80,000.00    |                 |
| Deferred Accounts   |                 |                 | Season 1936-1937.....                            | 7,375,222.93    |                 |
| Accounts Receivable—Deferred.....                         | \$13,412,165.58 |                 |  |                 |                 |
| Deferred Charges.....                                     | 836,766.60      |                 |  |                 |                 |
|   | \$14,248,932.18 |                 |  |                 |                 |
| <i>Less</i> Deferred Liabilities.....                     | 11,864,140.35   |                 |  |                 |                 |
|   | 2,384,791.83    |                 |  |                 |                 |
| Carried Forward.....                                      | \$17,399,350.37 | \$24,854,573.30 |  |                 |                 |
|   |                 |                 |  | \$24,854,573.30 | \$24,854,573.30 |



STATEMENT No. 2 (2)

**CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1936**

|  |                                     |
|--|-------------------------------------|
| Current Assets.....  | \$9,096,489.30                      |
| Current Liabilities.....   | 1,641,266.37                        |
| <b>Current Position as per Balance Sheet.....</b>  | <b>\$7,455,222.93</b>               |
| <i>Less:</i>   |                                     |
| Estimated Capital Expenditures to complete Programme of Building<br>and Work under Construction..... | 80,000.00                           |
| <b>Balance—Surplus available as Working Capital for Season 1936-1937.....</b>                        | <b><u><u>\$7,375,222.93</u></u></b> |

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, 1936

|   | Capital              | Commercial<br>Reserve  | Elevator<br>Deductions | Reserve                | Reserve for<br>Sinking Fund<br>1929-30 Pool<br>Overpayment | Insurance<br>Reserve |
|---|----------------------|------------------------|------------------------|------------------------|--|----------------------|
| <b>SOURCE OF CAPITAL FUNDS</b>  |                      |                        |                        |                        |  |                      |
| Stock Subscriptions.....  | \$ 105,717.00        | .....                  | .....                  | .....                  | .....  | .....                |
| Deductions from Pool Payments.....  | .....                | \$ 6,567,851.17        | \$12,188,060.07        | .....                  | .....  | .....                |
| From Surplus Earnings.....  | .....                | .....                  | .....                  | \$ 3,127,596.61        | \$ 100,000.00  | \$ 71,365.43         |
| Province of Saskatchewan—Loan.....  | .....                | .....                  | .....                  | .....                  | .....  | .....                |
| Manufacturers Life Insurance Company Limited—Loan.....  | .....                | .....                  | .....                  | .....                  | .....  | .....                |
| <b>TOTAL RECEIPTS.....</b>  | <b>\$ 105,717.00</b> | <b>\$ 6,567,851.17</b> | <b>\$12,188,060.07</b> | <b>\$ 3,127,596.61</b> | <b>\$ 100,000.00</b>                                       | <b>\$ 71,365.43</b>  |
| <b>ANALYSIS OF CAPITAL EXPENDITURES</b>   |                      |                        |                        |                        |  |                      |
| Fixed Assets (including Expenditures approved for completion of Programme of Building and Work under Construction)..... | \$ 105,717.00        | \$ 2,700,874.47        | \$12,188,060.07        | .....                  | .....  | .....                |
| Investments.....  | .....                | 93,907.00              | .....                  | .....                  | .....  | .....                |
| Loan to Canadian Co-operative Wheat Producers Limited.....  | .....                | 24,979.77              | .....                  | .....                  | .....  | .....                |
| Davidson-Smith Terminal.....  | .....                | 134,045.93             | .....                  | .....                  | .....  | .....                |
| 1929-1930 Pool Overpayment.....   | .....                | .....                  | .....                  | .....                  | .....  | .....                |
| Operating Expenses 1930-1931 Pool.....  | .....                | 377,804.53             | .....                  | .....                  | .....  | .....                |
| Advances, etc., to Growers.....   | .....                | 66,825.98              | .....                  | .....                  | .....  | .....                |
| Supplies and Prepaid Accounts.....  | .....                | 83,643.68              | .....                  | .....                  | .....  | .....                |
| <b>TOTAL EXPENDITURES.....</b>  | <b>\$ 105,717.00</b> | <b>\$ 3,482,081.36</b> | <b>\$12,188,060.07</b> | <b>\$ 3,127,596.61</b> | <b>\$ 100,000.00</b>                                       | <b>\$ 71,365.43</b>  |
| <b>BALANCE—SURPLUS CAPITAL.....</b>   | <b>\$ .....</b>      | <b>\$ 3,085,769.81</b> | <b>\$ .....</b>        | <b>\$ 3,127,596.61</b> | <b>\$ 100,000.00</b>                                       | <b>\$ 71,365.43</b>  |



## STATEMENT No. 3—Continued

|   | Undivided<br>Profits and<br>Loss Account | Deferred<br>Interest<br>1928-29<br>Deductions | Deferred Loans<br>Outstanding<br>Province of<br>Saskatchewan | Manufacturers<br>Life Ins. | TOTAL                  |
|---|--|---|--|----------------------------|------------------------|
| <b>SOURCE OF CAPITAL FUNDS</b>  |  |   |  |                            |                        |
| Stock Subscriptions.....  |  |   |  |                            | \$ 105,717.00          |
| Deductions from Pool Payments.....  |  |   |  |                            | 18,755,911.24          |
| From Surplus Earnings.....  | \$ 2,693,983.02                          | \$ 281,110.83                                 |  |                            | 6,274,055.89           |
| Province of Saskatchewan—Loan.....  |  |   | \$11,577,029.52  |                            | 11,577,029.52          |
| Manufacturers Life Insurance Company Limited—Loan.....  |  |   |  | \$ 6,000.00                | 6,000.00               |
| <b>TOTAL RECEIPTS.....</b>  | <u>\$ 2,693,983.02</u>                   | <u>\$ 281,110.83</u>                          | <u>\$11,577,029.52</u>                                       | <u>\$ 6,000.00</u>         | <u>\$36,718,713.65</u> |
| <b>ANALYSIS OF CAPITAL EXPENDITURES</b>   |  |   |  |                            |                        |
| Fixed Assets (including Expenditures approved for completion of Programme of Building and Work under Construction)..... |  |   |  | \$ 6,000.00                | \$15,000,651.54        |
| Investments.....  |  |   |  |                            | 93,907.00              |
| Loan to Canadian Co-operative Wheat Producers Limited.....  |  |   |  |                            | 24,979.77              |
| Davidson-Smith Terminal.....  |  |   |  |                            | 134,045.93             |
| 1929-1930 Pool Overpayment.....   | \$ 1,984,602.77                          |   | \$11,577,029.52  |                            | 13,561,632.29          |
| Operating Expenses 1930-1931 Pool.....  |  |   |  |                            | 377,804.53             |
| Advances, etc., to Growers.....   |  |   |  |                            | 66,825.98              |
| Supplies and Prepaid Accounts.....  |  |   |  |                            | 83,643.68              |
| <b>TOTAL EXPENDITURES.....</b>  | <u>\$ 1,984,602.77</u>                   | <u>\$</u>                                     | <u>\$11,577,029.52</u>                                       | <u>\$ 6,000.00</u>         | <u>\$29,343,490.72</u> |
| <b>BALANCE—SURPLUS CAPITAL.....</b>   | <u>\$ 709,380.25</u>                     | <u>\$ 281,110.83</u>                          | <u>\$</u>  | <u>\$</u>                  | <u>\$ 7,375,222.93</u> |
| <b>TOTAL CURRENT ASSETS—(As per Consolidated Balance Sheet, Statement "1").....</b>                                     |  |   |  |                            | \$ 9,096,489.30        |
| <b>TOTAL CURRENT LIABILITIES—(As per Consolidated Balance Sheet, Statement "1").....</b>                                |  |   |  |                            | 1,641,266.37           |
| <b>BALANCE—Current Position.....</b>  |  |   |  |                            | \$ 7,155,222.93        |
| Less Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....                  |  |   |  |                            | 80,000.00              |
| <b>BALANCE—Surplus Capital.....</b>   |  |   |  |                            | <u>\$ 7,375,222.93</u> |

**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, 1936**

**ASSETS**

|   |                        |
|---|------------------------|
| Fixed Assets ( <i>Less</i> Reserve for Depreciation).....   | \$14,920,651.54        |
| Investments and Memberships.....  | 93,907.00              |
| <b>Other Assets (Deferred Accounts Receivable, etc.)</b>  |                        |
| Canadian Co-operative Wheat Producers Limited.....  | 24,979.77              |
| Manitoba Pool Elevators Limited....   | 134,045.93             |
| Province of Saskatchewan—Surplus Interest Account.....  | 158,390.16             |
| Province of Saskatchewan—Sinking Fund Interest Account.....   | 124,120.43             |
| Elevator Supplies and Prepaid Accounts.....   | 83,643.68              |
| <b>Surplus Capital</b> (After providing for Expenditures to complete Programme of Building and Work under Construction).... | 7,375,222.93           |
| Amount provided to complete Programme of Building and Work under Construction.....  | 80,000.00              |
| <b>Total Net Assets</b> (Exclusive of amounts due by Growers).....  | <u>\$22,994,961.44</u> |

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

|   |                        | <b>Equity</b>   |
|---|------------------------|-----------------|
| Province of Saskatchewan re 1929-1930 Pool Overpayment.....     | \$11,577,029.52        | 50.346%         |
| Manufacturers Life Insurance Company....                        | 6,000 00               | .026%           |
| <b>TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS</b> .....       | <u>\$11,583,029.52</u> | <u>50.372%</u>  |
| <b>BALANCE OF ASSETS OVER LIABILITIES</b> —Growers' Equity..... | 11,411,931.92          | 49.628%         |
|   | <u>\$22,994,961.44</u> | <u>100.000%</u> |



