

*Saskatchewan  
Co-operative Wheat Producers  
Limited*

# ELEVENTH ANNUAL REPORT

●

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

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## *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 of the Company.
16. Consideration of Amendments to Bylaws covering Powers and Duties of Delegates.
17. Consideration of Resolutions set out in Notice of Meeting.
18. Consideration of other matters that may properly come before the Meeting, introduced by Delegates.
19. Adjournment.



SASKATCHEWAN CO-OPERATIVE WHEAT  
PRODUCERS LIMITED

*Directors' Report*

Regina, Saskatchewan,  
5th November, 1935.

In submitting this Eleventh Annual Report of the operations of the Saskatchewan Wheat Pool organization to the annual meeting of delegates, your Board of Directors is glad to be in a position to announce that two of the major questions which have engaged the attention of the delegates at the last four annual meetings are in process of being disposed of. The establishment of the Canadian Wheat Board as the dominant factor in the Canadian grain business is now an accomplished fact, while a basis for winding up the 1930 Pool through a transfer of stocks, etc., from the Central Selling Agency to the Wheat Board has also been agreed upon.

As in previous years, there has been included in this report, not only a survey of the operations of the various companies constituting the Saskatchewan Wheat Pool organization for the year ending 31st July, 1935, but also complete reports of the directors of Canadian Co-operative Wheat Producers Limited and Canadian Pool Agencies Limited.

**Operations 1934-1935 Voluntary Pool**

*Deliveries*

During the crop year 1934-35 a total of 1,639,265-55 bushels of wheat was delivered to be marketed through the Voluntary Pool. This compares with total deliveries to the 1933-34 Voluntary Pool of 1,298,447-20 bushels of wheat.

The following statement shows the number of bushels of each grade of wheat delivered to the Pool during the year:

<i>Grade</i>	<i>Receipts</i>
1 Hard.....	165,013-20
1 Northern.....	843,941-35
2 Northern.....	377,873-15
3 Northern.....	88,629-00
4 Northern.....	54,849-40
No. 5.....	12,778-40
No. 6.....	7,061-35
Feed.....	506-40
Tf. 1 Northern.....	12,760-40
Tf. 2 Northern.....	25,461-50
Tf. 3 Northern.....	20,263-00
Tf. 4 Northern.....	9,565-50
Tf. No. 5.....	5,204-40
Tf. No. 6.....	3,799-20
Smutty 1 Northern.....	1,948-20
Smutty 2 Northern.....	1,553-40
Tf. Smutty 1 Northern.....	1,009-20
Dried 2 Northern.....	629-40
Damp 3 Northern.....	118-00
1 C. W. Amber Durum.....	5,792-10
2 C. W. Amber Durum.....	349-00
3 C. W. Amber Durum.....	156-40
Total Bushels.....	1,639,265-55

Of the total deliveries amounting to 1,639,265-55 bushels of wheat marketed under the pooling system last year, 1,500,024-20 bushels, equal to 91.506 per cent., were delivered to Saskatchewan Pool Elevators Limited; 96,974 bushels of wheat, equal to 5.916 per cent., were loaded over the platform and consigned to Pool terminals, and the balance of 42,267-35 bushels, equal to 2.578 per cent., was delivered to Line elevators.

### *Monthly Receipts, Deliveries and Sales*

The following statement shows the volume of Voluntary Pool grain received at country elevators each month, the amount delivered to the Pool each month, and the quantity sold monthly during the crop year ending 31st July, 1935:

	<i>Receipts Bushels</i>	<i>Deliveries Bushels</i>	<i>Sales Bushels</i>
1934			
August.....	63,513-30	.....	225,000-00
September.....	623,432-45	612,914-35	107,724-15
October.....	595,565-15	616,755-30	195,810-30
November.....	250,281-35	288,734-10	128,987-30
December.....	48,062-25	61,246-20	74,316-10
1935			
January.....	9,992-50	11,010-40	77,822-50
February.....	12,458-00	11,959-50	72,196-30
March.....	5,218-15	5,687-30	114,450-50
April.....	4,474-20	4,690-20	135,614-20
May.....	859-20	859-20	159,531-00
June.....	3,703-50	3,703-50	161,883-40
July.....	21,703-50	21,703-50	185,928-20
Total.....	<u>1,639,265-55</u>	<u>1,639,265-55</u>	<u>1,639,265-55</u>

Sales of all Pool wheat were completed at the close of the market on 24th July, 1935, and cheques covering the final payment were mailed to growers on 30th July, 1935.

### **Pool Payments**

Attached to this report as Statement No. 1 will be found a copy of the Auditors' Report covering the Operating Account for the 1934-35 Voluntary Pool.

Statement No. 2 attached hereto was prepared by the Auditors of the Company and shows Receipts and Deliveries of wheat to the Pool, the Gross Selling Price realized for each grade of wheat, as well as the Net Price payable to growers.

The initial payment for the 1934-35 Pool was established at the beginning of the season at 50 cents per bushel, basis One Northern, Fort William. This payment was 5 cents per bushel higher than the initial payment of the previous year, and 15 cents per bushel higher than the initial payment for the 1932-33 Pool. A first interim payment of 15 cents per bushel was declared payable on 20th March, 1935, and, as indicated above, the final payment was mailed to growers on 30th July, 1935.

The gross selling price of One Northern wheat in store Fort William amounted to 80.526 cents per bushel as compared with 69.586 cents per bushel for the previous year, and 50.511 cents per bushel for One Northern wheat delivered to the 1932-33 Pool.

Sales and operating expense amounted to .521 cents per bushel, as compared with .806 the previous year.

Growers delivering their grain to be marketed through the Pool received a net return of 80.005 cents per bushel, basis One Northern, Fort William, as against a net return of 68.780 cents per bushel in the previous year's Pool.



## **Current Season**

Since the Canadian Wheat Board (dealt with later in this report) is carrying on a similar method of marketing for the present season, your Board decided that no useful purpose would be served by operating a Voluntary Pool. In consequence, for the first time in eleven years, no pooling operations will be carried on by your organization.

## **Consolidated Balance Sheet 1934-1935**

A copy of the Consolidated Balance Sheet prepared by Messrs. Geo. A. Touche & Co., Auditors for the Company, showing the position of the Wheat Pool organization as at 31st July, 1935, together with explanatory notes on the principal items, will be found attached to this report as Statement No. 3.

It will be noted from this Balance Sheet that total current assets as at 31st July, 1935, amounted to \$12,777,382.13, with total current liabilities of \$5,794,702.23. The difference between these two items, amounting to \$6,982,679.90, represents the current position of the Company 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 \$162,500.00, there remains a balance of \$6,820,179.90 available as working capital for the season 1935-36. This compares with a working capital position of \$6,017,831.21 a year ago.

## **Consolidated Capital Statement**

Attached hereto as Statement No. 4 will be found the usual Consolidated Capital Statement which sets out the current financial position of the organization as at 31st July, 1935.

Statement No. 5 sets out in detail the source of capital funds invested in your organization, together with an analysis of capital expenditures and surplus capital as at 31st July, 1935. This statement has been prepared for the information of delegates, so that they may be thoroughly familiar with details of the financial position of the Company as at the close of last year's business.

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

### *Financial Statements*

A complete copy of the Financial Statement 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, 1935, amounted to \$3,332,918.19 and current liabilities amounted to \$1,064,259.96. The difference between these two items amounting to \$2,268,658.23 represents the current position of the Company and is available for the working capital purposes of the organization. This represents an increase of \$357,554.26 over the amount shown as working capital a year ago. The principal item involved in the increased

working capital arises from the payment of the sum of \$300,000.00 by Saskatchewan Pool Elevators Limited on account of the loan of \$4,000,000.00 made to Pool Elevators from the commercial reserve for the construction of Pool Terminal No. 7.

### *Income and Expense*

The total income of Saskatchewan Co-operative Wheat Producers Limited for the year ending 31st July, 1935, amounted to \$414,566.01, exclusive of the operations of the 1934-35 Voluntary Pool, financial statements for which are submitted separately. (Details of income will be found in Statement No. 2 of the Auditors' Report.)

Total operating expense, exclusive of the 1934-35 Voluntary Pool, amounted to \$329,023.85, leaving a surplus of income over expense of \$85,542.16. (Details of operating expenses for the year are set out in Statement No. 2A of the Auditors' Report.)

The surplus of \$85,542.16 has been applied as a reduction of the Company's share of the 1929-30 Pool overpayment.

There is included in the operating expenses of the Company the sum of \$43,701.07 representing the operating deficit of Modern Press Limited for the year ending 31st July, 1935.

Depreciation has been provided at the rate of 5 per cent. on the Head Office Building, and at adequate rates on other equipment with the exception of office furniture and fixtures which was written down to a nominal value last season.

### *Growers' Equity*

Attached hereto as Statement No. 6 will be found a Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1935. This statement shows a balance of assets over liabilities, representing growers' equity, of \$11,041,028.81 as at 31st July, 1935. This shows an increase of \$309,815.49 over the previous year when the balance of assets over liabilities amounted to \$10,731,213.32. In percentages, the growers' equity now stands at 47.347 per cent. of the value of the Company's assets as compared with 45.655 per cent. last year, an increase of 1.692 per cent. during the year.

### *Saskatchewan Pool Elevators Limited*

Saskatchewan Pool Elevators Limited owns and operates at the present time a total of 1,082 country elevators in all parts of the province. The maximum number of elevators actually in operation during the season under review was 1,007.

### *Grain Handled*

A total of 53,777,839 bushels of all grain was handled through country elevators for the year ending 31st July, 1935.

In addition to deliveries at country elevators, the Company handled a total of 1,360,191 bushels of grain loaded over the platform. This makes a total handling of all grain by your Company for the year ending 31st July, 1935, of 55,138,030 bushels.



Comparative figures for the last three years' handlings are as follows:

#### *Country Elevator Receipts*

	1934-35 <i>Bushels</i>	1933-34 <i>Bushels</i>	1932-33 <i>Bushels</i>
Wheat.....	45,087,559	47,484,548	78,921,324
Oats.....	6,317,882	8,055,724	5,040,911
Barley.....	2,004,069	2,675,926	1,651,401
Flax.....	178,349	178,182	838,835
Rye.....	189,980	307,685	929,293
Total.....	<u>53,777,839</u>	<u>58,702,065</u>	<u>87,381,764</u>

#### *Platform Receipts*

	<i>Bushels</i>
1934-35.....	1,360,191
1933-34.....	1,665,568
1932-33.....	3,988,281

The average volume of grain handled per elevator during the season under review, based on 1,007 elevators operated, amounted to 53,404 bushels of all grain as compared with 57,608 bushels for the previous year.

During the past season Saskatchewan Pool Elevators Limited handled 44.59 per cent. of all wheat delivered to country elevators in the province as compared with 43.2 per cent. the previous year. Of all grain delivered to country elevators in Saskatchewan, 44.41 per cent. was handled by the Pool Elevator System as compared with 43.51 per cent. in the previous year.

The percentage of platform shipments handled by Pool Elevators increased from 47.29 per cent. for the 1933-34 crop year to 62.28 per cent in 1934-35, an increase of almost 15 per cent.

Attached to this report as Statement No. 7 will be found the usual statement showing the total volume of grain handled by your Company since the inception of the organization.

#### *Grading Statement*

The Company's grading statement at the end of the fiscal year showed a net grade loss of \$336,891.65 as compared with a loss of \$183,354.00 for 1933-34. This larger grade loss can be attributed in part to the difficulties arising in connection with grain which was affected by frost over a large section of the province.

#### *Overages and Shortages*

The following statement shows overages and shortages on all grain handled through Pool country elevators for the past season:

	<i>Overages Bushels</i>	<i>Shortages Bushels</i>	<i>Percentage total handled</i>
Wheat.....	129,213	.....	.28%
Oats.....	97,650	.....	1.54%
Barley.....	23,850	.....	1.19%
Flax.....	.....	4,537	(2.54%)
Rye.....	739	.....	.39%

These figures correspond very closely to the percentages of last year.

The overages in oats and barley are accounted for, to a considerable extent, by cleaning operations in country elevators.

#### *Inspection Department*

The following statement shows the monetary value

of grades raised on re-inspection at unload for the year ending 31st July, 1935:

<i>Cars Inspected</i>		
Winnipeg	Street.....	\$83,740.63
	Consigned.....	5,594.29
	Platform.....	2,214.94
Fort William	Street.....	4,097.53
	Consigned.....	58.44
	Platform.....	459.52
Moose Jaw	Street.....	521.11
Saskatoon	Street.....	118.82
Churchill	Street.....	1,785.60
Total.....		<u>\$98,590.88</u>

### *Insurance*

*Fire Losses*—One country elevator was destroyed by fire during the year as compared with four losses last year. Insurance claims on building and contents amounted to \$18,025.02 as compared with a fire loss a year ago amounting to \$86,307.77. All claims were settled in full by the Insurance Companies. The loss ratio figured out at 12.3 per cent. as compared with 63.6 per cent. for the previous year.

*Fire Insurance Rates*—As reported a year ago, 75 per cent. of the risk on grain and elevators is carried direct with Lloyds, the other 25 per cent. being placed with Board companies. Rates in force for the past year were regarded as satisfactory, and these rates will be continued for the coming season.

### *Financial Statements*

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

On account of the smaller crop production in the year under review, the volume of grain handled was approximately 5,230,000 bushels less than for the previous year. This has resulted in a reduction of earnings, although the reduction is not in full proportion to the reduced handling.

There are no direct liabilities against the Company's assets other than the contingent liability with respect to the 1929 Pool overpayment. The only capital commitment required to be met during the past season was in connection with the 1929 Pool overpayment and amounted to \$494,015.34. The year's interest on the overpayment amounted to \$641,241.64. Payment in each case has been provided for.

It will be noted from the Balance Sheet that total current assets of Saskatchewan Pool Elevators Limited as at 31st July, 1935, amounted to \$12,674,732.19, with current liabilities of \$7,984,667.58. The difference between these two items amounting to \$4,690,064.61 represents the current position of the Company as at the end of the year. After providing for contingent liabilities of \$162,500.00 in respect of buildings and work under construction, and taking into account the sum of \$5,297.21 in respect of Saskatchewan Pool Terminals Limited, the balance of \$4,532,861.82 represents the amount available as working capital at the beginning of the season. This shows an increase over the previous year of \$441,011.96 and, with the use of the finances of Saskatchewan Co-operative Wheat Producers Limited, makes available a total working capital for the organization of \$6,820,179.90 as compared with a total of \$6,017,831.21 at the beginning of the year.



This increase in working capital places the Company in a strong position to secure adequate credits required from the banks for financing operations.

It may be noted that Saskatchewan Pool Elevators Limited has repaid to the parent Company the sum of \$300,000.00 against the \$4,000,000.00 note given in connection with the construction of Pool Terminal No. 7.

### *Earnings and Expenses*

For the year ending 31st July, 1935, the total operating revenue for Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited amounted to \$7,484,226.04. Operating expenses for the season totalled \$5,367,072.45, leaving combined operating earnings of the country and terminal system amounting to \$2,117,153.59 before providing for depreciation and interest on the 1929 Pool overpayment, etc., as compared with operating earnings for the previous year of \$2,339,082.31.