**STATEMENT OF GRAIN HANDLINGS**  
**SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED**  
**As at 31st July, 1936**

| <b>TOTAL HANDLED (ALL GRAINS)</b>          | <b>1924-1935<br/>(Bushels)</b> | <b>1935-1936<br/>(Bushels)</b> | <b>1924-1936<br/>(Bushels)</b> |
|--|--------------------------------|--------------------------------|--------------------------------|
| <b>SASKATCHEWAN POOL ELEVATORS LIMITED</b> |                                |                                |                                |
| Country Elevators.....                     | 754,350,272                    | 64,378,656                     | 818,728,928                    |
| Platform.....                              | 53,247,936                     | 917,608                        | 54,165,544                     |
| <b>Total.....</b>                          | <b>807,598,208</b>             | <b>65,296,264</b>              | <b>872,894,472</b>             |
| Number of Elevators Operated.....          | .....                          | 1,065                          | .....                          |
| Average Handling per Elevator.....         | .....                          | 60,449                         | .....                          |
| <b>SASKATCHEWAN POOL TERMINALS LIMITED</b> |                                |                                |                                |
| Terminal No. 4.....                        | 174,323,022                    | 14,733,717                     | 189,056,739                    |
| Terminal No. 5.....                        | 71,883,383                     | .....                          | 71,883,383                     |
| Terminal No. 6.....                        | 184,537,074                    | 14,595,636                     | 199,132,710                    |
| Terminal No. 7.....                        | 131,592,496                    | 20,255,591                     | 151,848,087                    |
| Terminal No. 8.....                        | 28,240,761                     | .....                          | 28,240,761                     |
| <b>Total.....</b>                          | <b>590,576,736</b>             | <b>49,584,944</b>              | <b>640,161,680</b>             |
| <b>BUFFALO TERMINAL ELEVATOR.....</b>      | <b>131,930,775</b>             | .....                          | <b>131,930,775</b>             |

## SASKATCHEWAN POOL ELEVATORS LIMITED

## STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1936

|   | Total<br>1925-1935     | Season<br>1935-1936  | Total<br>1925-1936     |
|---|------------------------|----------------------|------------------------|
| NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....   | \$15,424,530.47        | \$ 824,257.76        | \$16,248,788.23        |
| <b>DISTRIBUTION OF EARNINGS</b>   |                        |                      |                        |
| Farm Storage.....   | \$ 306,456.74          |                      | \$ 306,456.74          |
| Share of Pool Expenses.....   | 627,461.57             | \$ 55,392.40         | 682,853.97             |
| 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.....  | 2,549,894.18           | 616,689.09           | 3,166,583.27           |
| Transferred to Reserve Account.....   | 3,127,596.61           |                      | 3,127,596.61           |
| Transferred to Sinking Fund Reserve re 1929-1930 Pool Overpayment.....  | 100,000.00             |                      | 100,000.00             |
| Transferred to Undivided Profits and Profit and Loss Account.....   | 2,541,806.75           | 152,176.27           | 2,693,983.02           |
| <b>TOTAL</b> .....  | <u>\$15,424,530.47</u> | <u>\$ 824,257.76</u> | <u>\$16,248,788.23</u> |
| Net Earnings (as above).....  |                        |                      | \$16,248,788.23        |
| Depreciation Reserve as at 31st July, 1936.....   |                        |                      | 11,000,768.59          |
| Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in respect of the purchase of the Assets of the latter Company)..... |                        |                      | 2,150,331.29           |
| <b>TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1936</b> .....  |                        |                      | <u>\$29,399,888.11</u> |
| <b>CAPITAL—AS AT 31st JULY, 1936</b> .....  |                        |                      | <u>\$12,195,200.00</u> |

NOTE: The figures shown for the period 1925-1935 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 1935-36

|                | Books<br>Mailed | Staff<br>Members | Books<br>Returned | Letters<br>Received | Books      | Requests<br>Catalogues | Postage         |
|----------------|-----------------|------------------|-------------------|---------------------|------------|------------------------|-----------------|
| 1935           |                 |                  |                   |                     |            |                        |                 |
| August.....    | 175             | 5                | 215               | 13                  | 12         | 1                      | \$23.02         |
| September..... | 134             | 11               | 150               | 14                  | 11         | 6                      | 12.49           |
| October.....   | 263             | 16               | 239               | 78                  | 64         | 18                     | 34.25           |
| November.....  | 534             | 15               | 371               | 164                 | 145        | 42                     | 51.29           |
| December.....  | 612             | 15               | 496               | 215                 | 148        | 79                     | 49.89           |
| 1936           |                 |                  |                   |                     |            |                        |                 |
| January.....   | 805             | 17               | 699               | 292                 | 203        | 137                    | 78.49           |
| February.....  | 823             | 29               | 747               | 165                 | 141        | 34                     | 69.19           |
| March.....     | 724             | 20               | 755               | 85                  | 71         | 20                     | 71.90           |
| April.....     | 511             | 8                | 592               | 52                  | 43         | 9                      | 51.02           |
| May.....       | 244             | 5                | 338               | 14                  | 12         | 2                      | 31.71           |
| June.....      | 259             | 6                | 339               | 7                   | 7          | 1                      | 21.36           |
| July.....      | 237             | 7                | 278               | 12                  | 9          | 3                      | 23.30           |
| Totals.....    | <u>5,321</u>    | <u>154</u>       | <u>5,219</u>      | <u>1,111</u>        | <u>866</u> | <u>352</u>             | <u>\$517.91</u> |

## Number of Borrowers as at 31st July, 1936

|                        |            |
|------------------------|------------|
| Contract Signers ..... | 882        |
| Agents.....            | 107        |
| Total.....             | <u>989</u> |

# WHEAT POOL COMMITTEES

## STATEMENT No. 8

### TOTAL NUMBER OF COMMITTEES 1935-1936

| Sub-district     | 1  | 2  | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10 | T'tl        |
|------------------|----|----|----|----|----|----|----|----|----|----|-------------|
| District 1.....  | 3  | 5  | 7  | 10 | 7  | 7  | 8  | 11 | 6  | 9  | 73          |
| District 2.....  | 8  | 4  | 6  | 8  | 5  | 6  | 9  | 8  | 13 | 7  | 74          |
| District 3.....  | 3  | 4  | 3  | 6  | 6  | 6  | 5  | 5  | 4  | 6  | 48          |
| District 4.....  | 3  | 8  | 9  | 4  | 5  | 3  | 4  | 6  | 3  | 6  | 51          |
| District 5.....  | 10 | 7  | 6  | 7  | 7  | 5  | 6  | 10 | 9  | 5  | 72          |
| District 6.....  | 9  | 10 | 6  | 8  | 11 | 12 | 13 | 7  | 7  | 9  | 92          |
| District 7.....  | 8  | 5  | 6  | 5  | 7  | 8  | 6  | 5  | 11 | 6  | 67          |
| District 8.....  | 10 | 9  | 11 | 8  | 7  | 9  | 6  | 7  | 6  | 4  | 77          |
| District 9.....  | 5  | 7  | 4  | 8  | 4  | 9  | 7  | 6  | 6  | 6  | 62          |
| District 10..... | 6  | 7  | 4  | 8  | 15 | 8  | 2  | 7  | 6  | 10 | 73          |
| District 11..... | 9  | 11 | 12 | 6  | 6  | 7  | 12 | 7  | 12 | 9  | 91          |
| District 12..... | 9  | 8  | 9  | 7  | 7  | 6  | 7  | 9  | 12 | 8  | 82          |
| District 13..... | 11 | 11 | 4  | 13 | 7  | 12 | 6  | 7  | 6  | 11 | 88          |
| District 14..... | 5  | 7  | 6  | 7  | 9  | 14 | 12 | 8  | 8  | 10 | 86          |
| District 15..... | 9  | 8  | 5  | 8  | 6  | 5  | 6  | 6  | 8  | 9  | 70          |
| District 16..... | 6  | 7  | 8  | 7  | 4  | 11 | 6  | 8  | 7  | 6  | 70          |
|                  |    |    |    |    |    |    |    |    |    |    | <u>1176</u> |

## STATEMENT No. 9

### COMMITTEES REORGANIZED 1935-1936

| Sub-district     | 1  | 2  | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10 | T'tl        |
|------------------|----|----|----|----|----|----|----|----|----|----|-------------|
| District 1.....  | 3  | 5  | 7  | 10 | 7  | 7  | 8  | 11 | 6  | 8  | 72          |
| District 2.....  | 7  | 4  | 5  | 8  | 6  | 6  | 9  | 7  | 12 | 6  | 70          |
| District 3.....  | 3  | 4  | 3  | 5  | 5  | 3  | 3  | 5  | 4  | 6  | 41          |
| District 4.....  | 3  | 4  | 7  | 2  | 5  | 2  | 4  | 5  | 3  | 5  | 40          |
| District 5.....  | 9  | 5  | 5  | 4  | 7  | 3  | 4  | 10 | 9  | 5  | 61          |
| District 6.....  | 8  | 10 | 5  | 6  | 9  | 10 | 10 | 6  | 7  | 8  | 79          |
| District 7.....  | 8  | 5  | 6  | 5  | 7  | 8  | 6  | 5  | 11 | 6  | 67          |
| District 8.....  | 10 | 9  | 8  | 7  | 7  | 8  | 6  | 6  | 6  | 4  | 71          |
| District 9.....  | 5  | 5  | 3  | 8  | 3  | 9  | 5  | 5  | 6  | 6  | 55          |
| District 10..... | 5  | 6  | 2  | 7  | 14 | 8  | 2  | 7  | 2  | 7  | 60          |
| District 11..... | 8  | 4  | 10 | 3  | 2  | 6  | 8  | 6  | 4  | 5  | 56          |
| District 12..... | 9  | 7  | 9  | 7  | 6  | 6  | 7  | 8  | 12 | 6  | 77          |
| District 13..... | 8  | 10 | 2  | 8  | 7  | 12 | 5  | 7  | 6  | 9  | 74          |
| District 14..... | 4  | 7  | 6  | 7  | 7  | 13 | 11 | 6  | 8  | 10 | 79          |
| District 15..... | 8  | 7  | 5  | 8  | 5  | 5  | 6  | 5  | 7  | 7  | 63          |
| District 16..... | 6  | 7  | 6  | 7  | 4  | 9  | 5  | 8  | 6  | 6  | 64          |
|                  |    |    |    |    |    |    |    |    |    |    | <u>1029</u> |