The following statement shows the distribution of earnings:

Operating Earnings for the year ending 31st July, 1935.....	\$2,117 153.59
Add Profit on Realization of Assets.....	878.43
	<hr/>
	\$2,118,032.02
Less Depreciation Reserve.....	\$1,253,682.91
Proportion of Pool Expenses.....	52,017.27
Interest on 1929 Pool Overpayment....	641,241.64
	<hr/>
	1,946,941.82
Balance representing Net Earnings.....	<hr/>
	\$ 171,090.20

### *Country Elevator Earnings*

The Pool country elevator system shows total operating revenue of \$4,565,616.59, with operating expense of \$3,356,955.84, leaving operating earnings amounting to \$1,208,660.75. After providing for depreciation on country elevators amounting to \$752,074.18, net earnings are shown at \$456,586.57 as compared with \$767,666.50 for the previous year.

The net earnings, after providing for depreciation, represent an average earning per elevator, based on 1,007 elevators, amounting to \$446.66. This compares with an average earning per elevator of \$745.18 in the previous season. Net earnings per bushel handled amounted to .836 cents as compared with 1.293 cents for the previous season.

### *Terminal Earnings*

The terminal elevators at the Head of the Lakes showed total operating revenue of \$2,861,609.45, with operating expenses of \$1,908,649.03, leaving operating earnings for the year ending 31st July, 1935, amounting to \$952,960.42. After providing for full depreciation on the system amounting to \$413,591.82, net earnings from the Port Arthur terminals are shown at \$539,368.60. This compares with net earnings of \$453,217.01 for the previous year, or a comparative net earning per bushel of grain handled through Pool terminals of 1.463 cents as against 1.136 cents for the previous season.

The Pool terminal elevator at Buffalo, N.Y., shows operating revenue of \$57,000.00 (representing rental received from the Cargill Grain Company Limited), with operating expenses of \$101,467.58, leaving an operating deficit of \$44,467.58. After providing for depreciation amounting to \$88,016.91 there is shown

a net loss of \$132,484.49. It should be noted that these figures are arrived at after charging interest on investment in the elevator amounting to \$66,395.03 and depreciation of \$88,016.91. Omitting these charges, the Buffalo plant showed an actual cash return of \$21,927.45 over and above the actual cash outlay for expenses. This compares with an actual cash return of \$24,031.95 for the previous year during which period the plant was also leased to the Cargill Grain Company. On account of continued unfavorable conditions for the handling of Canadian grain through Buffalo, your Board considered it advisable to approve leasing the plant for another year to the Cargill Grain Company Limited of Minneapolis.

#### *Distribution of Earnings*

As indicated above, the combined operations of the country and terminal departments for the year ending 31st July, 1935, showed a net profit, after providing for depreciation, etc., of \$171,090.20. This amount has been transferred to Undivided Profits Account.

Attached to this report as Statement No. 8 will be found a Statement of Earnings covering the entire period of the operations of the Company from 1st August, 1925, to 31st July, 1935, together with details of the distribution of these earnings.

#### **General**

A brief review of the financial accomplishments of your Company during the past four years, in retiring capital commitments and meeting new capital expenditures, illustrates graphically the progress which has been made during this difficult period, and may be of interest to delegates.

##### *Capital Commitments Retired*

Aug. 1, 1932—Liquidators Sask. Co-op. Elevator Co.....	\$ 445,000.00
Oct. 1, 1932—Government on account 1929 Pool Overpayment.....	67,000.00
Aug. 1, 1933—Liquidators Sask. Co-op. Elevator Co. final payment.....	1,372,000.00
Aug. 31 1933—Government on account Purchase Sask. Co-op. Elevator Co. final payment....	598,000.00
Sept. 15, 1933—Government on account 1929 Pool Overpayment.....	448,000.00
Sept. 15, 1934—Government on account 1929 Pool Overpayment.....	470,000.00
Sept. 15, 1935—Government on account 1929 Pool Overpayment.....	494,000.00
Total Capital Payments.....	<u>\$3,894,000.00</u>

##### *Elevator and Cleaner Programme*

July 31, 1933—Paid U.G.G. for 16 Elevators.....	\$110,000.00
July 31, 1934—Elevator and Cleaner Programme.....	120,000.00
July 31, 1935—Elevator and Cleaner Programme.....	250,000.00
	<u>480,000.00</u>
Total Capital Expenditure.....	<u>\$4,374,000.00</u>

In addition to the above items dealing with capital expenditures, all interest charges have been met and the working capital of the organization increased from \$3,200,000.00 as at 1st August, 1931, to \$6,820,000.00 as at 1st August, 1935, an increase of \$3,620,000.00. The combined total of capital liabilities retired, new assets purchased, and increase in working capital, during the four-year period, amounts to \$7,994,000.00. This has been accomplished during a period of low crop production and can be taken as evidence of what



may be done by your Company in normal crop production periods.

## Saskatchewan Pool Terminals Limited

### Financial Statements

Information showing the final result of the year's operations of Saskatchewan Pool Terminals Limited has already been submitted separately to the delegates and will be considered along with the Financial Statements of Saskatchewan Pool Elevators Limited.

### Handlings

For the crop year 1st August, 1934, to 31st July, 1935, Pool terminal elevators handled a total of 36,852,476 bushels of grain as compared with a total of 39,828,710 bushels for the same period in the previous year.

Due to the small crop harvested in the province last year, it will be noted that Pool terminal handlings show a decrease of approximately 3,000,000 bushels. This represents the smallest handling since Pool terminals commenced operations at Port Arthur. In order to offset the reduction in earnings due to the smaller handling, it was necessary to ensure a storage charge. A substantial portion of the grain delivered at Pool terminals was purchased by the Company and hedged in the distant future. In spite of the lower handlings, your Board is glad to be able to report an increase in the net earnings from the operations of these elevators.

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

	1934-35 Bushels	1933-34 Bushels
Terminal No. 4.....	11,994,674	12,140,441
Terminal No. 5.....	403,975	1,872,200
Terminal No. 6.....	13,040,230	12,097,038
Terminal No. 7.....	11,413,597	13,719,031
Total.....	<u>36,852,476</u>	<u>39,828,710</u>

At the end of the year there was in store in all Saskatchewan Pool terminals at the Head of the Lakes a total of 19,904,583 bushels of grain as compared with 18,609,756 bushels a year ago.

During the season 348,618 bushels of grain shipped by the Alberta Pool were unloaded in Saskatchewan Pool terminals, while 25,469 bushels were unloaded from Manitoba Pool Elevators Limited.

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

Refuse Screenings.....	7,997 tons
Standard Recleaned Screenings.....	4,534 tons
Mixed Feed Oats.....	685,402 bushels

Prices received for screenings remained reasonably firm during the year. Refuse screenings were sold at an average price of \$11.00 per ton, standard recleaned at an average of \$15.00 per ton, and Mixed Feed Oats at an average price of 31 cents per bushel, f.o.b. Port Arthur.

The terminal system was maintained in first class working condition throughout the year. Expenditures on renewals and repairs amounted to approximately \$33,000.00.

## Coarse Grains Department

### Local Sales

Total sales of wheat and coarse grains for seed and feed, including sales by agents at country elevators and carlot sales, for the fiscal year ending 31st July, 1935, were as follows:

Wheat.....	4,697,982 bushels
Oats.....	5,660,791 "
Barley.....	642,298 "
Flax.....	12,059 "
Rye.....	147,167 "
Total.....	<u>11,160,287 bushels</u>

Of the above amount approximately 7,000,000 bushels were sold to the Department of Agriculture, Government of Saskatchewan, for relief feed and seed disbursement during the past year.

### Malting Barley

The demand for barley suitable for malting was exceptionally keen during the season, and a considerable quantity of barley was sold on a sample basis, or diverted to the malting companies in Winnipeg. The malting diversion premium on these shipments was reflected to shippers of consigned cars of this class of barley.

The Coarse Grains Committee of your Board has given much study to the barley situation during the past year, and has maintained close contact with the National Barley Committee.

As a result of the recommendations of the Coarse Grains Committee approved by your Board the 2 C.W. grade for barley, both 6 row and 2 row, is in operation in the Inspection Department. A recommendation that the word "malting" should be stamped on the certificates final given for barley of the malting grades was submitted to the Board of Grain Commissioners, and is also in effect for the current season.

The Coarse Grains Committee has also given some study to the possibilities of developing the market in Great Britain for our higher grades of barley. At the present time about 1,500,000 bushels of Canadian barley per year are used by British maltsters, most of the malt prepared from Canadian barley being used in the baking and textile industries, and in various malt pharmaceutical preparations, and by distillers. There appears to be some prejudice in Great Britain at the present time against Canadian malting barley as a result of some of the cargoes shipped having a very low germination. Your Board is of the opinion that it is probable that British maltsters have had no opportunity of securing shipments of our high quality barleys. As a result your Board (in conjunction with the other Pool organizations) has approved arrangements being made to assemble a shipment of malting grades of 6 row barley for shipment and sale overseas. This step has been approved by representatives of the National Research Council who have conducted an investigation into British marketing conditions for malting barley.

### Registered Seed Grain

With a view to assisting the more widespread use of pure seed, Pool Elevators purchased a considerable quantity of registered seed grain which was resold at cost price to elevator patrons or supplied to Junior Grain Clubs operating in the province.



## *Fodder Shipments*

In order to facilitate the movement of fodder into the drought area, arrangements were made by the Company to handle carlots of fodder on a consignment basis for the Saskatchewan Department of Agriculture. The initial payment on this fodder, representing approximately two-thirds of the value of the car, was made to the shipper by the Pool elevator agent when the car was shipped. Final payment was made after fodder had been accepted at destination. A total of 2,675 cars of fodder were located, shipped and distributed by Pool elevator agents, these shipments being handled by the organization without charge for the service rendered, other than the actual out-of-pocket expense incurred.

### **Hudson Bay Route**

Churchill has now functioned as a modern seaport for four regular seasons, each barely two months long, apart from a brief experimental period in 1931. Forty-five voyages have been made by ordinary tramp steamers. Of the total of ninety entrances and clearances, one loss has occurred in the 1932 season; but official investigation attached no fault to the Hudson Bay Route for the mishap. Beyond a minor accident in 1934—a difficult season in the Strait—no casualties have occurred during the last three seasons.

Because of this satisfactory record, marine insurance rates, at first prohibitive, are being progressively lowered over the period August 10 to October 10. As the route develops, it may be reasonably hoped that more favorable rates will also be applied for a few weeks after the present close of navigation, and perhaps before the present opening as well. A three-month season for Churchill does not seem impracticable.

For the 1935 season, a 25 per cent. reduction in cargo insurance, bringing the rate to 75 cents per \$100 on grain, was made effective by the underwriters, and also a 25 per cent. reduction on hull insurance. These rates govern the August 10—October 10 period. The rate for cargoes for an additional five days to October 15 was lowered from \$1.75 to \$1.25.

Up to the present time, wheat has supplied the great bulk of exports from Western Canada over the Hudson Bay Route, as follows:

1931.....	545,000 bushels
1932.....	2,736,000     "
1933.....	2,708,000     "
1934.....	4,050,000     "
1935.....	2,407,000     "
Total.....	<u>12,446,000 bushels</u>

Approximately 85 per cent. of this total was supplied by the Saskatchewan Wheat Pool organization, either shipped to Churchill and sold to one of the international exporting firms, or exported direct by the organization.

The 1935 season presented difficulties because of the wheat marketing situation, and for some time fears were held that the port of Churchill might go practically unused. However, the Pool was able to supply 2,096,000 bushels out of a total of 2,407,000. It provided five cargoes to international exporters, and one cargo of 280,000 bushels direct on a c.i.f. basis.

Since close of navigation, arrangements have been

made by the Pool organization to ship approximately 2,300,000 bushels of wheat to Churchill for winter storage, being made up of 1,750,000 bushels for the Canadian Wheat Board and about 550,000 for international exporters. This will bring the total Pool shipments (including the Central Selling Agency) to Churchill since the port's inception to approximately 12,050,000 bushels.

Six vessels called at the port for grain cargoes in 1935: Wentworth (twice), Leopold L.D. (twice), Pengreep, Charles L.D., Alma Dawson and Bilderdyk, a total of eight sailings as compared with fifteen in 1934, ten in 1933, ten in 1932, and two in 1931. The last boat left Churchill October 2.

Wheat was the only export commodity this past season. The previous year, in addition to wheat, exports were made up of 4,200 tons of flour and mill products, 580 head of cattle, two million feet of lumber, and eight tons of honey.

A somewhat disappointing season was partly redeemed by an increase in imports via Churchill. Import trade has been almost negligible hitherto, most ships arriving in ballast. Inbound tonnage amounted to 2,261 long tons, an improvement over last year by 852 tons. This figure was made up of 852 tons of coal and 1,409 tons of general merchandise; the latter being made up of a variety of items including office supplies, confectionery, liquor and ale, glass, hardware, glassware and cutlery, barbed wire, binder twine, dry goods and books. There were more consignees than formerly.

### Saskatchewan Wheat Pool Construction Company Limited

The 1935 building season represented a period of activity for this subsidiary company.

#### *New Elevators*

New elevators were built at the following points:

Arbuthnot.....	35,000	bushels	capacity
Arran.....	35,000	"	"
Glen Bain.....	35,000	"	"
Kelvington "B".....	35,000	"	"
Shipman.....	35,000	"	"
Simmie.....	35,000	"	"
Yellow Creek.....	35,000	"	"

In recent weeks, the elevator at St. Louis was destroyed by fire and this has been replaced and is now in operation.

For the information of the delegates, the average cost of a new 35,000 bushel elevator (without cleaner) during the past season was approximately \$11,950.00, which includes the sum of \$300.00 for overhead costs. This is approximately \$1050.00 higher than the estimated cost of a year ago, the increase being caused to a large extent by an increase in lumber prices.

In addition to new elevators built this season, elevators were demolished and rebuilt as follows:

La Fleche "B" and Admiral "B" rebuilt at Esme—30,000 bushel capacity.

Neville rebuilt at Neville (new site)—45,000 bushel capacity.

Prelate "A" rebuilt at Burnham—35,000 bushel capacity.

Success "A" and Swift Current "A" rebuilt at Wyatt—35,000 bushel capacity.



### *Purchased Elevators*

Nine elevators were acquired by purchase, and all the necessary reconstruction and repair work was carried out to put these elevators in first class operating condition before the crop commenced to move.

### *Cleaners*

The cleaner programme for the current season included the installation of five large Hart-Carter Combination Cleaners, thirty Standard Hart-Carter Combination Cleaners, and twelve Hart-Emerson "Uni-flow" Cleaners. The transfer of sixteen other cleaners was also made.

### *Air Dumps*

Eleven new air dumps were installed, five were rebuilt and one transferred from a demolished elevator to a point which had not been served previously.

### *Scales*

Fourteen new 10 Ton Scales were installed, replacing 6 Ton Scales.

### *Engines*

Seven new Semi-diesel and Diesel Engines were installed at various points, including two engines destroyed by fire. In addition, two Crossley Engines were rebuilt and installed to replace old type engines.

### *Elevators Re-painted*

One hundred and twenty-three elevators and six annexes were painted during the year.

### *Cottage Construction*

New cottages have been completed at the following points: Marsden, Maymont and Struan, while cottages are under construction at Aquadell, Goodeve, Hillmond, Nora, Brancepeth and Wishart. One cottage was moved from North Rosetown and rebuilt at Gunworth.