## Your Company's Record in the Year 1935-36

1. Surplus of the combined Saskatchewan Wheat Pool organization available as working capital for the ensuing season (after providing for completion of elevator building programme) was \$7,375,223, being an increase of \$555,043 over a year ago.
2. All payments of principal and interest were met on the 1929 overpayment agreement, reducing this liability still further from its original amount (\$13,752,000) to \$11,577,030.
3. After meeting commitments and providing full allowance for depreciation on its properties, the organization's combined country and terminal elevator system showed net earnings of \$152,176.
4. Handlings of all grains by Pool country elevators were 64,378,656 bushels, or 45.30 per cent. of the total country elevator marketings in Saskatchewan, compared with 44.41 per cent. the previous season. This was a proportionate gain for the fourth successive year. Platform loadings amounting to 917,608 bushels brought total handlings for the season to 65,296,264 bushels of all grains.
5. Through continued support of the Hudson Bay route (86 per cent. of all shipments out of Churchill from 1931 to date have been supplied by the Saskatchewan Wheat Pool organization); through encouragement of junior grain clubs and variety testing for the purpose of improving the quality of grain production; through its library service to growers; and in numerous other ways the Company has endeavored to advance the cause of Western agriculture and of the Co-operative Movement.

**CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**CROP OF 1930 POOLS INCLUDING "SPECIAL SUSPENSE ACCOUNT"**  
**BALANCE SHEET, DECEMBER 2, 1935**

| ASSETS  |                        | LIABILITIES   |                        |
|---|------------------------|---|------------------------|
| <b>Funds</b>  |                        | <b>To Banks</b>                                       |                        |
| Cash in Banks—Special Margin Deposits.....                | \$29,840,000.00        | Loans.....  | \$88,816,801.07        |
| Accrued Interest thereon.....                             | 226,643.29             | Accrued Interest thereon.....                         | 45,539.67              |
|   | <u>\$30,066,643.29</u> |   | <u>\$88,862,340.74</u> |
| Cash on Hand.....   | 400.00                 | <b>The Canadian Wheat Board</b>                       |                        |
|   | <u>\$30,067,043.29</u> | Advances on Account of Margin requirements.....       | 3,000,000.00           |
| <b>The Canadian Wheat Board—Current Account—</b>          |                        | <b>Accounts Payable</b>                               |                        |
| Net.....  | 39,436.61              | Saskatchewan Pool Elevators—Loan.....                 | \$ 185,000.00          |
| <b>Accounts Receivable</b> .....                          | 8,362.92               | Accrued Interest thereon.....                         | 609.55                 |
| <b>Crops of 1928 and 1929 Pools</b> .....                 | 43,219.78              |   | <u>\$ 185,609.55</u>   |
| <b>Alberta Wheat Pool (including interest to date)</b> .. | 98,114.44              | <b>Open Accounts and Accrued Expenses</b>             |                        |
| <b>Saskatchewan Relief Commission</b>                     |                        | Canadian Pool Agencies—Insurance Account              | 9,654.19               |
| Collateral security held—1,056,626.15 bushels of          |                        | Wm. Johnson, Jr.—Forwarding Account.....              | 20,214.45              |
| Oats the gross value of which amounted to                 |                        | Clearing House Charges, Brokerage, etc.....           | 5,361.39               |
| \$257,417.49 at December 2, 1935.....                     | 658,387.29             | Administrative Expenses — Rent, Light,                |                        |
| <b>Memberships—At approximate market values</b> .....     | \$ 15,350.00           | Printing, etc.....                                    | 11,369.94              |
| <b>Furniture and Equipment (At depreciated book</b>       |                        |   | <u>232,209.52</u>      |
| values)   |                        | <b>Accrued Storage on Oats Carried for Saskatche-</b> |                        |
| Furniture and Fixtures.....                               | \$ 9,709.53            | wan Relief Commission.....                            | 39,841.43              |
| Building Equipment.....                                   | 1,567.24               |   |                        |
| Laboratory Equipment.....                                 | 513.65                 | <b>Capital Stock</b>                                  |                        |
|   | <u>11,790.42</u>       | Authorized and issued 1,500 shares of \$100.00 each   | 150,000.00             |
|   | <u>27,140.42</u>       |   |                        |
|   | <u>\$30,941,704.75</u> |   |                        |



**Stocks of Grain:**

In terms of draft inventories prepared by responsible officials of the company valued on the basis of cash closing prices December 2, 1935, excepting stocks held against open sales contracts which are valued at the contract prices:

**Crop of 1930 Pool—Wheat Division:**

Unsold Stocks..... \$33,404,892.38  
Open Sales Contracts..... 80,928.54

\$33,485,820.92

**"Special Suspense Account"**

Unsold Stocks..... \$12,917,749.65  
Open Sales Contracts..... 2,089.88

12,919,839.53

\$46,405,660.45

*Less Grain Charges, Storage, Fobbing, etc.....*

1 212,608.53

45,193,051.92

**47 Operating Accounts—Crops of 1930 Pools**

Wheat Division—Balance at Debit..... \$14,794,941.97  
Barley Division—Balance at Credit..... 21,637.18  
Flax Division—Balance at Credit..... 211,772.11  
Rye Division—Balance at Credit..... 126,213.26

\$359,622.55

Oats Division—Balance at Debit..... 170,130.09

189,492.46

\$14,605,449.51

"Special Suspense Account"—Balance at Debit....

1,544,185.51

16,149,635.02

\$92,284,391.69

\$92,284,391.69

Certified in accordance with our report to the President and Directors dated May 7, 1936.

PRICE, WATERHOUSE & CO., Chartered Accountants.

STATEMENT No. 11

**CANADIAN CO-OPERATIVE WHEAT PRODUCERS  
LIMITED**

**SUMMARY OF EXHIBT "A" INCLUDED IN  
MEMORANDUM OF RELEASE AND DISCHARGE**

**LIABILITIES ASSUMED**

|   |                        |
|---|------------------------|
| Bank Loans as per Balance Sheet.....  | \$88,862,340.74        |
| Less Loans Applicable to Oats Pool..... \$                                    | 170,130.09             |
| Loans Applicable to Operations of<br>Saskatchewan Relief Commis-<br>sion..... | 618,545.86             |
|   | <u>788,675.95</u>      |
| Net Bank Loans—Wheat.....   | \$88,073,664.79        |
| The Canadian Wheat Board—Original<br>Margins.....                             | 3,000,000.00           |
| Accounts Payable.....   | 232,209.52             |
|   | <u>\$91,305,874.31</u> |

**ASSETS ASSUMED**

|   |                        |
|---|------------------------|
| Cash on Hand and in Banks.....              | \$30,067,043.29        |
| The Canadian Wheat Board.....               | 39,436.61              |
| Accounts Receivable.....                    | 8,362.92               |
| Crops of 1928 and 1929 Pools. ....          | 43,219.78              |
| Alberta Wheat Pool.....                     | 98,114.44              |
| Stocks of Grain less Accrued Charges....    | 45,193,051.92          |
|   | <u>75,449,228.96</u>   |
| Deficit Assumed by Dominion Government..... | <u>\$15,856,645.35</u> |



## CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1936

STATEMENT No. 12

## ASSETS

|  |                            |  |
|--|----------------------------|--|
| <b>Agency Assets</b>   |                            |  |
| Cash in Banks.....   | \$ 5,611.82                |  |
| Insurance Accounts Receivable.....   | 129,521.42                 |  |
| <b>Total Agency Assets.....</b>  | <b>\$135,133.24</b>        |  |
| <b>Shareholders' Assets</b>  |                            |  |
| Cash in Banks.....   | \$54,718.24                |  |
| Cash on Hand.....  | 60.00                      |  |
|  | <u>\$54,778.24</u>         |  |
| <b>Accounts Receivable</b>   |                            |  |
| Commissions, etc., Receivable.....   | \$27,870.50                |  |
| Sundry.....  | 266.95                     |  |
|  | <u>28,137.45</u>           |  |
| <b>Investments (at cost)</b>   |                            |  |
| \$30,000.00 Dominion of Canada Bonds, 3¼%<br>June, 1966 (Quoted value August 31, 1936<br>\$30,975.00)..... | 29,700.00                  |  |
| Membership Deposits (Insurance Agents' Associations)   | 200.00                     |  |
| Furniture and Equipment.....   | \$5,820.50                 |  |
| Less Reserve for depreciation.....   | 5,265.28                   |  |
|  | <u>555.22</u>              |  |
|  | <u>113,370.91</u>          |  |
|  | <u><u>\$248,504.15</u></u> |  |

## LIABILITIES

|  |                            |  |
|--|----------------------------|--|
| <b>Agency Liabilities:</b>                           |                            |  |
| Insurance Accounts Payable.....                      | \$107,262.74               |  |
| Commissions, etc., Payable.....                      | 27,870.50                  |  |
| <b>Total Agency Liabilities.....</b>                 | <b>\$135,133.24</b>        |  |
| <b>Shareholders' Liabilities, Etc.</b>               |                            |  |
| <b>Accounts Payable</b>                              |                            |  |
| Saskatchewan Inspection Service.....                 | \$13,190.77                |  |
| Canadian Co-operative Wheat Producers Limited        | 3,171.71                   |  |
| Unearned Commissions.....                            | 11,965.32                  |  |
| Accrued Expenses.....                                | 1,320.87                   |  |
| Sundry.....  | 715.06                     |  |
|  | <u>\$30,363.73</u>         |  |
| <b>Reserves</b>                                      |                            |  |
| Reserve for Cancellations, etc.....                  | \$15,000.00                |  |
| Reserve for Insurance Investigation.....             | 935.85                     |  |
|  | <u>15,935.85</u>           |  |
| <b>Capital Stock—Authorized \$20,000.00</b>          |                            |  |
| Issued and Fully Paid—2,000 shares of \$10.00 each.. | 20,000.00                  |  |
| Earned Surplus.....                                  | 47,071.33                  |  |
|  | <u>113,370.91</u>          |  |
| <b>Approved on behalf of the Board:</b>              |                            |  |
| L. C. BROUILLETTE, Director.                         |                            |  |
| GEORGE BENNETT, Director.                            |                            |  |
|  | <u><u>\$248,504.15</u></u> |  |

## Auditors' Report to the Shareholders:

We have examined the books and accounts of Canadian Pool Agencies Limited for the fiscal year ending August 31, 1936, and have obtained all the information and explanations which we have required.

Cash in banks has been reconciled with certificates obtained direct from the company's bankers. The securities covering the company's investment in Dominion of Canada bonds and the membership deposits have been verified by certificates from the depositaries.

We report that, in our opinion, the above balance sheet is 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 August 31, 1936, according to the best of our information and the explanations given to us and as shown by the books of the company.

Winnipeg, September 30th, 1936.

PRICE, WATERHOUSE & CO., Auditors.

**STATEMENT No. 13**

**CANADIAN POOL AGENCIES LIMITED**

**STATEMENT OF INCOME AND EXPENSES  
FOR THE YEAR ENDED 31st AUGUST, 1936**

|  |             |             |
|--|-------------|-------------|
| <b>Income</b>  |             |             |
| Commissions Earned.....  |             | \$57,277.26 |
| Interest.....  |             | 4,308.53    |
| Interest on Investments.....   |             | 217.04      |
|  |             | <hr/>       |
|  |             | \$61,802.83 |
| <b>Administrative and General Expenses</b>                           |             |             |
| Salaries.....  | \$10,799.25 |             |
| Administrative Expenses.....   | 2,000.00    |             |
| Rent and Light.....  | 1,834.62    |             |
| Office Supplies and Expenses.....                                    | 468.75      |             |
| Telegraph and Telephones.....  | 331.63      |             |
| Depreciation.....  | 719.15      |             |
| Audit Expenses .....   | 275.00      |             |
| Printing and Stationery.....   | 187.46      |             |
| Postage and Excise Stamps.....                                       | 142.40      |             |
| Brokerage .....  | 67.54       |             |
| Taxes and Licenses.....  | 251.29      |             |
| Insurance and Advertising.....                                       | 108.61      |             |
| Travelling Expenses.....   | 45.80       |             |
|  | <hr/>       |             |
|  | \$17,231.50 |             |
| <i>Less</i> Allowance from Saskatchewan In-<br>spection Service..... | 2,500.00    |             |
|  | <hr/>       |             |
|  |             | \$14,731.50 |
| <b>Net Income Transferred to Surplus.....</b>                        |             | <hr/> <hr/> |
|  |             | \$47,071.33 |

**EARNED SURPLUS ACCOUNT**

|  |             |             |
|--|-------------|-------------|
| Balance as at 1st September, 1936.....                   |             | \$49,062.70 |
| Add Net Income for the year ended 31st August, 1936..... |             | 47,071.33   |
|  |             | <hr/>       |
|  |             | \$96,134.03 |
| <i>Less</i> Dividends Paid:                              |             |             |
| Capital Stock.....                                       | \$ 1,200 00 |             |
| Patronage.....   | 47,862.70   |             |
|  | <hr/>       |             |
|  |             | 49,062.70   |
| <b>Earned Surplus as at 31st August, 1936.....</b>       |             | <hr/> <hr/> |
|  |             | \$47,071.33 |



*Canadian Co-operative Wheat  
Producers Limited*

DIRECTORS' REPORT  
1935-1936

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

Gentlemen:

Your Board views its activities of the past year with a sense of both satisfaction and disappointment. Nine meetings of the Board were held, besides four meetings of the Executive and one Interprovincial meeting of the three complete Pool Boards. The chief matters of consideration on these occasions were: the National Wheat Board, and the 1930 Equalization Payment until May of this year, when the payment being made, the question of the Wheat Board engaged their foremost attention. Our disappointment lies in our failure to prevail upon the Federal Government to reconsider their Order-in-Council of August 27th and permit deliveries to the Wheat Board without any restrictions; to fix a satisfactory minimum price for the 1936-37 crop season; and to bring coarse grains within the operation of the Act. On the other hand, we feel that our efforts in securing the enactment of "The 1930 Wheat Crop Equalization Payments Act" on the basis of our agreement with the Canadian Wheat Board to make the final payment on wheat, was gratifying to several thousand farmers of Western Canada. Beyond this, however, we are convinced your organization is continuing a service of the greatest importance as a medium unifying the three provincial Wheat Pools. Your executive have been in almost constant touch with one another through informal meetings, correspondence, phone calls and wires, in addition to regular and special meetings of the Board. This not only continued the accord which has existed from the first, but was largely responsible for a unanimity of farmers' viewpoint when presenting our case at Ottawa or making known our stand to the public at large. The three Wheat Pools represent by far the largest organization of farmers in their respective provinces and when through "Central" they can speak with one voice, it adds immeasurably to their strength and prestige. The unanimity which Central both creates and represents, demonstrates its effectiveness as a unifying force and with its continuation we are confident it will prove the resurgent tide in overcoming temporary reverses and contribute largely in the struggle to secure better conditions for the farmer.

Our three provincial Pool Elevator organizations have again not only met operating expenses but have made the payments of interest and principal on capital indebtedness to the provincial governments besides contributing to the building up of substantial reserves. This is no small achievement in a year of much below normal crop production. Yet more encouraging is the increasing support of farmers in deliveries to Pool

Elevators, evidence of increasing confidence in the system and its management.

### **Canada Wheat Production, 1935-1936**

Based upon statistics prepared by the Dominion Bureau of Statistics, the total wheat crop for the prairie provinces in 1935 was 259,500,000 bushels, as compared with 263,800,000 bushels for the crop year 1934-35. Owing to the short crops of the Argentine and Australia, Canada secured about one-half of world wheat trade during 1935-36, and although world demand again proved disappointing, Canadian wheat exports amounted to 254,424,775 bushels as compared with 167,751,305 bushels during the previous crop year. The major factors were the extraordinary short crop in the Argentine which provided only 71.6 million bushels for export as against 180.2 million bushels in 1934-35 or 108.6 million bushels less, and the unprecedented demand for Canadian wheat in the United States, the latter taking slightly over 50,000,000 bushels of Canadian wheat for consumption and milling-in-bond. Out of total wheat imports into the United Kingdom of 190,661,780 bushels, Canada supplied 95,004,814 bushels or 49.8 per cent. The official carry-over of Canadian wheat in Canada and the United States as at July 31st, 1936, was 128,704,298 bushels, bringing the carryover to its lowest level since 1929 and a reduction of 86,273,254 bushels from the same date in 1935. The quality of the 1935 crop is indicated by the grading of government inspections showing that 52.96 per cent. of cars graded No. 3 Northern or better, compared with 74.77 per cent. for the year 1934-35. The average protein content for all grades was 13.9%.

The monthly average Winnipeg cash price for No. 1 Northern wheat in store Fort William, ranged from 84.5 cents per bushel in August, 1935, to 90.8 cents in October, descending to a low of 76.8 cents in May, then steadily rising to an average of 93.4 cents for the month of July, 1936. The minimum price of 87½ cents for No. 1 Northern set by the Canadian Wheat Board on September 6th, 1935, remained in effect throughout the crop year 1935-36.

### **1936 Crop Report**

The Dominion Bureau of Statistics estimates the 1936 wheat crop of the prairie provinces at 216,000,000 bushels. The drought with long periods of very high temperatures was responsible for greater crop damage and lower yields per acre than any recorded since 1909. The drought area may be described generally, as the shortgrass region with its base along the international boundary and extending northward to semicircular line reaching from Olds and Castor in Alberta, running east and north to Saskatoon and Prince Albert, thence southerly to Regina, east to Virden in Manitoba, and on to Emerson in the Red River valley. The irrigated areas of Alberta and the heavy soils of the Regina Plains should be excluded from this designation. Beyond this line in the Winnipeg and Portage districts and in the treed areas in the northern parts of the three provinces, the yields per acre were much higher. Harvesting was the earliest on record and wheat threshing was completed in Manitoba, Saskatchewan and about three-quarters of the Alberta crop handled before bad weather set in. A considerable proportion of the crop had been marketed by the end of September, showing good quality. Of 38,726 cars inspected in August and September, 96.1 per cent. graded No. 3 Northern or



better and 84.2 of these graded One and Two Northern. The protein content also is higher than any recorded heretofore; the tests made in the laboratories of the Board of Grain Commissioners of 5,300 samples show the average percentage of the 1936 crop for the three provinces to be 15.2 per cent.