The average cost of construction, exclusive of the building site, of the different types of cottage is as follows:

4-Room Pungalow .....	\$1,550.00
4-Room 2-Storey .....	1,400.00
3-Room 2-Storey .....	1,050.00
6-Room 2-Storey .....	1,850.00

The above figures show a slight increase over the previous year attributable to the increase in the cost of lumber.

## **Modern Press Limited**

### *Financial Statements*

Full particulars of the operations of Modern Press Limited for the year ending 31st July, 1935, are contained in the Financial Statement and Auditors' Report covering the operations of the organization, and submitted separately to the delegates.

After providing for depreciation on fixed assets to the extent of \$5,220.26, and after making provision for doubtful accounts to the extent of \$3,000.00, the operations of Modern Press Limited for the past year show a loss of \$43,701.07. This is made up of a loss on the publication of the Western Producer amounting to \$51,737.78, less a profit of \$8,036.71 in the Job Printing Department. This result compares with a net loss of \$31,375.47 for the previous season. The net deficit for the year has again been charged to Saskatchewan Co-operative Wheat Producers Limited,

## *Western Producer*

At the end of the year the Western Producer showed a total net paid circulation of 84,392 copies as compared with 62,122 copies for the last issue in July, 1934, and 51,464 for 1933. Steady progress has been made in Manitoba and Alberta, the circulation in these two provinces now standing at: Manitoba 5,673 copies; Alberta 17,469 copies, per issue.

It was reported to the last annual meeting of delegates that a campaign was being undertaken to bring the circulation of the Western Producer up to the minimum of 80,000 copies per week. It will be noted that this objective has now been passed, and every effort will be made to secure 100,000 net paid circulation by the beginning of the next year. The last issue of the paper shows a circulation of over 94,000 copies.

In line with the discussion at the last annual meeting, arrangements were made to increase the size of the Western Producer. During the past year there were two issues of the Producer of a 20-page size, 24 issues of a 24-page size and 26 issues of a 32-page size.

Advertising rates were increased as from 1st January, 1935, and a further rate increase is contemplated for 1st January, 1936, provided a 100,000 net paid circulation can be guaranteed from that date. In the event of it being found possible to put this increase into effect, all advertisers who used space in 1935 will automatically receive the 1935 rate during 1936.

Advertising revenue during the past year shows an increase of some \$2,300.00 over the previous year. This should be considerably improved during the current year as the increased advertising rate on many of the advertising contracts does not become effective until 1st January, 1936.

The larger deficit arising from the publication of the Western Producer can be attributed directly to the increase in the size of the paper during the past year.

As your Board has pointed out on previous occasions, the value of the Western Producer as a medium for the presentation of the views of the organized farmers throughout the western provinces is something which cannot be gauged in dollars and cents. In view of the present day trend in newspaper publication, under which a very large percentage of the newspapers circulating in Manitoba and Saskatchewan are under a single private control, your Board believes that it is of the utmost importance to the farmers' movement that the Western Producer should continue to increase its sphere of influence in the three western provinces.

## *Job Printing Department*

This department shows an improvement in revenue of approximately \$13,000.00 over the previous year, with the result, as indicated above, that the department showed an increase in net profit of approximately \$5,000.00 over last year's business, net profit this year amounting to \$8,036.71 as compared with \$3,017.53 a year ago.

The Modern Press plant has been maintained in first class shape and your Board is satisfied that any permanent improvement in economic conditions in Western Canada will be quickly reflected both in increased



volume of job printing as well as in advertising revenue for the Western Producer.

### **Publicity Department**

The nature of publicity and advertising work as described in previous reports remained practically unaltered during 1934-35. Again the Western Producer, official mouthpiece of the agricultural co-operative movement in Saskatchewan, was the principal medium for news of the organization's activities.

Full page advertisements continued to be published weekly on the back page of the Western Producer on behalf of Saskatchewan Pool Elevators Limited. During the spring and summer months these took the form of a special illustrated series on the Hudson Bay Route, employing material and photographs gathered at first hand by a member of the staff the previous fall. It is now proposed to re-issue this series, expanded and brought up to date, in pamphlet form for distribution among the schools, etc., of the province. Many of the photographs referred to were also made into slides for use at exhibitions and at meetings where desired, and have been so employed to a certain extent.

The Education Committee of your Board is supervising the proposed pamphlet. For this Committee, also, the Department has had in course of preparation for some considerable time a manuscript tracing the development of the agricultural co-operative movement in Western Canada.

For the fourth successive year, the Department supplied the Western Producer with special news reports of the Saskatchewan Legislature, Session 1934-35.

A new departure was made when the Western Producer published a weekly report on the conditions of 1935 Saskatchewan wheat crop from seeding to harvest. These reports were prepared regularly at Head Office from information supplied by Pool elevator agents according to a definite schedule. These reports have been prepared for some years for office use but were never previously given a wide circulation. The feature was supplemented by maps appearing with the published reports at two-week intervals. It is hoped that arrangements may be made to place the special Pool crop reports on an interprovincial basis next season.

### *Country Weekly Newspapers*

Relations with the approximately 150 members of the Saskatchewan Weekly Newspapers Association continued to be cordial. Brief news items concerning the Pool organization were supplied to the newspapers and published by the large majority. They have always been regarded as an excellent medium for advertising purposes, and the Department's appropriation for advertising again was largely devoted to this class, together with the usual selected list of non-English papers circulating in Saskatchewan.

Other advertising included the Western Retailer, and certain year books, reports and conference programmes having some connection with the agricultural industry.

### *Pool Library*

The Wheat Pool Library had its most successful year since the one-way postage plan was instituted in

the fall of 1933. A total of 4,919 books was mailed from the Library to country borrowers, including Pool elevator agents, compared with 4,496 the previous year and 2,416 in 1932-33. The number of all books and pamphlets in the Library as at 31st July, 1935, was 1,804. Attached to this report as Statement No. 9 will be found a statement showing in detail activities centering in the Pool Library, together with details of the cost of postage, etc.

As has been pointed out in previous reports, the Library contains a careful selection of books on Agriculture, Co-operation, Sociology, Trade and Commerce, etc., and is available to all members of the organization.

#### *Pool Calendars*

The popular Wheat Pool calendar, with added features such as an index of stations, was distributed all over Saskatchewan in the fall of 1934, to the number of approximately 133,000 of which some 97,000 were mailed directly to shareholders. The same figures will hold true, generally speaking, for the present 1935-36 season.

### **Country Organization Department**

#### *Wheat Pool Committees*

The total number of Wheat Pool committees on record as at 31st July, 1935, was 1,160 as compared with 1,167 for the same period last year. The usual schedule showing the number of committees by district and sub-district is attached hereto as Statement No. 10.

The number of Wheat Pool committees re-organized to 31st July, 1935, is 1,013, as compared with 977 for the same period last year. This increase in committees reporting is encouraging as indicating a continued interest in the work of the organization in the country. The usual statement showing the distribution of committees re-organized is attached hereto as Statement No. 11.

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

#### *Committee Conventions*

The committee conventions held during the past year appear to have been as successful as in any previous season. Wheat Pool committee members attending these gatherings took full advantage of the opportunity afforded of reviewing the operations of the organization.

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

As in previous years, the annual report of the Board of Directors of Canadian Co-operative Wheat Producers Limited to its shareholders is attached hereto, and forms part of this report.

While Canadian Co-operative Wheat Producers Limited no longer acts as a sales agency for the three provincial Pools, and while the stabilization operations carried on by this organization on behalf of the government are in process of being wound up and holdings transferred to the Canadian Wheat Board, your



directors are of the opinion that this organization should continue to function as a medium for unifying the activities of the three Pool organizations in the western provinces.

### 1930 Pool

Your Board is glad to be in a position to report that a basis for winding up the 1930 Pool has been agreed upon. Full particulars in this connection will be found in the report of Canadian Co-operative Wheat Producers Limited.

### 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 August, 1935, and Statement of Income and Expenses of this Company, are also appended hereto as Statements Nos. 12 and 13 respectively.

The year's operations show a profit of \$50,562.70 as compared with \$37,241.50 last year. The increase in earnings can be attributed to the higher grain prices prevailing throughout the year, and by Lake and Ocean marine business. Marine business included the heavy shipments to Churchill last season.

Financial results secured will be regarded as satisfactory. It may be pointed out, however, that this Company has been of considerable value to all three Pool organizations in securing substantial reductions in rates.

As Pool delegates are aware, the capital stock of Canadian Pool Agencies Limited is held by the three provincial Pools whose insurance business constitutes the principal business of the Agencies. After providing for interest at the rate of 6 per cent. on the capital stock of the Company, the surplus is distributed to the shareholders as a dividend on a patronage basis. Last year's patronage dividends amounted to \$36,091.50 and were distributed as follows:

Manitoba.....	\$ 4,262.50
Saskatchewan.....	21,126.41
Alberta.....	10,702.59
	<hr/>
	\$36,091.50

### Interprovincial Radio Broadcast

Last year a series of interprovincial radio broadcasts over a western network of stations was undertaken on behalf of the three provincial Pools. These programmes were very well received, and the addresses delivered were later reprinted in pamphlet form. It has again been decided to carry on this programme during the coming season, and arrangements have now been completed for a weekly broadcast from one or other of the three provinces for a period of thirteen weeks. The programme for these broadcasts has been designed so that Pool members, and farmers generally, of each province will secure first hand information on the operations of the sister organizations in the other provinces. These broadcasts will be delivered each Wednesday evening, beginning Wednesday, 6th November, from 8 to 8.15 p.m., mountain standard time, over a western network comprising stations at Winnipeg, Manitoba; Regina, Saskatoon and Yorkton, in Saskatchewan; and Calgary and Edmonton in Alberta.

## Other Co-operative Activity

### *Saskatchewan Co-operative Conference*

During the season under review regular meetings of the Saskatchewan Co-operative Conference were held, all of which were attended by a representative of your Board of Directors. These meetings provide a common ground at which representatives of all the larger producer co-operative organizations, as well as the farmers' educational organization, may meet and discuss matters of interest to the agricultural industry.

### *Co-operative Union of Canada*

The annual congress of the Co-operative Union of Canada was held in Saskatoon during the past year. Membership in the Union was maintained during the year.

### *Scottish Co-operative Wholesale Society*

During the month of August representatives of the Scottish Co-operative Wholesale Society visited Western Canada, and your Board was enabled to meet with two of its directors as well as with its treasurer. Advantage was taken of this meeting to discuss a number of matters of mutual interest.

### *Co-operative Federee of Quebec*

As was intimated in last year's report, preliminary negotiations were undertaken with a view to developing a measure of co-operative trading between the Quebec co-operative and our organization. A basis upon which our trading transactions could be carried out was agreed upon, with the result that a substantial volume of feed grain was shipped directly by Saskatchewan Pool Elevators Limited to Montreal to be distributed through the Quebec co-operative. The following figures show details of the quantity of feed grain shipped directly to the Quebec organization:

1934-35	
Wheat.....	46,300 bushels
Oats.....	22,000 bushels
Barley.....	129,100 bushels
1500 Tons Standard Recleaned	

During the current season a committee of your Board has already met with officials of the Co-operative Federee in Montreal, and it is anticipated that the business relations established last year will be maintained.

### *Co-operative Trading Associations Conference*

The provincial conference of Co-operative Trading Associations was held during the summer months in Saskatoon, at which your organization was represented. Questions looking toward the further development of co-operative trading within the province were under discussion, and various decisions in the interests of co-operative development were arrived at.

### *Western Agricultural Conference*

During the past year arrangements have been completed to create a western unit of agricultural associations covering the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, as a preliminary step in the direction of creating a national agricultural association. Initial steps were taken last winter to call a conference of representatives of agricultural associations in Eastern Canada, with a view to work-



ing out a basis for a national agricultural association.

There has been general agreement that it would be of very great advantage to the agricultural industry if a Dominion organization could be created which could speak with authority for all primary producers in Canada. Your Board is definitely of the opinion that a strong national organization would be of great value, not alone in presenting the views of agriculture, but also in reconciling what may appear to be conflicting interests between the various groups of primary producers.

Following the conference last winter, a provisional committee was set up to go more fully into the matter.

During the summer a meeting of representatives of the principal agricultural organizations in the four western provinces was held, at which it was decided that a western organization would be of very considerable value in dealing with western problems. As a result of this meeting, arrangements were completed to create a Western Agricultural Conference the membership of which would be composed of representatives of the British Columbia Chamber of Agriculture, Manitoba Co-operative Conference, Saskatchewan Co-operative Conference and a similar provincial co-operative organization in Alberta, if and when formed. The general objective of the Conference is to provide a medium for the collective action of the member bodies, where such action is deemed advisable in the interests of western agriculture. Preliminary organization work had been carried on in the eastern provinces during the summer, and arrangements have now been completed to hold a National Conference, representative of producer organizations of all the provinces of Canada, in Toronto toward the end of November. Prior to the holding of the National Conference, a meeting of the Western Conference will be held in Winnipeg for the purpose of considering questions affecting western interests which will be under consideration at the National Conference.

### **Natural Products Marketing Act**

The last annual report to the delegates contained information relative to the enactment of the Natural Products Marketing Act.

#### *Poultry*

During the past year an effort was made by the poultry producers of the three western provinces to set up a marketing organization under the terms of the Natural Products Marketing Act. While the proposal received substantial support in the Province of Saskatchewan, it was not so strongly supported in Alberta, and failed to receive the approval of the producers in Manitoba. Under the circumstances the Dominion Marketing Board decided, in view of the result of the vote the producers had taken in the three provinces, that no action should be taken to set up the proposed marketing scheme.

#### *Livestock*

At the time of the last annual meeting the President of the Livestock Pool outlined to the delegates the provisional plans which the livestock producers' co-operative association were making looking toward the setting up of a marketing scheme for livestock in the three western provinces.



The negotiations undertaken with the Dominion Marketing Board in co-operation with the provinces of Manitoba and Alberta, looking toward an inter-provincial scheme, have been carried on during the past year. A number of conferences have been held between the provisional Executive and the Chairman of the Dominion Marketing Board, and a marketing scheme satisfactory to the representatives of the three provinces has now been approved. Details of the live-stock marketing scheme are being printed at Ottawa, and it is anticipated that they will be available for distribution to livestock producers in the three prairie provinces in the immediate future. Present plans provide that a series of meetings will be held throughout the west at which details of the proposed scheme will be presented to the producers during the month of November, and a vote of the producers taken with a view to securing their approval or disapproval during the early part of the month of December.

## **Junior Co-operative Work**

### *Junior Grain Clubs*

At the last annual meeting a resolution was passed recommending to the Board that all possible assistance should be given in the promotion of Junior Grain Clubs throughout the province.

As a result of the co-operation and financial assistance provided by your organization, the number of Junior Grain Clubs in operation during the past season was substantially increased over previous years. Altogether 160 Junior Grain Clubs were in operation last season, of which 158 were affiliated with the Extension Department of the University of Saskatchewan. The total membership of the 158 Clubs numbered 3,423, who were responsible for an approximate seeded acreage of 9,261 acres of grain. Of these Clubs, 124 operated wheat plots, 17 operated plots of oats, 13 operated barley plots, and four Clubs were interested in the production of flax.