Coarse grains also suffered severely from the protracted hot and dry weather conditions and, in the drought area, were almost a total failure. The average yields per acre are lower than in 1935 and the estimated production in the prairie provinces of each grain for 1936 is as follows:

|             | <i>Bushels</i> |
|-------------|----------------|
| Oats.....   | 136,408,000    |
| Barley..... | 55,208,000     |
| Flax.....   | 1,780,000      |
| Rye.....    | 3,887,000      |

### The World Wheat Situation

The estimated world production of wheat shown in the following table is taken from the report of the Dominion Bureau of Statistics of September. Russia and China are not included.

|                          | 1936             | 1935<br>(000 bushels) | 1934             |
|--------------------------|------------------|-----------------------|------------------|
| Europe.....              | 1,490,603        | 1,568,639             | 1,549,194        |
| North America.....       | 876,221          | 911,495               | 783,728          |
| North Africa.....        | 97,112           | 113,324               | 134,169          |
| Asia.....                | 487,723          | 514,287               | 508,095          |
| Southern Hemisphere..... | 372,000          | 398,669               | 389,404          |
| Totals.....              | <u>3,323,653</u> | <u>3,506,414</u>      | <u>3,364,590</u> |

The most recent official estimates confirm the anticipated decline in production on all continents and show a total reduction of  $182\frac{3}{4}$  million bushels as compared with 1935. World net imports of wheat and wheat flour totalled  $498\frac{1}{2}$  million bushels in 1935-36 compared with 524,600,000 bushels in the crop year of 1934-35 bringing world trade in wheat to its lowest level during the last eighteen years. The world carry-over of wheat and wheat flour as at August 1st, 1936, is estimated at 607 million bushels or 300 million bushels less than in 1935. The lower 1936 production will not be sufficient to meet normal consumption requirements and hence further reduction in carry-overs is anticipated. The improvement in the world demand for wheat during the early part of 1936-37 has been quite marked and has led to a steady increase of prices and the development of stronger markets.

In last year's report we emphasized the trend in all countries towards centralization and government control. This has affected the production, buying and selling, importing and exporting of wheat so as to completely change the system of international trade in grain. During the past year, the trend has continued in that direction and is more pronounced in the old countries of Europe. In following the course of world events one is forced to the conclusion that competitive methods of dealing based on the "free open" market are slowly but surely being relegated to the background. In every other major wheat country legislation has been enacted for the protection and assistance of the wheat grower so that he shall not be at the mercy of an uncontrolled system wherein he must be prepared to take for his wheat "what the world will pay for it and not a penny more".

In France, Italy, Germany, Russia, Norway, Greece and Hungary and some other countries, the govern-

ments have taken over the full control of the marketing of grain products; in Great Britain, United States, Australia and Argentine, there is an insistent demand for an extension of control by the State. In former annual reports we have set forth more in detail the nature of the legislation and regulations in each of these countries and recently the Saskatchewan Wheat Pool has brought the information up to date in pamphlet entitled "How other Countries are Helping their Farmers". This world trend is of the greatest significance to the Canadian wheat grower. Centralized buying necessitates centralized selling. Most of the wheat buying countries have established control over imports and strict regulations governing the use of supplies. To trade on equal footing, the governments of wheat exporting countries would be forced into the position of controlling the flow of wheat to meet the requirements and regulations governing the imports and use of wheat in protected countries.

Should the improvement in purchasing power continue, world trade will revive and that, it is hoped, may bring some relief to present agricultural and international distress. Nevertheless, centralized control is not an emergency measure, it is a growth of world wide proportion. It is hardly probable it will suddenly disappear and we have to face the fact that agricultural Canada is dependent on outside markets and the policies in those countries are and must be a determining influence in shaping our national policy.

Canada has reverted to a grain marketing system of free competitive selling wherein the farmer is subjected to the uncertainties and insecurity arising from ever changing prices. An unregulated supply or dumping of grain thrown on to a regulated demand brought about the disastrously low prices of the depression and no present improvement in markets can alter the devastating effects of that period on Western agriculture. With the return of normal crops, the experience of the recent past is almost certain to be repeated and the condition of agriculture will continue one of alternating booms and their reactions. Sales of Canadian wheat have recently materially increased as a result of short crops, decreased supplies, and a reduction of world stocks but there has been a drastic decline in world wheat trade. Governments have extensively and decisively interfered with the "free open" system of trading and the futures market during the last seven years has demonstrated it cannot function in the interests of the producer. At the same time, because it has been the only avenue through which our grain could flow, it has seriously obstructed the inter-play of supply and demand with the effect of giving the buyers an advantage in the market. In these circumstances when normal crop conditions recur in the principal exporting countries, Canada is ill prepared to meet the competition which will inevitably develop between exporting countries for a share of much reduced importations. Stabilization and a restricted Wheat Board are only half-way measures. A marketing system which is partly of government control and partly a speculative operation can never be satisfactory and with the obvious failure of the latter, it would seem Canada has but one choice, namely, a marketing agency which has full control of the market and power to regulate the processes of marketing so as to equate as nearly as humanly possible the factor of supply with that of demand.



## National Wheat Board

In the report of last year we recorded with some satisfaction the establishment of a National Wheat Board through legislation which has been urged by the organized farmers since 1918, and for which your organization in particular has striven for the last six years. This year in spite of repeated representations to Ottawa and urgings by wire, letter and conferences, the Canadian Wheat Board Act, 1935, was rendered practically inoperative in respect to the 1936 crop by the Order-in-Council of August 27th prohibiting deliveries to the Board unless the open market price closed below 90 cents per bushel. A Board consisting of Mr. J. I. McFarland, Mr. D. L. Smith and Dr. H. C. Grant, was appointed on August 14th, 1935, along with an Advisory Committee of seven, of whom four were wheat producer representatives, namely: Mr. R. McKee, Mr. L. Hutchinson, Mr. L. C. Brouillette, Mr. B. Catton, Mr. S. T. Smith, Mr. P. F. Bredt, and Mr. C. G. C. Short. The minimum price for wheat was announced by the Prime Minister on September 6th as 87½ cents per bushel, basis One Northern, Fort William. The Federal election of 1935 took place on October 14th and the new government came into office on November 9th. Shortly thereafter the government wheat committee dispensed with the services of the advisory committee, thereby eliminating producer representation, and established a cabinet wheat committee consisting of the following four ministers: Hon. W. D. Euler, Minister of Trade and Commerce; Hon. J. G. Gardiner, Minister of Agriculture; Hon. C. A. Dunning, Minister of Finance, and Hon. T. A. Crerar, Minister of Mines. At the end of November, Mr. McFarland was asked to hand in his resignation and on December 2nd, the full Board resigned. Protests on the action of the government and expressions of confidence in Mr. McFarland and the Board were sent in to Ottawa by farmers' organizations, and gatherings of producers and business men from all parts of the three provinces.

A new Wheat Board was announced on December 3rd, consisting of Mr. J. R. Murray, former Manager of the Alberta Pacific Grain Company; Mr. George H. McIvor, former Sales Manager of the Canadian Wheat Board, and Dean A. M. Shaw, of the Faculty of Agriculture, University of Saskatchewan. All stocks of wheat held by Canadian Co-operative Wheat Producers Limited, including contracts to purchase or to take delivery of wheat in respect of which the Dominion Government had given a guarantee were taken over by the new Board. The minimum price of 87½ cents was maintained throughout the season of 1935-36. This price was above the average Winnipeg cash price for all months except August and September, 1935, and July, 1936, and hence, whilst no statements are available, it may be assumed by far the larger proportion of deliveries of the 1935 crop were made to the Board.

We deeply deplore the failure of our efforts to impress the government that the maintenance of the Canadian Wheat Board with all the powers conferred by the Canada Wheat Board Act would be in the best interests of the entire Dominion as well as the wheat producers of Western Canada. We regret that instead of strengthening the Board, the government has seen fit to restrict its operations. Again, we affirm our belief in the necessity for a centralized system of grain

marketing, with provision for adequate returns to the producer.

### Minimum Price—1936

On July 6th, your Central executive conferred with the Wheat Committee at Ottawa on the minimum price to be set for wheat of the 1936 crop. They submitted a memorandum with appendices attached setting forth their reasons in asking for a price bearing a fair relation to the cost of production. One appendix gave a very thorough and comprehensive study based upon a survey made by the University of Saskatchewan showing that the average cost of producing wheat in Saskatchewan covering the period 1918 to 1930 and shipping to market was over one dollar per bushel. The initial payment it was shown, should be above, rather than below, average production costs because (a) in the wake of a depression period of disastrously low prices agriculture is on the verge of bankruptcy; (b) the world wheat carryover is reduced to the lowest point in ten years; (c) the United States will in all probability become an importer as a result of extensive drought damage; (d) for the same reason prospects are for one of the lightest crops in the history of Western Canada; (e) a low minimum price would be taken as the attitude of Canada towards world markets and tend to have a bearish influence on price levels; and (f) with a minimum price set below the open market price the hard pressed farmer would be compelled to sell immediately, in order to meet his indebtedness and make it impossible to avail himself of the Wheat Board facilities.

The memorandum went on to state what other countries have done to protect and assist their wheat growers. Information given out by the Department of Agriculture, Washington, D.C., indicates that through tariffs, milling quotas, fixed prices or subsidies, etc., the revenue to the producer has been increased to the following extent:

|  |                        |                        |
|--|------------------------|------------------------|
| Spain.....   | 1933 to 1935 inclusive | \$ 629,180,000         |
| France.....  | 1929 to 1934           | 1,321,020,000          |
| Germany.....   | 1929 to 1934           | 754,370,000            |
| Italy.....   | 1929 to 1934           | 1,211,490,000          |
| United Kingdom.....  | 1932 to 1935           | 125,094,863            |
| Australia.....   | 1931 to 1934           | "                      |
|  | £12,548,000 say        | 62,000,000             |
| United States.....   | 1933 to 1935           | 291,196,117            |
| Estimated further payments under Supplemental Appropriation Act..... |                        | 40,000,000             |
|  | Total.....             | <u>\$4,434,350,980</u> |

The Argentine government on December 13th, 1935, increased its minimum price for wheat from 55 cents to 90 cents per bushel.

Few realize the tremendous cut in income which poor crops and low prices have caused. The total value of wheat production in Manitoba, Saskatchewan and Alberta for the six years, 1930 to 1935, was \$818,040,000 and the total value of the wheat crops produced in the five years, 1925 to 1929, was \$2,019,865,000. If the farmers of the west had obtained the same proportionate return for their wheat crop in the past six years as they did for the five years, 1925 to 1929, their income would have been increased by over one and one-third billion dollars!

In conclusion, your executive recommended:

1. That the Canadian Wheat Board operations be extended to coarse grains;
2. That the Board should set up its own marketing agencies;



3. That international co-operation should be sought with the object of obtaining price levels for surplus wheat fair both to producers and consumers;
4. That trade agreements involving tariff concessions on the part of Canada should be entered into by the government, for the purpose of enlarging markets for Canadian wheat; and,
5. If, after all efforts have been made, the average annual wheat surplus of Canada cannot be absorbed, that necessary legislation be enacted providing for a quota system of deliveries from the farm.

The first two suggestions outlined above have been repeatedly advocated by the Western Wheat Pools ever since the Wheat Board was set up a year ago, and indeed antecede it; while the other suggestions have also been part of Pool policy for some years.

On July 28th, your executive again met and discussed the above memorandum with the members of the Canadian Wheat Board. Shortly thereafter when it was apparent there was to be an exceptionally early harvest with of course, early deliveries, it was felt there was an immediate need to have the minimum price definitely fixed for the new season's crop. On August 4th a telegram was sent to the Chairman of The Canadian Wheat Board stating that new crop wheat was already coming forward and being stored pending an announcement by the Dominion Government as to a minimum price and urging that such be set immediately at a figure warranted by the short crop and the world statistical position. Mr. Murray forwarded the wire to Ottawa but no action was taken until August 27th when the government announced that the minimum price to be paid by The Canadian Wheat Board would remain at 87½ cents per bushel One Northern, Fort William, and that no deliveries would be accepted unless the Winnipeg market price closed below 90 cents per bushel, One Northern, Fort William. Your Executive had met in Regina on August 25th and wired the Wheat Committee at Ottawa pointing out a "low minimum price will destroy confidence in Wheat Board." In view of the reactionary effect the decision of the government would have on the Wheat Board and wheat marketing in Western Canada, your executive decided, as a final effort, upon again going to Ottawa, to urge reconsideration of the decision stopping deliveries to The Canadian Wheat Board. They met the Wheat Committee on September 9th and submitted proposals to remove the restrictions and establish a minimum price in relation to cost of production in any case not lower than \$1.00 per bushel, but if this was refused, and the present set price of 87½ cents per bushel is continued, that the inoperative clauses of the Act be proclaimed, requiring all wheat to be delivered to The Canadian Wheat Board.

No change has taken place. Your Board feels that the Western wheat grower in being denied the right established under "The Canadian Wheat Board Act, 1935" to deliver his grain to the Board, has suffered a major reverse and that organized agriculture has been checked in its efforts to establish the industry on a footing of economic equality. Farmers are expressing their feelings at meetings that are being held in all parts of the country and very many resolutions of protest have gone forward to the Western Federal Members and Cabinet Ministers.

### **The 1930-31 Pool Adjustment**

We have reported to you in previous years on the efforts we made to secure for the members of the

1930 Pool, an adjustment on the initial payments they received on their deliveries in that crop year.

The 1930-31 initial payment to the growers was successively lowered from 60 cents per bushel basis One Northern, Fort William, to 55 cents and later 50 cents per bushel. The general lack of purchasing power creating what is most commonly known as the depression, accompanied by difficulty in making sales although the Pools sold their proportionate share of Canadian wheat, left this organization with 76 million bushels of wheat on its hands. This was used as the basis of the subsequent stabilization operations conducted by Mr. J. I. McFarland in the name of Canadian Co-operative Wheat Producers Limited with the guarantee of the Dominion Government in order to prevent a price collapse with all its disastrous consequences to agriculture and business interests in Canada. For four years the unsold volume of Pool wheat composed the major share of these operations. Your Board has pressed upon the Federal Government in conferences which have extended over the whole period, the justice of the claims of the Pool members who had received less than 60 cents initial payment for an adjustment. The passage of the Act establishing the Canadian Wheat Board with provisions for the acquisition of all stocks of wheat and contracts to purchase or take delivery of wheat and the negotiations for the sale of the stocks leading to the Order-in-Council of October 10th, 1935, authorizing the Canadian Wheat Board to make the purchase, were referred to in our annual report to you last year. The Federal election took place on October 14th and during the reorganization period when the new government assumed office, there was unavoidable delay, but your Central Board was in constant touch with Ottawa by correspondence pressing for the earliest possible settlement. All stocks of wheat and contracts for delivery of wheat were transferred to The Canadian Wheat Board on December 2nd, 1935. Your Executive had conferences with the government Wheat Committee in March, and they urged settlement to include an amount sufficient to adjust payments on wheat to 60 cents per bushel, on durum wheats to approximately 66 cents per bushel with the spreads between the various grades of wheat determined on the basis of sales made, to adjust the initial payments on coarse grains to the highest initial payment, and to pay the 1930 Pool operating costs of the three Provincial Pool organizations. The government did not accept the settlement proposed by the Pools on coarse grains or the payment of Pool expenses of the 1930-31 crop year. Finally, Parliament passed "The 1930 Wheat Crop Equalization Payments Act" and it was assented to on April 8th, 1936. The original adjustments on red spring wheat and durums was incorporated into the Act but only the amounts actually credited on the books of Central to barley, flax and rye were included in the settlement. The total of the payments authorized by the Act in respect to wheat is a sum "not exceeding in the aggregate six million six hundred thousand dollars. . ." The amount actually received in this connection from the Canadian Wheat Board for disbursement to the 1930 growers was \$6,445,576.02 divided as follows:

**Wheat**

|                   |               |
|-------------------|---------------|
| Manitoba.....     | \$ 630,293.28 |
| Saskatchewan..... | 3,082,945.97  |
| Alberta.....      | 2,732,336.77  |

The payments in respect to barley, flax, and rye



to Manitoba were \$54,833.70, and to Saskatchewan, \$304,789.25.

The final wheat payment cheques were mailed by the provincial Pools to their growers about April 25th, 1936, and the payment cheques on barley, flax and rye to the members of the 1930 coarse grain Pools in Manitoba and Saskatchewan about May 2nd. The settlement of the 1930-31 adjustment payments has been one of the most difficult problems with which your organization has had to deal, but we believe the monies went out at an opportune time and brought satisfaction and relief to many of our members.

### **Barley Improvement**

Activities have been conducted by the three Provincial Pools in conjunction with their respective government departments of agriculture and agricultural colleges in an effort to improve the quality and production of barley in Western Canada. The experimental work carried on in the form of test plots, by Junior Co-operators either individually or through Seed Clubs will undoubtedly do much to determine the varieties of barley best adapted to soil conditions in each locality.

The three Pools have acted together with your Central Board, in again directing their attention to the question of a market for malting barley, to the development of a domestic market for feed barley in Eastern Canada, and to the improvement of barley standards and are co-operating with the National Barley Committee in dealing with these problems.

The work in connection with the special experimental shipment of malting barley started in 1935, was discontinued this year on account of the discouraging prospects of the overseas markets and further, it was felt that the undertaking, being one in the general interest of agriculture, should be carried on by the Dominion Government.

The Interprovincial Coarse Grains Committee has given serious consideration to the necessity for making changes in the official grades of Canadian Western barley. A schedule was drawn up containing a reclassification of barley grades which they submitted to the National Barley Committee and which, in discussion with them, was approved. The schedule recommended the elimination of the Trebi grades, No. 3 extra C.W. 2 row and No. 3 extra C.W. 6 row, together with redefinitions and names for the other barley grades. Any change in grades necessitates amendments to the Canada Grain Act and it will be up for review in the next session of Federal Parliament.

### **Resignation of J. I. McFarland**

Mr. J. I. McFarland formally resigned as General Manager in June, 1936. We referred in the annual report of last year to his appointment to the position of Chairman of the Canadian Wheat Board but his responsibilities in that position were short lived.

In accepting Mr. McFarland's resignation the Central Board expressed its deep appreciation of the wholehearted public spirit displayed by him in devoting five years of his life to serving, without any reward except the consciousness of duty well done, the wheat producers of Western Canada.