A grant of \$2,900.00 was made by your organization to the University of Saskatchewan for the purpose of enabling the Extension Department to undertake this additional work.

Junior Grain Club Seed Fairs are only now being held and it will be impossible to secure a final report on the value of the work done during the past season until after the reports of these Fairs have been received by the Extension Department of the University of Saskatchewan.

In connection with Junior Grain Club development, however, it should be pointed out that the main factor in the successful operation of these Clubs is found in the supervision of operations which must be provided through local leadership.

In view of the very substantial increase in the number of Clubs operating this year, it was reasonable to expect that some of the Clubs might fall down in this respect, as was apparently the case.

Later in the season a complete report of the work of the Junior Grain Clubs during the past season will be available and a copy will be forwarded to Pool delegates. In the meantime, the Extension Department has suggested that no effort be made to promote new Clubs until plans for 1936 have been definitely



completed, and the Department has determined the number of Clubs which can be handled efficiently.

From information received from the Extension Department of the University of Saskatchewan, your Board is of the opinion that the delegates can make a valuable contribution to Junior Grain Club Work by taking all possible steps to see that adequate supervision and leadership is provided for every Junior Grain Club established for which we are responsible.

From the work undertaken during the past season, two facts emerge: (1) The experience that the members of a well organized Junior Grain Club can secure has a very real value, both as an educational experience and a venture in business: (2) It has been demonstrated that a well organized Grain Club may become the source of a continuous supply of high class seed grain for an entire district.

### *Girls' Work*

Some consideration has been given to the possibilities of developing Junior Club Work for farm girls. Under the leadership of the Homemakers' Clubs of Saskatchewan, and with the assistance of the School of Household Science at the University of Saskatchewan, a start has been made in this direction. Your Board hopes to be able to work out a practical method of co-operating with this Department of the University so that the field of extension work for juniors may be enlarged in scope to include definite projects for girls living in rural communities.

### *Barley Variety Testing Project*

The Barley Variety Testing Project, sponsored by the Saskatchewan Wheat Pool in 1935, has two purposes: (1) To expedite essential research undertaken by the National Barley Committee; (2) To encourage and assist junior farmers in co-operative enterprise, particularly in the growing of high quality barley; and to develop a knowledge and appreciation of elementary scientific research in the agricultural field.

Barley Variety Testing was chosen in preference to other projects which might have been undertaken because of the increased interest in barley growing both from a malt and feed standpoint. It was evident that much information on barley varieties was required before an intelligent zoning of the province could be done with reference to yield and variety. Also, Junior Club activities in Saskatchewan did not yet extend to barley.

In offering to assist in the research programme outlined by the National Barley Committee the Saskatchewan Wheat Pool joined forces in a comprehensive programme of investigational work being conducted by a group of co-operating agencies which includes federal and provincial government departments, the National Research Council, the western universities, and various commercial organizations interested in the barley trade and in the improvement of barley production.

The experimental work outlined by the National Barley Committee is extensive, but that part with which the Wheat Pool is connected is designed to obtain definite and accurate information regarding the agronomic values and the malting qualities of those barley varieties now most commonly grown or which are attracting most attention, and the ascertaining



of those districts which seem well adapted to the growing of high class malting and feed barleys. It is anticipated that the project will provide data on the effect of variety, geographical location and environment on quality. Special attention will be given to the barley protein content so that when sufficient data have been collected it will be possible to zone the areas most suited for the production of barley for specific purposes such as malting, distilling, starch extraction and feeding. Definite light will also be thrown upon the qualities to be found in certain of the different barley varieties grown in different localities.

The programme decided upon by the Wheat Pool representatives and members of the National Barley Committee is an ambitious one in which experimental work on six different barley varieties is being done. Part of the project will extend over a three-year period; the other part, while identical in so far as the experiment is concerned, is intended to supplement the data obtained in the first year of the three-year test and to fulfil the requirements of Junior Co-operative Work. This is a one-year test.

The plan followed was one in which the Pool established two test plots for juniors in each Wheat Pool sub-district in the province, making a total of 320 plots. In addition two experienced adult growers were designated in each of the Wheat Pool districts who will carry on the tests over a period of three years. These 32 plots, together with the 320 plots operated by junior co-operators, bring the total up to 352. This number of plots were seeded, thus constituting probably the largest experiment of its kind ever undertaken on the continent.

Seed of six barley varieties, O.A.C. 21, Regal, Colless, Hannchen, Peatland, and Trebi, was provided by the Dominion Experimental Farms, and each of the 352 co-operators was sent five different varieties since Hannchen was substituted for Peatland in the prairie area of the province.

Seeding was done in accordance with a plan of randomized distribution for a 5x5 Latin Square which met with the requirements of a reliable scientific experiment. Most of the seeding was done by hand by the junior co-operators themselves under the supervision of the Wheat Pool district representative, but the Dominion Experimental Farms generously co-operated by machine seeding practically all the plots in the three-year test.

The 352 identical experiments were planned by Dr. J. B. Harrington, Cereal Plant Breeder at the University of Saskatchewan, who is a member of the Production Committee of the National Barley Committee. Complete instructions were drawn up under Dr. Harrington's supervision and sent to each co-operator. Three progress reports were required during the growing season. These were supplied by the growers themselves but, in addition to these, independent inspections were made either by members of the staff of the Wheat Pool, representatives of the Dominion Experimental Farms, or other competent inspectors.

Exceptional interest and willingness to co-operate in making the experiment a valuable one was evident in almost every case. Of the 32 senior or three-year plots seeded only three were classified as failures from one cause or another, and of the 324 junior plots established only fifteen failed to complete the require-



ments. This degree of success is unusual in an experiment of this kind where the entire province constituted a unit, and where only a few of the co-operators had previous experience in plot work.

When harvested, the barley samples required were sent to the nearest Dominion Experimental Farm where they will be threshed. At these points data on weight, bushel yield, etc., will be collected. Following this, samples will be forwarded to Winnipeg where further data on protein content will be made through the co-operation of the Grain Commissioners' Research Laboratory.

The experiment, when completed, should provide information which will make for more intelligent barley production in Saskatchewan, whether from a malt or feed standpoint. Although sponsored by the Saskatchewan Wheat Pool, it would not be possible to carry such a project on to a successful conclusion without the whole-hearted co-operation of the National Barley Committee, the University of Saskatchewan, and the Dominion Experimental Farms in the province. The encouragement and assistance given by them should make it possible for the Barley Variety Testing Project to be successfully completed with valuable results to the barley growers in Saskatchewan.

As soon as this province-wide experiment has been completed, and the necessary data accumulated, a complete report will be made available to all Pool delegates.

### **Distribution of Bulk Commodities**

During the past year a committee of your Board maintained contact with the Saskatchewan Co-operative Wholesale Society in connection with the handling of bulk commodities at various points throughout the province.

Last fall some progress was made in the organization of local units for the distribution of twine and coal. During the past winter thirteen coal sheds were erected and four purchased by the Society.

As a result of the experience of the past year, the Wholesale Society is satisfied that the plan of combining binder twine and coal distribution is sound. For the current year the Society has arranged to ship a certain number of cars of binder twine to coal shed points, with the objective of providing a coal shed at those points where a specified quantity of binder twine was used, provided a reasonable tonnage for coal could also be handled.

Speaking generally, your Board is satisfied that the co-operation between your organization and the Saskatchewan Co-operative Wholesale Society has resulted in the organization of an increased number of local associations and that, for the most part, the experience has been quite satisfactory to the local members. In a number of cases the retail profits from the distribution of coal have been sufficient to cover the cash outlay in the erection of coal sheds.

### **Canadian Wheat Board**

Full details of the steps leading up to the passing of the legislation providing for the establishment of the Canadian Wheat Board are contained in the report of Canadian Co-operative Wheat Producers Limited appended hereto.

As Pool delegates are aware, ever since 1931 the three provincial Pool organizations have urged upon



the government of Canada the necessity of establishing a central marketing agency with complete control over the movement and marketing of the crop. During this period of world-wide depression the Pool organizations continued to urge that only through the setting up of a strong national organization charged with the responsibility of marketing Canada's surplus grain crop could some measure of order be maintained in the world wheat markets. The legislation passed at the last session of the Dominion parliament, providing for the establishment of the Canadian Wheat Board, was apparently approved by all political schools of thought. This can be regarded as a very satisfactory situation. It is a recognition of the fact that the problem involved in the marketing of our surplus wheat crop, affecting as it does the economic life of Canada as a whole, is a national question, and is entitled to receive national consideration. The personnel of the Board, with Mr. John I. McFarland as Chairman, Mr. D. L. Smith as Vice-Chairman, and Professor Grant, Commissioner, provides a further source of satisfaction, and a guarantee that the operations of the Board will be carried on in the best interests of the grain growing industry and of Canada as a whole.

Reference to the service which Mr. John I. McFarland has rendered to western wheat growers during the past four difficult years is made in the Central report. However, your Board feels that it would be lacking in common gratitude if it failed to record in this report its very keen appreciation of the valuable work carried on by Mr. McFarland during the past four years, not alone in the interests of Pool members, but of every farmer growing grain in Western Canada. Your directors have some knowledge of the sacrifice which this work entailed—work which has had a serious undermining effect on Mr. McFarland's health. Your Board also desires to record its appreciation of the very fine spirit of public service which prompted Mr. McFarland to undertake the onerous duties of Chairman of the Canadian Wheat Board, and to express the hope that his labors will be crowned with complete success.

#### *Elevator Handling Agreement*

The agreement under which Wheat Board wheat is handled by elevator companies follows generally along the lines of the Wheat Pool agreement with Line elevator companies. Wheat is divided into two classes: Class "A" covering carlot quantities, and Class "B" covering street wheat.

**CLASS "A":** In handling wheat in this class, the elevator company collects its usual elevator handling, storage and other charges, plus a service charge of one cent per bushel. If an advance has been made the company will collect interest at the rate of 6 per cent.

**CLASS "B":** The agreement provides for a street spread of  $4\frac{1}{2}$  cents per bushel on One Hard, One, Two and Three Northern, 1 C.W. and 2 C.W. Garnet, One, Two and Three Durums including the Toughs and Dumps of these grades. On all other grades and types of wheat  $5\frac{1}{2}$  cents per bushel, plus any fraction of a cent less than  $\frac{1}{2}$  cent which may arise when deducting the freight rate per bushel from the cash payment.

**COUNTRY CARRYING CHARGE:** A carrying charge covering storage and interest on wheat in store at country elevators of  $\frac{1}{30}$ th of a cent per bushel per day is allowed on Class "B" wheat. The carrying charge commences on the date of mailing or delivery to the Board of the regular daily report form.

**TERMINAL STORAGE CHARGE:** Subject to the regular free storage period, the Board will pay storage charges at the rate of  $\frac{1}{45}$ th of a cent per bushel per day on wheat stored in terminal elevators. This storage will be paid at the end of the company's fiscal year.



**DIVERSION PREMIUM:** The Board will allow a diversion charge of  $1\frac{1}{2}$  cents per bushel on wheat diverted to interior mills, and 1 cent per bushel on all wheat diverted to interior terminal elevators, Churchill, and such other points. The agreement also provides that where grain is diverted at the request of the Board to an interior elevator, and is subsequently forwarded to terminal elevators, the company will be entitled to control the destiny of its proper proportion of such grain so diverted.

One interesting section of the agreement provides that, since the Board is limited by the Canadian Wheat Board Act to purchase from producers only, the company agrees to instruct its elevator agent not to sell wheat of any grade to farmers or others in wagon or truck loads for redelivery to a country elevator as the wheat of a producer in order to obtain a higher price and/or a producer's certificate.

### **McPhail Memorial Foundation**

Since the last annual meeting, a committee of your Board has continued to give consideration to the proposal for the establishment of the McPhail Memorial Foundation which was approved a year ago.

While the amount of financial support forthcoming as a result of placing this matter before the Wheat Pool committees yielded only a very small return, the committee is satisfied that this return does not indicate any lack of appreciation of the merits of the proposal. The committee is satisfied that the Pool membership, generally, looks with favor upon the project, and believes that under happier conditions an adequate response would be forthcoming.

The committee has recommended to the Board for the consideration of the delegates:

1. That the aims and objects of the Foundation remain as set out in previous annual reports.
2. That, as a first step toward bringing the Foundation into active operation, certain educational and junior activities now carried on by the organization be correlated and placed under the direction of the Foundation.
3. That a provisional Board of Trustees be set up to administer the Foundation in consultation with representatives of other educational and agricultural organizations in the three prairie provinces; this provisional Board to be composed of members of the Board of Directors
4. That the first development should involve setting up within the Pool organization a bureau to be responsible for carrying on junior co-operative work along lines approved by the Board of Directors, and that such work include co-operation with, and the extension of, existing projects as well as the development of new projects, including club work for girls in rural areas.
5. The bureau to undertake the development and extension of facilities to make available all necessary information concerning rural community projects.
6. The bureau to undertake to provide the necessary assistance and advice to encourage the promotion of worthwhile community undertakings.
7. One of the outstanding objectives of the bureau to be the development of local leadership in the various community activities throughout the province, and particularly in junior work for girls as well as boys.
8. That the Wheat Pool organizations bear the cost of the bureau until such time as the funds of the Foundation are sufficient to finance the various activities.

In connection with No. 8 above: It may be pointed out that many of the activities outlined as first objectives of the Foundation are being carried on in a greater or less degree by the organization at the present time, and it is not anticipated that there will be any substantial increase in expenditures in excess of those now being incurred.

The committee has given a good deal of consideration to possible methods of building up an independent financial background for the Foundation.

Your Board will welcome an expression of opinion on this question.

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

During the past year the committee of your Board investigating the possibilities of providing an amount of life insurance to Pool members at the lowest possible cost consistent with sound insurance principles has developed a plan of insurance in consultation with Canadian Pool Agencies, and with actuarial assistance. The general plan has been approved by the Board for submission to this meeting of delegates. A summary of the findings of the committee, together with a suggested plan for providing life insurance, will be distributed separately to the delegates in the course of the meeting.

### **Enrollment of New Members**

During the fiscal year ending 31st July, 1935, 588 applications were received for one share of stock in Saskatchewan Co-operative Wheat Producers Limited, and this number of new members was added to the record of the shareholders of the Company.

Since the close of the year, 21 shares were allotted in August, 38 in September, and 107 in October. During October 274 applications were received.

The steady increase in membership in the organization is the best indication that there is a great appreciation of the service which a strong farmers' organization can render to its grower members. As at 30th September, 1935, the records of the Company show that there are now 105,001 shareholders.

### **Amended Delegates' Bylaws**

Due to the necessity of reprinting Handbook No. 1, the June meeting of the Board decided to amend the bylaws covering the powers and duties of delegates by eliminating those sections that are now inoperative. Notice that these amended bylaws would be submitted to the next general meeting of delegates for approval was contained in the summary of Minutes of the June Board meeting.

It will be noted that these amendments do not in any way modify or add to the powers and duties already in effect.

### **Grain Marketing**

While your organization is not at the present time engaged in the direct exporting of grain to world's markets, nevertheless your Board believes that this question is one of paramount importance to the agricultural industry.

Due to various causes, world surplus wheat stocks are gradually approaching normal proportions.

Your Board believes that every effort should now be brought to bear which would tend to encourage and increase consumption of Canadian wheat.

In order to increase the consumption of bread in Great Britain, the British Millers' Association undertook a very extensive advertising campaign in the British press during the past year.

In spite of the fact that Great Britain remains the best overseas customer for Canadian wheat, our wheat is invariably used only for blending with other wheats, particularly in the English mills. The British people, generally, are not familiar with the high quality of bread which can be baked from Canadian flour.



Your Board is of the opinion that consideration should be given to a proposal which would provide for the baking of bread from Canadian flour in Great Britain, in an effort to place before the British people first hand knowledge of the type of bread that can be baked with flour milled from Canadian wheat. Your Board believes that this could be done in one of the heavier centres of population in Great Britain. If the experiment were successful in Britain, it could be extended to those other countries which rely on overseas export countries for a part of their bread grain requirements. We also believe that a development of this kind might very well be carried out in China and Japan as a means of increasing the quantity of wheat consumed in these two countries. In the long run, this method of advertising the qualities of Canadian flour is likely to be even more effective than newspaper advertising.

With the establishment of the Canadian Wheat Board we now have in existence in Canada an organization whose sole interest is in finding markets for our wheat, and we believe that the Board, in co-operation with the Department of Trade and Commerce, might well give consideration to launching such an experiment.

### Staff

Your directors take this opportunity of expressing their appreciation of the continued loyal and efficient service of the Staff as a whole, both in the Head Office and Subsidiary Offices, and also in the country.

### Conclusion

While no spectacular accomplishments have been recorded in this report, the year under review has shown sound progress and development. The financial position of the organization has been strengthened, and the volume of business handled in percentage of total deliveries increased, in spite of crop failure over a wide area of the province.

This progress can be regarded as indicating increasing confidence not alone in the Saskatchewan Pool organization, but in the agricultural co-operative movement generally.

It is apparent that the trend of enlightened opinion in all the leading countries of the world is toward the establishment of a reasonably prosperous agricultural population as a first essential to economic welfare and national safety. Many methods have been and are being tried out to bring about this desired result.

We believe that the application of time-tried and tested co-operative principles holds a greater promise of better things for the farmers of Saskatchewan than any other experimental economic theories which are being advanced from time to time.

All of which is respectfully submitted,

L. C. BROUILLETTE	JAS. WOODBURN
J. H. WESSON	C. W. COATES
BROOKS CATTON	R. A. ROBINSON
A. F. SPROULE	FRANK WOTHERSPOON
L. WIDDUP	A. D. YOUNG
W. A. URTON	L. W. ELLIOTT
MARSH ADAMS	R. J. MOFFAT
OLAF NYLUND	J. P. JENKINS

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED**  
**1934-1935 POOL ACCOUNTS**  
**OPERATING ACCOUNT**  
**VOLUNTARY POOL**

**STATEMENT No. 1**

			By Sales Price Realized.....	\$1,286,720.26
To Cost of Sales				
Commission on Grain Sold.....	\$16,207.28			
Less Service Charges Received.....	11,250.11			
		\$ 4,957.17		
Brokerage.....		6,502.50		
Carrying Charges.....		2,348.20		
Terminal Storage.....		54.60		
		\$ 13,862.47		
To Operating Expenses				
Administrative and Office Expenses.....	\$10,140.21			
Exchange and Excise.....	1,111.03			
Postage.....	132.39			
Printing.....	81.06			
		11,464.69		
		\$ 25,327.16		
Less Interest Received.....		16,786.58		
			\$ 8,540.58	
To Paid to Growers				
Initial Payment.....	\$784,925.67			
Interim Payment.....	241,228.64			
Final Payment.....	252,025.37			
		1,278,179.68		
		\$1,286,720.26		
				<u>\$1,286,720.26</u>

**AUDITORS' REPORT**

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

We report that, in our opinion, the above statement is properly drawn up so as to exhibit a true and correct view of the operations of the 1934-1935 Voluntary Pool Accounts for the year ended 31st July, 1935, according to the best of our information and the explanations given to us, and as shown by the books.

WINNIPEG, 14th September, 1935.

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



## SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

STATEMENT No. 2

## 1934-1935 POOL ACCOUNTS

## STATEMENT OF RECEIPTS AND DELIVERIES AND RETURNS TO GROWERS

## VOLUNTARY POOL

Grade	Receipts and Deliveries (Bushels)	Gross Sale Price	Sales and Operating Expenses	Net Sales Price	Initial and Interim Payments	Final Payment
1 Hard.....	165,013.20	81.651	.521	81.130	65	16.130
1 Northern.....	843,941.35	80.526	.521	80.005	65	15.005
2 Northern.....	377,873.15	77.151	.521	76.630	62	14.630
3 Northern.....	88,629.00	73.776	.521	73.255	57	16.255
4 Northern.....	54,849.40	69.526	.521	69.005	52	17.005
Number 5.....	12,778.40	63.901	.521	63.380	47	16.380
Number 6.....	7,061.35	62.776	.521	62.255	43	19.255
13 Feed.....	506.40	60.151	.521	59.630	38	21.630
Tough 1 Northern.....	12,760.40	78.151	.521	77.630	60	17.630
Tough 2 Northern.....	25,461.50	74.526	.521	74.005	57	17.005
Tough 3 Northern.....	20,263.00	70.776	.521	70.255	52	18.255
Tough 4 Northern.....	9,565.50	66.651	.521	66.130	47	19.130
Tough Number 5.....	5,204.40	61.776	.521	61.255	42	19.255
Tough Number 6.....	3,799.20	60.776	.521	60.255	38	22.255
Smutty 1 Northern.....	1,948.20	74.026	.521	73.505	57	16.505
Smutty 2 Northern.....	1,553.40	70.526	.521	70.005	54	16.005
Tough Smutty 1 Northern.....	1,009.20	71.651	.521	71.130	52	19.130
Dried 2 Northern.....	629.40	73.776	.521	73.255	57	16.255
Damp 3 Northern.....	118.00	65.776	.521	65.255	47	18.255
1 C.W. Amber Durum.....	5,792.10	86.901	.521	86.380	65	21.380
2 C.W. Amber Durum.....	349.00	82.276	.521	81.755	60	21.755
3 C.W. Amber Durum.....	156.40	77.276	.521	76.755	52	24.755
	<u>1,639,265.55</u>					

**SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED, MODERN PRESS LIMITED  
SASKATCHEWAN POOL ELEVATORS LIMITED, and SASKATCHEWAN POOL TERMINALS LIMITED  
CONSOLIDATED BALANCE SHEET AT 31st JULY, 1935**

<b>ASSETS</b>		<b>LIABILITIES AND CAPITAL</b>	
<b>Cash</b>		<b>Cheques, Vouchers, etc., Outstanding</b>	
Cash in Banks.....	\$ 362,011.25	Pool Payment Cheques.....	\$ 258,702.63
Cash Funds—Payors.....	60,883.60	Grain Drafts, Cash Tickets, etc.....	644,951.35
	<hr/>	General Cheques.....	493,962.82
<b>Accounts Receivable Current</b>	\$ 422,894.85		<hr/>
Sundry.....	2,773,435.30	<b>Outstanding Certificates.....</b>	\$ 1,397,616.80
<b>Stocks of Grain—less Stored Grain</b>			14,912.14
(as certified by responsible officials).....	9,576,372.87	<b>Accounts Payable Current</b>	
<b>Stock in Trade—Modern Press, Limited</b>		Grain Loans.....	\$ 3,087,000.00
(as certified by responsible officials).....	4,679.11	Province of Saskatchewan.....	732,713.41
	<hr/>	Sundry.....	562,459.88
<b>Total Current Assets.....</b>	<b>\$12,777,382.13</b>		<hr/>
<b>Accounts Receivable Deferred</b>			4,382,173.29
Manitoba Pool Elevators, Limited.....	\$ 160,855.11	<b>Total Current Liabilities.....</b>	<b>\$ 5,794,702.23</b>
Growers' Overpayments, 1929-1930 Pool.....	12,903,780.06	<b>Deferred Liabilities</b>	
Operating Expenses, 1930-1931 Pool.....	403,182.91	Province of Saskatchewan re 1929-1930 Pool	
Province of Saskatchewan, Surplus Interest.....	152,033.33	Overpayment.....	\$12,271,522.38
Growers' Accounts.....	87,149.18	Manufacturers Life Insurance Company.....	7,000.00
	<hr/>	Deferred Interest on 1928-1929 Deductions.....	281,110.83
	13,707,000.59		<hr/>
<b>Investments and Memberships</b>			12,559,633.21
Canadian Co-operative Wheat Producers, Ltd.....	\$ 50,000.00		
Canadian Pool Agencies, Limited.....	6,670.00		
Winnipeg Grain Exchange.....	23,650.00		
Winnipeg Grain and Produce Exchange Clearing			
Association, Limited.....	7,000.00		
Rural Telephone Shares.....	1,322.00		
	<hr/>		
	88,642.00		



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

Country Elevators and Coal Sheds.....	\$ 8,801,547.29
Terminal Elevators.....	5,971,062.91
Land, Buildings and Machinery. Regina and Saskatoon.....	213,953.03
Agents' Residences.....	325,542.79
Work under Construction.....	99,742.14
Sites—Terminal Elevators, etc.....	361,295.20
Office Furniture and Fixtures.....	30,207.00
Automobiles and Sundry Equipment.....	43,059.31

15,846,409.67

**Deferred Charges**

33

Overpayment 1929-1930 Pool, Company's Share.....	\$ 567,396.10
Sundry.....	88,931.18

656,327.28

\$43,075,761.67

Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	104,942.00
Reserve.....	3,161,988.69
Reserve for Sinking Fund 1929-1930 Pool Over- payment.....	100,000.00
Insurance Reserve.....	56,777.55
Undivided Profits.....	2,541,806.75

**Contingent Liabilities**

In respect of buildings and work under con- struction—estimated.....	\$162,500.00
Claim from Province of Saskatchewan for Income Tax—under Appeal.....	

\$43,075,761.67

# CONSOLIDATED BALANCE SHEET

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

## ASSETS

### ACCOUNTS RECEIVABLE—CURRENT:

**Sundry—\$2,773,435.30.** In addition to an amount of \$2,060,137.44 covering sales of grain to the Province of Saskatchewan for purposes of Relief, of which \$148,384.10 is payable to Alberta Wheat Pool, the above item is composed principally of advances and freight charges 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—\$9,576,372.87.** This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1935, less the liability for stored grain, based upon Winnipeg cash closing prices at that date, less freight where necessary. The amount also includes the values of estimated net overages at Terminals No. 4, 6 and 7, which have since been proved to be conservative by actual weigh-up.

**Stock-in-Trade—\$4,679.11.** 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:

**Manitoba Pool Elevators Limited—\$160,855.11.** 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, 1935, was received. The balance is payable in six equal annual instalments commencing 31st July, 1936.

**Growers' Overpayments, 1929-1930 Pool—\$12,903,780.06.** 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 reduction of \$12.80 from the balance shown at 31st July, 1934, is accounted for by minor adjustments in a number of accounts. In accordance with a resolution of the Delegates at the annual meeting of November, 1932, interest is not charged this account.

**Operating Expenses 1930-1931 Pool—\$403,182.91.** This amount consists of the total operating expenses of the 1930-1931 Pool and will constitute a reduction of any further proceeds of the above crop.

**Province of Saskatchewan—Surplus Interest—\$152,033.33.** This represents the interest paid to the Province in excess of the amount required to meet payment of interest on the 4½% Debentures, 1951, which were issued in settlement of the 1929-1930 Pool Overpayment, less charges for exchange, bankers' commission, and other expenses incurred in respect of the guarantee. The amount is held by the Government and will be accounted for to the Company after completing repayment of the liability referred to above.

**Growers' Accounts—\$87,149.18.** Items comprising this account are as follows:

Growers' Accounts Receivable .....	\$13,616.27
Liquidated Damages Receivable.....	2,390.49
Advances Against Reserves.....	2,903.33
Seed Grain Advances Against Reserves.....	45,006.58
Contract Notes—1928-1933 Pool.....	23,232.51
	<u>\$87,149.18</u>

### FIXED ASSETS:

**Country Elevators and Coal Sheds—\$8,801,547.29.** Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$14,246,395.54	\$5,449,087.07	\$8,797,308.47
Coal Sheds.....	6,409.75	2,170.93	4,238.82
	<u>\$14,252,805.29</u>	<u>\$5,451,258.00</u>	<u>\$8,801,547.29</u>

**Terminal Elevators—\$5,971,062.91.** The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,050,174.73	\$1,363,959.41	\$1,686,215.32
Terminal No. 5.....	1,194,545.69	526,043.95	668,501.74
Terminal No. 6.....	75,036.34	32,531.47	42,504.87
Terminal No. 7.....	3,943,225.05	1,338,215.02	2,605,010.03
Buffalo Terminal.....	1,758,423.27	789,592.32	968,830.95
	<u>\$10,021,405.08</u>	<u>\$4,050,342.17</u>	<u>\$5,971,062.91</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, Building and Machinery, Regina and Saskatoon—\$213,953.03**—This includes the following items:

	Plant Value	Depreciation	Net
<b>Regina</b>			
Head Office Building.....	\$180,000.00	\$ 74,250.00	\$105,750.00
Site.....	25,397.75	.....	25,397.75
Fixtures and Equipment.....	4,447.07	3,563.83	883.24
<b>Saskatoon</b>			
Modern Press Building.....	25,409.74	4 665.45	20,744.29
Site.....	9 200.00	.....	9,200.00
Machinery and Equipment....	64,783.88	12,806.13	51,977.75
	<u>\$309,238.44</u>	<u>\$ 95,285.41</u>	<u>\$213,953.03</u>

**Agents' Residences—\$325,542.79.** Included in this asset are 308 Agents' Residences, valued at \$496,497.73, against which there is a Reserve for Depreciation amounting to \$170,954.94.

**Work under Construction—\$99,742.14.** This represents sundry construction work in progress at various points at the year end, and deposits paid on elevators and cottages in course of purchase. The balance of the approved programme of Capital Expenditures, amounting to \$162,500.00, is shown as a Contingent Liability.

**Sites—Terminal Elevators, etc.—\$361,295.20.** The following is a summary of the sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 5.....	34,500.00
Terminal No. 7.....	80,678.30
Buffalo Terminal.....	123,603.94
Elevator Sites.....	826.25
Cottage Sites.....	30,686.71
	<u>\$361,295.20</u>

#### DEFERRED CHARGES:

**Overpayment 1929-1930 Pool—Company's Share—\$567,-369.10.** 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
	<u>\$1,224,483.01</u>

#### Deductions

Saskatchewan Pool Elevators Limited 1929-1930 Adjustment Account.....	\$197,656.30
Credit received in respect of excess interest paid Province of Saskatchewan.....	194.98
Balance of excess interest paid Province of Saskatchewan, as at 31st July, 1935....	152,033.33
Surplus Income 1931-1934 inclusive.....	221,660.14
Surplus Income 1934-1935.....	85,542.16
	<u>657,086.91</u>
	<u>\$ 567,396.10</u>

Excess interest shown above arises through the fact that interest paid to the Province on 1929-1930 Pool Overpayment Account is based upon an interest rate of  $\frac{1}{2}$  of 1% in excess of that of the Provincial Bond issue.