### **Conclusion**

The quiet but steady growth of the co-operative movement all over the world, with more than two

hundred million adherents, is most encouraging to the co-operative producers of Canada. Slowly but surely co-operative principles and practice are transforming our social and economic life; and more and more, co-operation is becoming recognized as the great bulwark of democracy. It should be a source of gratification to the producers who have shown such unshaken loyalty to their own co-operative organizations throughout the most difficult period Western Canada has ever experienced, that they have made, and are continuing to make, such substantial contributions to the building up, on a firm foundation, of co-operation in Canada.

Respectfully submitted,

|                                |                    |
|--------------------------------|--------------------|
| L. C. BROUILLETTE, President   | } <i>Executive</i> |
| GEORGE BENNETT, Vice-President |                    |
| P. F. BREDT                    |                    |
| J. JESSE STRANG                |                    |
| JOHN H. WESSON                 |                    |
| BROOKS CATTON                  |                    |
| COLIN H. BURNELL               |                    |
| J. W. BALDWIN                  |                    |
| B. S. PLUMER                   |                    |



# CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

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## *Supplementary Financial Report*

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The operations of your Company for the period under review have been so radically different from those of previous periods as to preclude their presentation in the manner to which you have been accustomed in the past.

In accordance with the usual practice it was necessary to fix a tentative initial price for the 1930 crop which would be effective on 16th July, 1930, and a temporary credit was established for this purpose on the basis of 70 cents per bushel, No. 1 Northern, Fort William. On the 26th August the initial price was fixed on the basis of 60 cents per bushel and deliveries were taken on this basis until 15th October when the price was reduced to 55 cents, and on 11th November it was further reduced to 50 cents. The difficulties with which your Board had to contend, due to rapidly declining market levels, came to a climax on 15th November, and as a result the services of Mr. John I. McFarland, as General Manager, were obtained. Negotiations were also started to secure a Guarantee from the Dominion Government to protect the Banks in respect of their advances to us, the details of which you already know.

After Mr. McFarland took over his position and had acquainted himself with prevailing conditions, it became obvious to him that the market would not absorb the wheat which he had to sell, and in reality most of our wheat was held off the market from that time. This action continued throughout that crop year and the ensuing seasons. In addition it became necessary to further stabilize the market in order to avoid a complete demoralization of the price structure, and in order to permit the growers to market their grain a policy of purchasing wheat in the open market was commenced. These operations became known as the "Stabilization Operations", the details of which were made public at Ottawa during the summer of 1935.

On various occasions during the period which followed, representatives of your Board discussed with the Rt. Hon. R. B. Bennett the question of obtaining a settlement which would permit the equalization of initial payments to the growers both for wheat and coarse grains, and also the reimbursement to the provincial organizations of their 1930 Pool expenses. The details of these discussions are already known to you, and as you are aware, arrangements were subsequently made, based on our position as at 2nd December, 1935, to turn our wheat stocks over to the Canadian Wheat Board at the prevailing market prices. In addition the Board assumed our liabilities to the Banks in respect of our grain handling operations, less certain assets. After this transaction was completed there were net Bank advances remaining of \$15,856,645.35, which were assumed by the Dominion Government and subsequently paid for by them. The Government also agreed to pay the sum of \$6,445,576.02 for the purpose of equalizing wheat initial prices to a basis of 60 cents, No. 1 Northern, Fort William, together with the usual spread adjustments. They

also agreed to assume the deficit arising as a result of the operations of the Oats pool, totalling \$170,130.09, and to pay the surpluses arising from the operations of the Barley, Flax and Rye pools, totalling \$359,622.55. The details of the settlement thus made between your organization and the Canadian Wheat Board were set forth in a document called the "Memorandum of Release and Discharge". In Exhibit "A" which was appended to that document were set forth the details of the assets and liabilities assumed by the Dominion Government, a summary of which is attached hereto as an appendix to the Balance Sheet.

### Balance Sheet

The Balance Sheet which is presented here for your information, and which was the basis for the settlement referred to, requires little explanation. In it you will observe an item under the heading of "Crops of 1928 and 1929 Pools" amounting to \$43,219.78. This represents moneys which were expended in respect of expenses for the account of the two Pool years in question and was subsequently repaid out of the 1928 and 1929 Contingency Fund which was provided for that purpose when settlement was made under the Provincial Government's Guarantees covering the operations of these pools. The balance of the Contingency Fund referred to was disbursed to the three Provincial Governments for the credit of the respective Pools in the same proportion as governed the settlement made at the time these Governments issued their bonds in respect of the 1929 overpayments. The details of this disbursement were as follows:

|                   |                     |
|-------------------|---------------------|
| Manitoba.....     | \$ 42,674.55        |
| Saskatchewan..... | 168,254.05          |
| Alberta.....      | 70,009.87           |
|                   | <u>\$280,938.47</u> |

*Funds:* Except for the Petty Cash Fund this amount comprises the Special Margin Deposits which had to be deposited in respect of our option transactions.

*Saskatchewan Relief Commission:* You will observe that this account showed at that time an amount of \$658,387.29 against which we had Bank Loans of \$618,545.86, the balance being represented by handling charges, etc.

Included in the Liabilities is an amount due to the Canadian Wheat Board of \$3,000,000.00 representing their proportion of the Special Margin Deposits advanced by them in respect of their operations.

In the Appendix to the Balance Sheet you will observe that from the total of our Bank Loans is deducted two items, one representing the deficit in respect of Oats transactions; the other being the amount of the advances in respect of the Saskatchewan Relief Commission. This was done in order to arrive at the net result of the wheat operations for the purpose of the final settlement to which we have referred. Subsequently the amount of the Oats deficit was paid to us by the Dominion Government and applied in settlement of our Bank advances. The advances made in respect of the operations of the Saskatchewan Relief Commission, which were guaranteed under a separate Order-in-Council, did not form a part of the settlement referred to. The Bank advances in this respect, which have been considerably reduced since the date of the Balance Sheet, continue to be carried in the name of your Company.



# *Canadian Pool Agencies Limited*

## DIRECTORS' REPORT

1935-1936

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

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st August, 1936, 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 \$47,071.33 as compared with \$50,562.70 last year. The decrease in the earnings for the past season is largely due to the fact that we had practically no Lake Marine and Outturn business, and only one small shipment out of Churchill. These two items combined represent a loss in earnings to us of approximately \$8,500.00 from the previous year's figures. You will remember that when Central went out of the export business the Company's earning power was seriously affected, but during the past two seasons part of this was recovered as a result of large shipments of grain across the lakes to Bay and American Ports, and Churchill export business, but we cannot anticipate further earnings from these sources unless the Pools should again enter the export field.

Continuing the usual practice your Agency has operated on the principle that service comes before profits, and it continues to serve the Pool organizations in protecting their interests in the insurance field in a manner which is not wholly reflected in the earnings of the Company.

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

### **Balance Sheet**

#### *Agency Assets and Liabilities*

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 the Canadian Pool Agencies Limited for commissions earned.

#### *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, and which will be collected subsequent to the date of the Balance Sheet.

*Investments:* The amount shown under this heading represents the cost price of a purchase of \$30,000.00 of Dominion of Canada Bonds, 3 1/2%, to expire June, 1966, the investment being made when the Provincial Pool organizations had no further use for our surplus funds. The market value of these Bonds at August 31st, 1936, represented an appreciation of \$1,275.00 over the figure shown in the Balance Sheet.

**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 is returnable to us in cash should we withdraw from membership.

#### *Accounts Payable:*

**Unearned Commissions:** This amount includes the proportion of commissions due to subsequent years on policies written for a three-year period, and on other business where the commissions have not yet been completely earned.

#### *Reserves:*

**Reserve for Cancellations, etc.:** Due to the nature of our business, where the major proportion of our policies 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 expenses in connection with the handling of the insurance, which, of course, are incurred during the ensuing year.

**Reserve for Insurance Investigation:** This amount represents the unexpended portion of the reserve set up last year for payment of fees and other expenses in respect of other branches of insurance which were being investigated.

**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:** Details of the operations of this account are shown in the statement submitted.

### **Profit and Loss Account**

The loss in Lake Marine and Churchill export business has been largely offset by increased revenues due to the higher grain prices prevailing throughout the year, and to a reduction in the expenses.

Under the heading of "Income" is an item of "Interest on Investments" representing interest accrued on the Bonds purchased during the year under review.

Included in the "Expenses" is an item of \$2,000.00 representing Administrative Expenses, being the allowance made to Canadian Co-operative Wheat Producers Limited in respect of overhead and administrative charges for the year. The deduction from the total expenses of \$2,500.00 represents the Management Fee paid by the Saskatchewan Inspection Service for the supervision and administration of their operations.

### **Earned Surplus Account**

As shown in the appended statements, a Capital Stock Dividend of 6% was paid to the three Provincial Organizations, who are the Shareholders, during the year under review; while a Patronage Dividend was paid to each of them on the basis of business contributed. The details of these Dividends are as follows:

|                   | <i>Dividends</i>  |                    |                    |
|-------------------|-------------------|--------------------|--------------------|
|                   | Capital Stock     | Patronage          | Total              |
| Manitoba.....     | \$ 399.60         | \$ 5,226.10        | \$ 5,625.70        |
| Saskatchewan..... | 400.20            | 28,434.84          | 28,835.04          |
| Alberta.....      | 400.20            | 14,201.76          | 14,601.96          |
|                   | <u>\$1,200.00</u> | <u>\$47,862.70</u> | <u>\$49,062.70</u> |



The combined total of these two Dividends represents a return of 78.08% of the total commissions received by the Company.