**Sundry—\$88,931.18.** This item represents expenditures made which are chargeable to future seasons, and includes the following:

Repair Parts and Supplies on hand.....	\$33,137.69
Prepaid Insurance and Taxes.....	22,291.62
Sundry Prepaid Expenses.....	33,501.87
	<u>\$88,931.18</u>

#### LIABILITIES

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

**Pool Payment Cheques—\$258,702.63.** Consists principally of cheques covering the final payment on grain delivered to the 1933-1934 Pool, mailed to Growers on 30th July, 1935.

**Outstanding Certificates—\$14,912.14.** This represents Growers' Certificates covering deliveries to various season's Wheat and Coarse Grains Pools, which have not yet been presented to Head Office for payment.

## ACCOUNTS PAYABLE—CURRENT:

**Province of Saskatchewan—\$732,713.41.** This amount includes the payment of principal due 15th September, 1935, under terms of the Supplementary Agreement with the Province, dated 17th March, 1933. Accrued interest to 31st July, 1935, on the total principal amount is also included.

**Sundry—\$562,459.88.** This item consists principally of Customers' Margin Accounts and accrued expenses.

## DEFERRED LIABILITIES:

**Province of Saskatchewan re 1929-1930 Pool Overpayment—\$12,271,522.38.** This amount represents the balance due to the above in respect of the 1929-1930 Pool Overpayment Account, after providing for the payment of principal due 15th September, 1935, and is repayable in sixteen annual amortized payments of principal and interest commencing 15th September, 1936.

**Manufacturers Life Insurance Company—\$7,000.00.** This represents a Mortgage payable 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—\$104,942.00.** This amount includes new capital subscribed during the year, to the extent of \$588.00.

**Reserve Account—\$3,161,988.69.** Details of this account are shown below:

Balance at 1st August, 1933..... \$3,156,542.26

Add:

Canadian Pool Agencies Limited, Share of Profits—Season 1933-1934..... 21,126.41

\$3,177,668.67

Deduct:

Legal and Registration Fees and Expenses re transfer of assets of Saskatchewan Co-operative Elevator Company Limited..... 15,679.98

\$3,161,988.69

**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—\$56,777.55.** This Reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded, and replaces the usual excess coverage which has been discontinued. No losses were charged to this account during the year under review.

**Undivided Profits—\$2,540,806.75.** In addition to the sum of \$170,090.20 transferred from this season's earnings, this amount includes earnings of Saskatchewan Pool Elevators Limited set aside during seasons 1929-1930, 1930-1931, 1932-1933 and 1933-1934, distribution of which has been deferred.



# Your Company's Record In 1934-35 At a Glance



1. Surplus of the combined Saskatchewan Wheat Pool organization available as working capital for the present season was \$6,820,180 (after allowing for completion of new elevator building program), an increase of \$802,349 over a year ago.
2. All payments of principal and interest were met on the 1929 overpayment agreement, reducing this liability to \$12,271,522 from its original figure of \$13,752,000.
3. After meeting commitments and providing full allowance for depreciation on its properties, the organization's country and terminal elevator system showed net earnings of \$171,090.
4. Handlings of all grains by Pool country elevators were 55,138,030 bushels, or 44.41 percent of the total country elevator marketings in Saskatchewan, compared with 43.51 percent last year. Platform loadings of 1,360,190 bushels brought total handlings for the season to 55,138,030 bushels of all grains.
5. The Saskatchewan Wheat Pool organization continued to give active support to the Hudson Bay route by supplying 2,096,000 bushels of wheat out of the 1935 season's total shipments of 2,407,000 bushels.
6. With the other provincial Pools, it took an effective part in developments leading to establishment of the Canadian Wheat Board. It continued also in a variety of ways to further the cause of Western agriculture and of the Co-operative Movement.

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, 1935

	Dr.	Cr.			
Elevator Deductions.....		\$12,188,060.07	Brought Forward.....	\$17,738,746.33	\$24,721,426.23
Commercial Reserve.....		6,567,851.17	Approved Programme of Building and Work under Construction (Estimated Expenditures)		
Capital.....		104,942.00	Country Elevators, Agents' Resi- dences and Cleaners.....	\$ 250,000.00	
Reserve.....		3,161,988.69	Sundry Capital Replacements.....	12,242.14	
Reserve for Sinking Fund re 1929-1930 Pool Over- payment.....		100,000.00			
Insurance Reserve.....		58,777.55		\$ 262,242.14	
Undivided Profits.....		2,370,716.55	Less Paid on Account (Work under Construction).....	99,742.14	
Profit and Loss Account.....		171,090.20			162,500.00
<b>Fixed and Sundry Assets</b>			<b>Balance—Surplus available as Working Capital for Season 1935-1936.....</b>		<b>6,820,179.90</b>
Fixed Assets (Less Reserve for Depreciation).....	\$15,846,409.67				
Investments and Memberships.....	88,642.00				
	<u>\$15,935,051.67</u>				
<b>Deferred Accounts</b>					
Accounts Receivable—Deferred.....	\$13,707,000.59				
Deferred Charges.....	656,327.28				
	<u>\$14,363,327.87</u>				
Less Deferred Liabilities.....	12,559,633.21				
	<u>1,803,694.66</u>				
Carried Forward.....	\$17,738,746.33	\$24,721,426.23		<u>\$24,721,426.23</u>	<u>\$24,721,426.23</u>



## CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st, JULY, 1935

Current Assets.....	\$12,777,382.13
Current Liabilities.....	5,794,702.23
<b>Current Position as per Balance Sheet.....</b>	<b>\$ 6,982,679.90</b>
Less:	
Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....	162,500.00
<b>Balance—Surplus available as Working Capital for Season 1935-1936... ..</b>	<b><u><u>\$ 6,820,179.90</u></u></b>

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

**STATEMENT No. 5**

**SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1935**

	Capital	Commercial Reserve	Elevator Deductions	Reserve	Reserve for Sinking Fund 1929-30 Overpayment	Insurance Reserve
<b>SOURCE OF CAPITAL FUNDS</b>						
Stock Subscriptions .....	\$ 104,942.00					
Deductions from Pool Payments .....		\$ 6,567,851.17	\$12,188,060.07			
From Surplus Earnings .....				\$ 3,161,988.69	\$ 100,000.00	\$ 56,777.55
Province of Saskatchewan—Loan .....						
Manufacturers Life Insurance Company Limited—Loan .....						
	<u>\$ 104,942.00</u>	<u>\$ 6,567,851.17</u>	<u>\$12,188,060.07</u>	<u>\$ 3,161,988.69</u>	<u>\$ 100,000.00</u>	<u>\$ 56,777.55</u>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>						
Fixed Assets (including expenditures approved for completion of Programme of Building and Work under Construction) .....	\$ 104,942.00	\$ 3,708,907.60	\$12,188,060.07			
Investments .....		88,642.00				
Davidson-Smith Terminal .....		160,855.11				
Growers' Overpayments 1929-1930 Pool, Company Share of Overpayment and Surplus Interest Account .....						
Operating Expenses 1930-31 Pool .....		403,182.91				
Advances, etc., to Growers .....		87,149.18				
Supplies and Prepaid Accounts .....		88,931.18				
<b>TOTAL EXPENDITURES</b> .....	<u>\$ 104,942.00</u>	<u>\$ 4,537,667.98</u>	<u>\$12,188,060.07</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>BALANCE—SURPLUS CAPITAL</b> .....	<u>\$</u>	<u>\$ 2,030,183.19</u>	<u>\$</u>	<u>\$ 3,161,988.69</u>	<u>\$ 100,000.00</u>	<u>\$ 56,777.55</u>



## STATEMENT No. 5—Continued

	Undivided Profits and Profit and Loss Account	Deferred Interest 1928-29 Deductions	Deferred Loans Outstanding Province of Saskatchewan	Manufacturers Life Ins.	TOTAL
<b>SOURCE OF CAPITAL FUNDS</b>					
Stock Subscriptions.....					\$ 104,942.00
Deductions from Pool Payments.....					18,755,911.24
From Surplus Earnings.....	\$ 2,541,806.75	\$ 281,110.83			6,141,683.82
Province of Saskatchewan—Loan.....			\$12,271,522.38		12,271,522.38
Manufacturers Life Insurance Company Limited—Loan.....				\$ 7,000.00	7,000.00
	<u>\$ 2,541,806.75</u>	<u>\$ 281,110.83</u>	<u>\$12,271,522.38</u>	<u>\$ 7,000.00</u>	<u>\$37,281,059.44</u>
<b>ANALYSIS OF CAPITAL EXPENDITURES</b>					
Fixed Assets (including expenditures approved for completion of Programme of Building and Work under Construction) .....				\$ 7,000.00	\$16,008,909.67
Investments.....					88,642.00
Davidson-Smith Terminal.....					160,855.11
Growers' Overpayments 1929-30 Pool, Company Share of Overpayment and Surplus Interest Account.....	\$ 1,351,687.11		\$12,271,522.38		13,623,209.49
Operating Expenses 1930-31 Pool.....					403,182.91
Advances, etc., to Growers.....					87,149.18
Supplies and Prepaid Accounts.....					88,931.18
<b>TOTAL EXPENDITURES</b> .....	<u>\$ 1,351,687.11</u>	<u>\$ .....</u>	<u>\$12,271,522.38</u>	<u>\$ 7,000.00</u>	<u>\$30,460,879.54</u>
<b>BALANCE SURPLUS CAPITAL</b> .....	<u>\$ 1,190,119.64</u>	<u>\$ 281,110.83</u>	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ 6,820,179.90</u>
<b>TOTAL CURRENT ASSETS</b> —(As per Consolidated Balance Sheet, Statement "1").....					\$12,777,382.13
<b>TOTAL CURRENT LIABILITIES</b> —(As per Consolidated Balance Sheet, Statement "1").....					5,794,702.23
<b>BALANCE</b> —Current Position.....					\$ 6,982,679.90
<b>Less</b> Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....					162,500.00
<b>BALANCE—SURPLUS CAPITAL</b> .....					<u>\$ 6,820,179.90</u>

**STATEMENT No. 6**

**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, 1935**

**ASSETS**

Fixed Assets ( <i>Less</i> Reserve for Depreciation) .....	\$15,846,409.67	
Investments and Memberships.....	88,642.00	
<b>Other Assets (Deferred Accounts Receivable etc.)</b>		
Manitoba Pool Elevators Limited.....	160,855.11	
Province of Saskatchewan—Surplus Interest Account.....	152,033.33	
Elevator Supplies and Prepaid Accounts	88,931.18	
<b>Surplus Capital</b> (After providing for expenditures to complete Programme of Building and Work under Construction) ....	6,820,179.90	
Amount provided to complete Programme of Building and Work under Construction.....	162,500.00	
<b>Total Net Assets</b> (Exclusive of amounts due by Growers) .....	<u>\$23,319 551.19</u>	
<b>LIABILITIES (Exclusive of Liabilities to Shareholders)</b>		<b>Equity</b>
Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$12,271,522.38	52.623%
Manufacturers Life Insurance Company....	7,000.00	.030%
<b>TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS</b> .....	<u>\$12,278,522.38</u>	<u>52.653%</u>
<b>BALANCE OF ASSETS OVER LIABILITIES</b> —Growers' Equity.....	11,041,028.81	47.347%
	<u><u>\$23,319,551.19</u></u>	<u><u>100.000%</u></u>



## STATEMENT OF GRAIN HANDLINGS

## SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

As at 31st July, 1935

## TOTAL HANDLED (ALL GRAINS)

## SASKATCHEWAN POOL ELEVATORS LIMITED

	1924-1934 (Bushels)	1934-1935 (Bushels)	1924-1935 (Bushels)
Country Elevators.....	700,572,433	53,777,839	754,350,272
Platform.....	51,887,745	1,360,191	53,247,936
Total.....	<u>752,460,178</u>	<u>55,138,030</u>	<u>807,598,208</u>

Number of Elevators Operated.....	.....	1,007	.....
Average handling per Elevator.....	.....	<u>53,404</u>	.....

## SASKATCHEWAN POOL TERMINALS LIMITED

Terminal No. 4.....	162,328,348	11,994,674	174,323,022
Terminal No. 5.....	71,479,408	403,975	71,883,383
Terminal No. 6.....	171,496,844	13,040,230	184,537,074
Terminal No. 7.....	120,178,899	11,413,597	131,592,496
Terminal No. 8.....	28,240,761	.....	28,240,761

Total.....	<u>553,724,260</u>	<u>36,852,476</u>	<u>590,576,736</u>
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## BUFFALO TERMINAL ELEVATOR

	<u>131,930,775</u>	.....	<u>131,930,775</u>
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## SASKATCHEWAN POOL ELEVATORS LIMITED

## STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1935

	Total 1925-1934	Season 1934-1935	Total 1925-1935
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets) .....	\$14,594,573.44	\$ 864,349.11	\$15,458,922.55
<b>DISTRIBUTION OF EARNINGS</b>			
Farm Storage.....	\$ 306,456.74		\$ 306,456.74
Share of Pool Expenses.....	575,444.30	\$ 52,017.27	627,461.57
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.....	1,908,652.54	641,241.64	2,549,894.18
44 Transferred to Reserve Account.....	3,161,988.69		3,161,988.69
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.....	2,370,716.55	171,090.20	2,541,806.75
Total.....	\$14,594,573.44	\$ 864,349.11	\$15,458,922.55
Net Earnings (as above).....			\$15,458,922.55
Depreciation Reserve as at 31st July, 1935.....			9,820,016.21
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, 1935.....</b>			<b>\$27,429,270.05</b>
<b>CAPITAL—AS AT 31st JULY, 1935.....</b>			<b>\$12,195,200.00</b>

NOTE: The figures shown for the period 1925-1934 have been adjusted to include additional earnings, applicable to that period, but which were not determined in time to be included in the figures previously submitted.



**STATEMENT No. 9**

**LIBRARY RECORD FOR 1934-35**

	No. of Books Mailed	Staff Members	Books Returned	Letters Received	Requests for Books	Requests for Catalogues	Cost of Postage
<b>1934</b>							
August.....	170	12	196	8	15	4	\$23.81
September.....	219	7	201	30	32	8	57.17
October.....	323	15	275	107	84	29	37.40
November.....	423	7	321	140	118	30	36.68
December.....	547	11	436	153	129	33	65.25
<b>1935</b>							
January.....	720	13	614	168	147	33	75.29
February.....	591	16	568	110	96	28	58.69
March.....	650	15	655	113	99	26	64.23
April.....	514	10	567	38	31	12	54.95
May.....	314	9	412	23	20	4	33.47
June.....	248	7	315	13	13	2	26.03
July.....	200	9	268	2	3	3	19.06
<b>Total</b> .....	<u>4,919</u>	<u>131</u>	<u>4,828</u>	<u>905</u>	<u>787</u>	<u>212</u>	<u>\$552.03</u>

**Number of Borrowers as at July 31, 1935**

Contract Signers.....	853
Agents.....	125
<b>Total</b> .....	<u>978</u>

**Total number of books and pamphlets in the Library as at July 31, 1935.....** 1,804

# STATEMENT No. 10

## TOTAL NUMBER OF COMMITTEES 1934-1935

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.....	7	4	6	8	6	7	9	8	13	7	75
District 3.....	3	4	3	6	6	6	3	5	3	6	45
District 4.....	3	8	9	4	5	3	4	6	3	6	51
District 5.....	10	4	6	7	7	5	6	10	9	5	69
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	4	3	74
District 9.....	5	7	4	8	4	9	7	6	6	6	62
District 10.....	6	7	4	7	15	7	2	7	6	10	71
District 11.....	9	11	12	6	6	7	12	7	12	9	91
District 12.....	9	8	9	7	7	6	7	9	10	8	80
District 13.....	10	10	4	13	7	12	6	7	6	11	86
District 14.....	4	8	6	7	9	15	12	8	8	8	85
District 15.....	9	7	5	8	6	5	6	6	8	9	69
District 16.....	7	7	7	7	4	11	6	8	7	6	70
											<u>1160</u>

# STATEMENT No. 11

## COMMITTEES REORGANIZED 1934-1935

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	4	7	10	6	7	8	11	4	8	68
District 2.....	6	4	4	8	6	5	9	6	13	6	67
District 3.....	3	4	3	3	6	4	2	4	2	6	37
District 4.....	2	5	8	2	5	2	5	5	2	6	40
District 5.....	9	4	4	7	7	4	5	10	9	5	64
District 6.....	8	9	6	8	10	10	8	7	7	7	80
District 7.....	8	5	5	5	7	6	6	5	11	6	64
District 8.....	10	8	10	6	6	8	6	5	4	2	65
District 9.....	5	5	3	7	3	8	7	5	6	6	55
District 10.....	5	5	3	5	14	7	2	6	3	7	57
District 11.....	8	7	8	4	3	6	8	3	5	6	58
District 12.....	8	7	8	7	5	6	7	9	10	8	75
District 13.....	10	10	3	8	7	12	6	7	4	8	75
District 14.....	4	8	6	7	7	13	12	6	8	8	79
District 15.....	9	7	5	8	4	5	6	6	7	9	66
District 16.....	7	7	5	6	4	9	6	8	6	5	63
											<u>1013</u>



## CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1935

STATEMENT No. 12

Agency Assets		ASSETS	
Cash in Banks.....		\$ 34,589.87	
Insurance Accounts Receivable.....		103,563.38	
<b>Total Agency Assets.....</b>		<b>\$138,153.25</b>	
Shareholders' Assets			
Cash in Banks.....	\$ 1,480.16		
Petty Cash.....	30.00		
	<b>\$ 1,510.16</b>		
Demand Loans			
Alberta Wheat Pool.....	\$40,091.76		
Saskatchewan Pool Elevators Limited.....	32,117.87		
Manitoba Pool Elevators Limited.....	6,696.56		
	<b>78,906.19</b>		
Accounts Receivable			
Canadian Co-operative Wheat Producers Limited.....	\$ 501.10		
Commissions Receivable.....	22,963.45		
Sundry.....	11.40		
	<b>23,475.95</b>		
Membership Deposit (Western Canada Insurance Underwriters' Association).....	200.00		
Furniture and Equipment.....	\$ 5,746.80		
Less Reserve for depreciation.....	4,546.13		
	<b>1,200.67</b>		
		<b>105,292.97</b>	
		<b>\$243,446.22</b>	

## Auditors' Report to the Shareholders:

We have examined the books and accounts of Canadian Pool Agencies Limited for the fiscal year ending August 31, 1935, and have obtained all the information and explanations which we have required.

Cash in banks has been confirmed by certificates obtained direct from the company's bankers, and the membership deposit has been verified by certificate from the depository. 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, 1935, according to the best of our information and the explanations given to us and as shown by the books of the company.

WINNIPEG, October 22, 1935.

Agency Liabilities		LIABILITIES	
Insurance Accounts Payable.....		\$115,189.80	
Commissions Payable.....		22,963.45	
<b>Total Agency Liabilities.....</b>		<b>\$138,153.25</b>	
Shareholders' Liabilities			
Accounts Payable			
Saskatchewan Inspection Service.....		\$11,218.21	
Unearned Commissions.....		5,466.27	
Accrued Expenses.....		1,713.16	
Sundry.....		1,332.63	
		<b>\$19,730.27</b>	
Reserves			
Reserve for Cancellations and Unearned Commissions.....		15,000.00	
Reserve for Insurance Investigation.....		1,500.00	
Capital Stock—Authorized \$20,000.00			
Issued and Fully Paid—2,000 shares of \$10.00 each..		20,000.00	
		<b>56,230.27</b>	
Earned Surplus.....		49,062.70	
Approved on behalf of the Board:			
L. C. BROUILLETTE, Director.			
GEORGE BENNETT, Director.			
		<b>\$243,446.22</b>	

PRICE, WATERHOUSE &amp; CO., Auditors.

**STATEMENT No. 13**

**CANADIAN POOL AGENCIES LIMITED**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 1935**

**Income**

Commissions Earned.....	\$62,834.20
Interest.....	4,951.56
	<u>\$67,785.76</u>

**Administrative and General Expenses**

Salaries.....	\$11,625.65
Administrative Expenses.....	3,500.00
Rent and Light.....	1,841.44
Office Supplies and Expenses.....	322.80
Telegraph and Telephones.....	373.04
Depreciation.....	718.35
Legal and Audit Expense.....	280.00
Printing and Stationery.....	158.90
Postage and Excise Stamps.....	130.80
Brokerage.....	64.16
Taxes and Licenses.....	569.47
Travelling Expenses.....	138.45

	<u>\$19,723.06</u>
<b>Less</b> Allowance from Saskatchewan In- spection Service.....	2,500.00

17,223.06

<b>Net Income Transferred to Surplus.....</b>	<u><u>\$50,562.70</u></u>
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**EARNED SURPLUS ACCOUNT**

Balance as at August 31, 1934.....	\$37,241.50
Add Additional Income.....	50.00

\$37,291.50

<b>Less</b> Capital Stock Dividend.....	\$ 1,200.00
Patronage Dividend.....	36,091.50

37,291.50

Profit for Year Ended August 31, 1935, Transferred from Profit and Loss Account.....	\$50,562.70
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<b>Less</b> Reserve for Insurance Investigation.....	1,500.00
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<b>Earned Surplus as at August 31, 1935.....</b>	<u><u>\$49,062.70</u></u>
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*Canadian Co-operative Wheat  
Producers Limited*

DIRECTORS' REPORT  
1934-1935

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

Gentlemen:

Canadian Co-operative Wheat Producers Limited, although ceasing stabilization operations and turning over its total holdings of wheat to The Canadian Wheat Board, will continue to function as a legal entity and as a medium unifying the three Pool Organizations.

We regard our record as a grain marketing organization with that sense of utmost satisfaction which comes from the achievement of a life-long goal. A National Wheat Marketing Board has been urged by the organized farmers since 1918, and your organization has, particularly during the last five years, persistently pressed with all the force at its command and in the face of strenuous opposition, for such legislation.

May we express the hope that this organization will continue the friendly relationship existing between the three Provincial Pools, and promote a uniform marketing policy, maintain co-operative principles and practices, give weight and strength to the organized grain growers and mutual support to efforts for the improvement of the conditions of the man on the land.

It is gratifying to know that the three Provincial Pool Elevator organizations have had another year of financial progress, and that the co-operative ideal expressed in the word "Pool" continues strong in Western Canada. We hold the view that these organizations, through the set-up they have provided for local control, will continue to make effective, democratic principles in the constitution and operation of a State Marketing Institution. The support and loyalty of the farmers has again been demonstrated in the deliveries to their Pool elevators, and indicates the need which has been met by these farmer owned facilities.

The three Pool Elevator systems have thus been enabled to meet their operating expenses for the year, the payments of interest and principal to their respective governments and set up substantial reserves. This healthy, vigorous growth and the unity which has existed throughout, augurs well for the future.

**Canada: Wheat Production 1934-35**

Western Canada's wheat crop for the crop season 1934 ending July 31st, 1935, was 263,800,000 bushels as compared with 263,004,000 bushels for the crop season of 1933. The exports including flour for the year ending July 31st, 1935, were 165,751,305 bushels as compared with 194,779,875 bushels for the previous year. This is the smallest volume exported during the past fifteen years. The exports of wheat to the United

Kingdom in 1934-35, ending July 31st, 1935, were 65,435,000 bushels which was 34.69% of her total imports, 188,627,000 bushels. Exports to the United Kingdom for 1933-34 were 68,691,000 bushels or 34.327% of the total 200,105,000. The following table shows imports of wheat into the United Kingdom during the months of August-July 1933-34 and 1934-35:

	1934-35 August-July	(bushels)	1933-34 August-July
From: Canada.....	65,435,642		68,691,205
United States.....	743,986		86,640
Argentina.....	60,374,897		53,803,683
Australia.....	37,187,060		41,838,369
Russia.....			14,925,079
Other.....	24,886,338		20,760,556
	<u>188,627,923</u>		<u>200,105,532</u>

The official carryover of Canadian wheat in Canada and in the United States on July 31st, 1935, amounted to 214,935,824 bushels as compared with 203,944,533 bushels on July 31st, 1934. The world demand for wheat in 1934-35 was unexpectedly small and world shipments only exceeded shipments of 1933-34 by a few million bushels, the latter year constituting a post-war "low" as far as import demand is concerned. World demand for wheat during 1934-35 was affected by the harvesting of a better than average crop in Europe, by unusually large reserves carried over in European importing countries from the bumper crop of 1933, and the general trade situation which affects the movement of all basic commodities.

The monthly average of Winnipeg cash prices basis No. 1 Northern, Fort William, declined from 86c per bushel in August, 1934, to a low of 79c in January, 1935; rose to 87.6c, the average for April, and again gradually fell to the average of 81.4c for the month of July of this year. The average cash price for the season was 81 $\frac{3}{4}$ c per bushel. Commencing November 1st, 1934, a minimum price was established for the December future at 75c per bushel, and for the May future at 80c. On November 8th, the July future was "pegged" at 81 $\frac{1}{4}$ c, where it remained in effect until May 31st, 1935, when it was reduced to 80c. A new future was introduced for the August month on June 14th, and the price was fixed at 80c.

### *Crop Report, 1935*

The wheat crop of the Prairie Provinces for the fifth time in seven years is far below the long-term average. The most recent estimates by the Dominion Bureau of Statistics place the yield at 272,000,000 bushels, or 8,200,000 over last year's production. As a result of very extensive damage by stem rust, excessive heat and frost, a very large proportion of the wheat is of low grade, fit only for feeding purposes.

The stem rust infestations were particularly severe in Manitoba and Eastern Saskatchewan; the worst in their history. In many large areas the wheat crop was not harvested. Durum wheats were also affected though not to the same degree as the bread wheat crops. It is estimated that nine million acres of wheat crop were injured or destroyed by this scourge. The crops of Alberta and Western Saskatchewan were not affected by rust, but drought, hail and frost wrought extensive damage. The wheat crop, though approximating in volume that of last year, is considerably inferior in quality, and a considerable percentage



will not come within the contract grades. The coarse grain crops, though also affected by rust and heat, were substantially better in yield than in 1934.

The following table shows the estimated yields of Wheat, Oats, Barley, Flax and Rye in the three Prairie Provinces for the crops of 1935 and of 1934, as given by the Dominion Bureau of Statistics, September 11th, 1935:

	1934	1935	Increase
Wheat.....	263,800,000	272,000,000	3.11%
Oats.....	172,040,000	296,060,000	72.
Barley.....	44,742,000	73,036,000	63.2
Rye.....	4,381,000	12,048,000	175.
Flax.....	827,000	1,530,000	85.

### World Wheat Situation

Canadian Co-operative Wheat Producers, Limited, with its general manager, Mr. McFarland, was the instrument through which the Dominion Government carried on its stabilization operations since 1930. Acting on behalf of the Federal Government, this organization accumulated a holding of some 200,000,000 bushels. Under the terms of the Canadian Wheat Board Act, 1935, these holdings will pass into the hands of the newly established Board.

It will be of interest, therefore, to review the international wheat trade for the past season, and to consider the present wheat situation to the extent it may have any bearing on the future. The authority we have used for all figures given is the Dominion Bureau of Statistics.

The world wheat situation is of interest to Canada as the world's greatest wheat exporter. Increased tariffs upon imports of wheat, import quotas, milling restrictions, disordered relationship between national currencies with fluctuating monetary standards, national indebtedness and restricted buying, excessive carryovers in both buying and exporting countries, are the main factors which have tended to diminish world trade and intensify the problems of the wheat producer in Canada. Import demand for the past year was very disappointing. In spite of a reduced 1934 crop, European imports of foreign wheat declined by about 20,000,000 bushels; this does not represent a decrease in consumption but rather the reduction of reserve stocks held in store. Carryovers in Europe, including the United Kingdom, as at July 31st, 1935, were definitely lower than a year ago, perhaps to the extent of 75 to 100 million bushels. Final figures on world shipments during 1934-35 totalled less than 526,000,000 bushels, and 27 per cent. of this amount went to other than European countries. Turning to the present wheat situation, forecasts as to import demands would be very unwise in view of unsettled world conditions; the menace of war in Ethiopia, the competition in monetary exchange and changing foreign policies may bring repercussions which at any time may alter the whole world picture. In Europe the crop prospects in Germany, Italy and the four Danubian countries are for larger crops than in 1934, whilst these are offset to some extent by the reduced crops in the United Kingdom, France, Spain and Portugal. France still has a substantial carryover from the previous season, but will probably be a net importer if takings from North Africa are counted as imports. The U.S. S.R. has, it is semi-officially reported, the largest wheat crop in its history, and is commonly predicted of over one billion bushels. Since rationing of wheat is not



now enforced and foreign commitments are not large, it is possible that 1935 production may be held for internal consumption and building of food reserves. In North America, rust, drought, and early frost have made drastic inroads in crop prospects. In Canada, each successive estimate reduces the previous forecast, and in our judgment the full force of the damage has not yet been realized. The present estimate of wheat for Western Canada is 272,000,000 bushels or 8,200,000 more than 1934, but a very large proportion of this volume will grade below No. 3 Northern. The carry-over as at July 31st, 1935, showed an increase of 10,000,000 bushels, compared with that of the same date last year. In the United States the crop estimates have been considerably reduced, and the total production is now put at 599,000,000 bushels compared to 497,000,000 bushels in 1934. The increased yield is more than counter-balanced by the large percentage of unmillable wheat in the 1935 crop and the reduction in the carryover, so that the total wheat supplies are lower for 1935-36. The official figures are 760,000,000 for 1935-36 compared with 783,000,000 in 1934-35 and 920,000,000 in 1933-34. As in Canada, the rust and drought have very materially affected the quality of the grain and much of it will be of low grade. The United States will, therefore, not be a factor in the export market except for a small quantity of soft white wheat from the Pacific Coast, and may import wheat from Canada in some quantity this season. In the southern hemisphere less competition is expected. Long continued drought has seriously threatened yields in Argentina. In Australia the prospects are not favorable. The outlook for Canadian exports may be summarized by pointing out that during the 1935-36 season less competition may be expected from Australia and Argentina, whilst, on the other hand, the Danubian countries and the U.S.S.R. may appear to a greater extent in export trade. There are possibilities of increased exports to the United States so that from the experience of last year there may not be much change in world demand.