Respectfully submitted,

|                                |                    |
|--------------------------------|--------------------|
| L. C. BROUILLETTE, President   | } <i>Executive</i> |
| GEORGE BENNETT, Vice-President |                    |
| P. F. BREDT                    |                    |
| B. S. PLUMER                   |                    |
| J. J. STRANG                   |                    |
| BROOKS CATTON                  |                    |
| J. H. WESSON                   |                    |
| C. H. BURNELL                  |                    |
| J. W. BALDWIN                  |                    |

# THE FIRST DOZEN YEARS

**S**ASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED was one of three provincial organizations which arose from the campaign for co-operative grain marketing on the prairies during the years 1923 and 1924, after fruitless efforts for re-establishment of the Canada Wheat Board (which functioned in 1919-20) had finally subsided. These organizations carried on a step further the remarkable pioneer work done by earlier farmer commercial organizations in the West. The Pools, as they have always been better known, sprang from a movement which, originating in the first year of the present century, aimed in every way possible to improve agricultural conditions.

Guided by the big grain growers' associations, the pooling drive was launched late in the summer of 1923. Aaron Sapiro, brilliant exponent of co-operative marketing from California, played an important part in those early stages with his stimulating speeches delivered across the prairies in two separate tours. Alberta, the first province to begin its campaign for a contract pool, was able to start operations after several months of the 1923-24 crop season had elapsed. In Saskatchewan, however, the desired acreage could not be signed up that fall, and so the final campaign for contracts was deferred until the following spring. This was successful, and on June 26, 1924, announcement was made that the objective, half the provincial wheat acreage, had been reached. The Saskatchewan Wheat Pool became a reality on that day. Contracts covering 6,330,000 acres had been signed by 45,725 farmers. (Presently a coarse grains pool was also formed, on the understanding that farmers joining it must also have signed a wheat contract).

The same summer Manitoba completed its own campaign, and the duly elected heads of the three provincial organizations met at Winnipeg to establish a Central Selling Agency. This began to function for the 1924-25 season, A. J. McPhail, President of the Saskatchewan Wheat Pool, being named chairman of the board. He held both positions until his death in October, 1931, at the age of 46, a loss which the co-operative movement felt keenly.

The objectives of the Central Selling Agency were:

"To be an agricultural organization instituted for the purpose of mutual help . . . to improve and reduce costs of marketing grain; to reduce specu-



lation, manipulation and waste, and all unnecessary transactions in such marketing; to increase consumption, build up new markets and develop new uses for grain; to market same directly and with regularity, so as to furnish it economically to the users thereof; and to preserve for the growers and the public their proper profits and economies."

To Central was entrusted the grain delivered by Pool members in Alberta, Saskatchewan and Manitoba. Each grower received an initial payment on delivery, and this sum was augmented by one or more interim payments during the season, and a final payment when the grain had been sold out. Avoiding carryovers in the first few seasons, the Pools were able to make a final distribution to their members soon after the close of each crop year. The system worked well as long as grain prices were fairly remunerative and the problem of unsold surpluses did not arise. Growers all received the same return, that is, an average price for the year, taking grades and freight rates into account.

As quickly as possible the Pools began to work out their plan of selling direct from producer to consumer. Export offices were opened on the North American continent, and branches established in Great Britain and other European countries.

Financed altogether by deductions of two cents a bushel from the wheat delivered by their members, the provincial Pools built up impressive elevator facilities of their own. As a part of this program, the Saskatchewan organization bought the entire properties of the Saskatchewan Co-operative Elevator Company, one of the two older farmer concerns operating in the West. That was in 1926; the purchase price was \$11,059,000, with interest, and seven years later it had been paid in full. By 1930 the combined country and terminal elevator storage capacity of the three Pools had grown to approximately 95 million bushels.

\* \* \*

The physical strength of these co-operative organizations proved of immense value when disaster overtook them in 1929-30. All unaware, like business generally, of the impending world economic crisis which was to strike agriculture with particular severity, the Canadian Wheat Pools set an initial payment of one dollar per bushel (basis One Northern, Fort William) at the outset of that season.

In October began the drastic deflation of values of all commodities except gold, farm products falling farthest and fastest. Winnipeg wheat prices dropped so as to endanger the margin required by the lending banks to be maintained between Pool payments and open market levels, and the banks threatened to liquidate the huge stocks held as collateral. In order to avert the catastrophe to Western interests generally which such an action would have meant, the prairie

governments intervened, and legislation was adopted guaranteeing the banks against any loss.

When the 1929 crop wheat was finally sold, it was found that the Pools had overpaid their members by sums which, even after most of the undistributed final payment on the 1928 crop had been applied, reached the staggering total of nearly \$23,000,000. Saskatchewan's share alone was \$13,752,000. The provinces implemented their guarantees, and the provincial Pool organizations agreed to repay their liabilities within 20 years.

\* \* \*

Before the amount of the overpayment was definitely known, a further decline of grain prices had brought fresh troubles to the Pools. In the fall of 1930 it was found necessary to lower the initial payment on the crop of that year three times, and when the 50-cent level had been reached the Dominion government stepped in to help. The banks were again guaranteed for their advances. To the then vacant position of Central Selling Agency general manager was appointed a retired grain merchant, John I. McFarland, who took complete charge of sales policy. His first step, by closing the Pool export offices, was to abandon the system of direct selling.

By the summer of 1931 it had become evident that, while disastrously low prices prevailed, the pooling system of deferred payments could no longer function, as most growers needed every cent possible after threshing. Accordingly a sweeping change of policy was agreed upon, whereby the Pool contract was set aside. Each provincial organization announced its members might either market their grain through a voluntary pool or else take an open market settlement. All three concentrated upon obtaining deliveries through their elevator facilities.

The Pools' Central Selling Agency ceased to function as such, except for the balance of the 1930 crop, of which 76 million bushels had been carried over into 1931-32. But the Dominion government now decided to utilize Central, under Mr. McFarland, for extensive stabilization operations, so as to protect Canadian wheat prices as far as possible during the world depression. Until these operations ended in 1935, no final settlement could be made on the Pool grain of 1930. A year later still, the matter was disposed of, when Parliament voted sufficient money to adjust the Pool initial payment to 60 cents, meaning that those growers who had received 50 and 55 cents for their wheat got an additional amount.

\* \* \*

While the provincial Wheat Pools bent their energies—and successfully—to securing deliveries to their country and terminal elevators, in order to meet their obligations under the 1929 overpayment guarantees, they did not by any means lose sight of the wider field of marketing. Their experience of contract pooling between 1924 and 1931 had convinced them that permanent success



was doubtful so long as two conflicting marketing systems operated side by side. The Pools had controlled slightly more than half the Canadian wheat crop, leaving the balance to be sold through the speculative open market.

An aggressive campaign had been carried on in Saskatchewan during 1930-31 for the establishment of complete instead of only partial grower control. Necessary legislation providing for such a 100 percent marketing organization, to become effective upon a referendum of all the growers, was duly enacted, but upon being submitted to the courts was declared beyond the powers of a provincial assembly.

Joined by its sister organizations, the Saskatchewan Wheat Pool then launched a movement for a national marketing board, similar to the 1919-20 board. The provincial governments lent their support. Ottawa, however, would not consent, preferring other methods to help Western growers, first by a five-cent bonus on wheat from the 1931 crop, and later by the stabilization experiment backed by the national credit.

The Pools continued their efforts to obtain a marketing board with complete authority over the Canadian crop, and won a partial success at last in 1935 when legislation was introduced in Parliament. But the bill, as finally enacted, was so changed as to give the new Wheat Board only incomplete powers, although absolute control might be given it by order-in-council. Instead of that, the federal government, in August 1936, virtually stopped its operations, in spite of strong protests from the West. A new grain inquiry commission was ordered. Meanwhile the Wheat Pools, and everyone else interested, must await its findings.

\* \* \*

The Pools, notwithstanding the necessarily dominant position occupied in recent years by their grain handling systems, have always considered themselves something more than elevator concerns, though in this respect their work has been of very real value to all farmers. Their insistence upon marketing reform is one example of their broader viewpoint. They can also look back upon an honorable record of service to agriculture in other ways. These include the securing of important amendments to the Canada Grain Act; introduction of the automatic sampler into terminals; encouragement of variety testing and junior grain club work in order to improve the qualities of Canadian grain; library service to Pool members; study of and representations to the authorities concerned regarding debt adjustment, tariffs, freight rates, etc.; encouragement of the Hudson Bay route; and co-operation with other producers' organizations and the consumers' co-operative movement as well.

The general objective of these co-operative grain marketing organizations remains, as it has been from the beginning, the creation of better living conditions in the farm homes of Western Canada.

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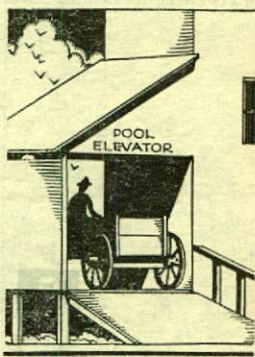


# *Your* **I** NTERESTS!

and the interests of Pool Elevators are identical. This Company's sole object is to work for farmers, as a part of the Co-operative Movement, to improve the conditions of Western agriculture.

You can increase the efficiency of your own Company for this purpose . . . by delivering **All Your Grain to Pool Elevators**

**BUSHEL COUNT !**



## **S**ASKATCHEWAN POOL ELEVATORS LIMITED

*A Saskatchewan  
Farmer - Owned Concern  
Operated by and in the  
Interests of Saskatchewan  
Farmers*

Head Office  
**REGINA**