The world trade depends so much on purchasing power. The deflation of monetary values has resulted in a competition between currencies which has had a disastrous effect on world trade. Countries finding themselves threatened with an influx of goods from countries with depreciated currencies build up tariff walls, establish embargoes and restrictions to the obstruction of international trade. Furthermore, our products find markets limited by the reduced buying power of those countries which have devaluated their monetary values below our own. The consequences of this monetary crisis have been a disastrous decline in world prices and strangulation of international trade. Stabilization of currencies is an urgent need in a world sick of the price cutting and underselling of a competitive age.

A review of the world wheat situation would not be complete without reference to the significant developments in the wheat countries affecting the production, buying and selling, importing and exporting of this cereal. Governmental control has completely changed the system of international trade in grain, the "free open" market has almost disappeared; speculation is being curtailed, and concentration in buying and in selling has fundamentally altered distribution in both importing and exporting countries. Governments in



almost all these countries have found it necessary to take legislative action for the assistance and protection of the producer and the stabilization of the grain industry. The beginning of a system of governmental control in Europe dates from early post-war years, a factor which has resulted in far reaching effects on the grain industry both on that continent and in exporting countries. This new development has grown steadily from that time and received a tremendous impetus during 1929-30. The movement became apparent in Germany when she regained control of her tariff policy in 1925 and imposed a duty on imported wheat. Her action was closely followed by Italy and then by France in 1927. The placing of restrictions by these three countries against the imports of wheat resulted in the subsidizing of production on an extensive scale. A new and unprecedented situation developed in 1929-30. These three countries increased the import duties on wheat drastically, and milling quotas were established. Their example was shortly followed by other importing countries in Europe so that governmental restrictions and controls dominated the grain trade of that continent. Even the United Kingdom took action to maintain a fair price level for her producers and in 1932 passed a Wheat Act which, in general terms, guarantees a price of between \$1.25 and \$1.35 per bushel. Tariffs, milling quotas, licensing systems, state monopolies, were supplemented later, since 1931, by the more effective control of monetary exchange. Generally speaking, exchange controls throughout continental Europe are very severe and governments are exercising complete authority over the purchasing of foreign exchange and consequently, have absolute control over the volume of imports. A further result of government intervention is that only a small percentage of the volume of wheat moving in international trade goes into consumption at the Liverpool price. Most of the wheat used in importing countries is traded at much higher prices. The so-called world price has lost its significance.

The agencies of distribution no longer operate under the conditions of free competition. The World War provided the first important change in this picture, as governments embarked upon control measures. The step was taken primarily to secure needed supplies, eliminate waste and ensure maximum use of available shipping. State control was abandoned after the war and trade once again reverted to its original channels. The milling industry in the United Kingdom experienced difficult times and sought a solution in amalgamation, which resulted in closing out of the small mills and the establishment of large miller combines. Mr. A. H. Hurst in his book "The Bread of Britain" (1930) states: "By severe competition these big mills and combines threaten the existence of the smaller ones, and the 62.5 per cent. now in the hands of the three large units might very easily become 80 per cent. or even more, by the process of combination, or, what is more likely, by the elimination of weak competitors. Every industry shows a tendency towards concentration and rationalization." A similar transformation in the milling trade has taken place in practically all the countries of Europe. The same writer goes on to say: "In France, for example, two gigantic milling units are extremely powerful and dominant; and as the other countries in Europe are becoming industrialized, the same process is being accelerated." The transformation described by Mr. Hurst in 1930 has continued up to the present time.



The trend toward centralization is equally noticeable in the selling of grain and large selling units now function in the chief exporting countries. In Canada this is exemplified in the growth and development of the co-operative movement. The Wheat Pools exported approximately half the Canadian crop for the five years preceding 1930 and though having since then withdrawn from the exporting business, they are still the dominant factor in the Canadian Grain Trade. Australia has no organized grain market and sells her crop on the basis of external markets. The co-operatives handle about 50 per cent. of the wheat crop and the Royal Commission, in a comprehensive report on the wheat, flour and bread industries, has recently recommended the adoption of a compulsory marketing scheme. In the Argentine, a nominal cash and futures market exists but has never assumed much importance for the reason that it lacks the essential features of such a market, viz: adequate storage facilities and a rigid grading system. In that country three international firms practically control the export trade in wheat. The government has, however, adopted a policy in recent years for the assistance of the wheat grower by the establishment of a Grain Board. The Grain Board establishes a minimum price (a very low one so far) and purchases wheat from the farmer, re-selling to exporters. The government pays any losses the Board incurs from profits on foreign exchange arising from its exchange control measures. The U.S.S.R. has a system of state control of the whole wheat production and export. The policy of the U.S. S.R. is probably directed toward greater consumption of wheat although exports will appear in years of high yield. It is probably the largest producer of grain of any country in the world with the possibility it may continue to increase production. In the United States the most significant development has been under the Agricultural Adjustment Administration. Agriculture having failed as a private enterprise, could not, like other businesses, be allowed to go into bankruptcy. Food is vital to the existence of the nation. More than half the farmers of the Republic signed contracts, some three million in number, with the Federal Government, by which the farmer was paid for the restriction of acreage and production to the end that their prices might be raised. Whatever the views on the restriction of production, it had the effect of increasing the income of the farmer and partially improved his financial position.

Governmental regulations also control all futures markets operating in that country. The government has placed supervisors in all these markets and all large trading accounts have to be reported. The United States is not now in the export market to any extent, but if the international trade in wheat again increases and acreage yields on American wheat farms come back to normal figures, she may become a more serious competitor than she has been of recent years. Thus we see a complete reconstruction of the industry and the evidence of efforts by governments to protect and help the home grower and to keep him in production.

### **National Wheat Board**

The establishment of a National Wheat Board with complete control over the marketing of wheat has been urged by the farmers of Western Canada since 1919 and is in accord with the developments in other wheat



countries. For over thirty years, the organized farmers have been actively interested in legislation for improving the methods of handling, grading and marketing of grain, indeed it was dissatisfaction with the manner in which their grain was handled and marketed by the Grain Trade which originally brought their organizations into being. In 1917-18 and 1918-19 the handling of Canadian wheat was done through the Federal Government controlled Board known as "The Board of Grain Supervisors" when the price of wheat in Canada, as in the United States, was fixed on the guarantee of the Federal Government. This system was discontinued at the end of the war and its place was taken by The Canadian Wheat Board established on the demand of the organized farmers through the Canadian Council of Agriculture. In order to prevent chaos in the wheat market, the Council asked, in August, 1918, for the establishment of an institution similar to the United States Grain Corporation, and repeated its demand in July, 1919. The Canadian Wheat Board was brought into existence by Order-in-Council, passed on July 31st, 1919. The plan upon which it was based resembled very closely that in operation in Australia. A central feature of it was the "pooling" of the returns from the sale of the nation's wheat so that all producers received the same price for the same grade. The factors which influenced the government in forming the Board were: that in Europe all buying of wheat was controlled by governments; that financial regulations abroad required constant government intervention, and that the United States had established government control of the purchase, sale and price of wheat. With the discontinuance of the aforementioned factors, although the government through an enabling Act passed in the closing days of the 1920 session had obtained authority to continue the Canadian Wheat Board by proclamation, and although Western farmers vigorously protested against the abandonment of government control, the Federal Government saw fit to terminate the operations of the Wheat Board as far as the 1920 crop was concerned. Future trading was resumed on the Winnipeg Grain Exchange on August 18th, 1920, after being suspended since May, 1917, with the exception of one week in July, 1919. The marketing of that crop reverted to the usual methods of pre-war times, and was followed by a rapid decline in wheat prices (60 cents in two weeks). That decision of the Federal Government was strongly protested by the organized farmers but without avail. In 1922 a new government at Ottawa, responding to the representations of the organized farmers, passed a measure providing, with enabling provincial legislation, for the establishment of a Wheat Board. The legislation was not put into effect because one of the Provincial Legislatures defeated the Bill by a majority of three. In consequence, the farmers turned to the organizing of a Voluntary Pool in each of the three Prairie Provinces.

While wheat prices have been at low levels the past five years, the stabilization operations conducted under the general managership of Mr. John I. McFarland, and with financial obligations guaranteed by the Dominion Government, have prevented the price of wheat from descending to still more ruinous levels, and have strengthened the farmer in the belief that has persisted throughout the West since 1919 that only a Central or National Marketing Agency, handling the whole of the Western crop, would give the farmer the most



efficient service and satisfactory returns.

Your Board, during the past four years, has persistently urged and supported legislation for a Canadian Grain Board to control the marketing of grain in the farmers' interests and the national well-being.

Changing world conditions are compelling governments to adopt, in an ever increasing degree, measures of regulation and control. The amalgamation of milling industries in Great Britain and other importing countries, shipping combines, international exporters controlling shipments of grain, the abnormally low wheat prices in exporting countries, fluctuations of world currencies, rising tariff walls, milling regulations, quotas and decreasing markets, alternate years of abundant and short crops accompanied by erratic markets and uncertainty as to the future, are among the many factors necessitating government action in the public interest. Open competition in the marketing of grain with resultant bargain sale prices would have brought ruin to thousands of farmers in Western Canada, and a reduction in their standards of living to the level of peonage. Repeated representations to Ottawa impressed the government with the helplessness of the farmer against the forces of organized competitive business and the calamitous effects of a world depression. An Act to provide for the constitution of The Canadian Grain Board (Bill 98) was introduced into the House of Commons on June 10th, 1935. This provided for the establishment of a Board of three members and an Advisory Committee of seven members, four of whom should represent the wheat producers. The Board was to undertake the orderly marketing of wheat and coarse grains in interprovincial and export trade, to accept delivery of these grains produced and marketed in Manitoba, Saskatchewan, Alberta and British Columbia, to operate elevators, to make initial or advance payments to the grower, to issue participation certificates and make further payments out of any balances of the total proceeds of the sales of the grain, etc. A Special Committee of the House of Commons was appointed under the chairmanship of the Prime Minister to take evidence, consider and report on the Bill. Several representatives of the grain trade and the Winnipeg Grain Exchange appeared before the Committee, and in the latter part of June the members of your Executive, together with Mr. G. H. McIvor and Mr. R. C. Findlay, gave evidence on behalf of this organization. Mr. John I. McFarland was confined at the time to the General Hospital, Winnipeg. Mr. McIvor attended in his place and gave a comprehensive report covering the stabilization operations since their inception in 1930. Mr. Findlay submitted complete statistical information as to the actual wheat held by this organization, its net unfilled purchases of wheat for future delivery, together with the average cost per bushel, showing the steps taken to maintain a market for the crops produced in the past five years. Your Executive went fully into the weaknesses of the hedging system, they emphasized the value of the stabilization support under the direction of Mr. McFarland to the farmers of Western Canada and to the Dominion as a whole. Charges by opponents against the Canadian Wheat Pool were completely refuted, many references were made to letters from British and other European buyers regretting the closing of the Pool's offices overseas and expressing their friendly relationship to this organiza-



tion; tables were filed and other evidence submitted showing that export offers were frequently made in 1929 below market prices in efforts to make sales, and that the proportion of the Canadian Wheat Pool carry-over was less than its proportion of total receipts; that an orderly marketing policy had always been followed and sales never refused if in line with prevailing prices. The action taken by the governments of importing countries through the imposition of tariffs and restrictions to protect their farmers against the competition of cheap wheat was stated as being chiefly responsible for the declining demand in practically all European markets except Great Britain; reference was also made to the collapse of the futures market, particularly in 1932 when the tremendous selling pressure of interests other than the producer forced the prices down to the lowest levels in recorded history, and of the great loss to farmers as a result of being sold out under "stop-loss" orders. The Acting Chairman of the Committee expressed his appreciation of the full information which was given by your representatives. The Act was amended in several particulars and was finally passed by the House of Commons, without division, on July 4th, 1935. The so-called compulsory features, Clauses 9, 10, 11 and 16, providing for the control of elevators by the Board, remain in the Act but do not become operative until proclaimed by the Governor-in-Council. The provisions of the Act may be made applicable to coarse grains by the Governor-in-Council upon the recommendations of the Board. In Clause (c) of Section 8 the words "as speedily" were protested by your Executive and were stricken out, which means that the surplus wheat acquired from Canadian Co-operative Wheat Producers, Limited, is to be disposed of "as may be reasonably possible, having regard to economic and other conditions". Your Directors feel that the passing of this legislation is one of the most progressive steps taken by any Parliament in Canada to deal with a situation that affects the entire Dominion. It is a matter of very great satisfaction to the organized producers that the principle for which they have so long contended—that the wheat problem is a national problem—has received the approval of all parties in our Canadian Parliament.

The members of the Wheat Board and the Advisory Committee were announced by the Prime Minister at Ottawa on August 14th. They are as follows:

*Wheat Board:* John I. McFarland, General Manager, Canadian Co-operative Wheat Producers Limited; D. L. Smith, formerly Sales Manager and subsequently Sales Representative of the Central Selling Agency of the Pools in England; Dr. H. C. Grant, Professor of Agricultural Economics, Manitoba University.

*Advisory Committee:* Robert McKee, Vancouver, Managing Director, Canadian Grain Export Company; Lew Hutchinson, Director, Alberta Wheat Pool; Louis C. Brouillette, President, Canadian Co-operative Wheat Producers Limited, and President, Saskatchewan Wheat Pool; B. Catton, Director, Canadian Co-operative Wheat Producers Limited, and Director, Saskatchewan Wheat Pool; Sydney T. Smith, former President, Winnipeg Grain Exchange; Paul F. Bredt, President, Manitoba Pool Elevators Limited, and Director, Canadian Co-operative Wheat Producers Limited; and C. G. C. Short, Montreal, General Manager, Lake of the Woods Milling Company.

Your Directors have strongly urged a minimum price which would bear a relationship to the cost of production. On Friday, September 6th, the Prime Minister announced in an address broadcast over the Dominion that the minimum price would be 87½¢ per bushel, basis No. 1 Northern, Fort William. Whilst this price is not as high as proposed by your Board,



we feel it will meet with general approval. Further, your Directors have urged that to overcome as far as possible the terrific loss in grade as well as in yield, the spreads in prices between grades should be kept within as narrow limits as marketing experience would indicate advisable.

A very large proportion of the 1935 wheat crop is of the lower grades and thus the income of many of the grain growers of Western Canada is again reduced to ruinously low levels. Left to the play of the open market the spreads would naturally tend to widen and fluctuate to give the middleman a greater degree of protection against the risks of handling grain of little or no milling value and of uncertain demand. In conjunction with the managers of the Pool Elevator systems, a schedule of spreads for grades of Spring wheat and Durums was prepared on what we believe to be an equitable basis and submitted as a recommendation to the Advisory Committee. This closely approximated the basis subsequently adopted by the Canadian Wheat Board. The prices now fixed on the lower grades, though of necessity low, will at least avoid the distress occasioned by fluctuating and widening spreads and assure the producer of stabilized prices throughout the season.

### Coarse Grains

As a result of experience over several years of Pool operations your Board has also given consideration to the marketing of coarse grains. Much time and several meetings were devoted to the discussion of the problems surrounding this question and finally a resolution was adopted having also the unanimous endorsement of the Provincial Pool Boards, urging the application of the principles contained in Section 14 of the Canadian Wheat Board Act by which coarse grains may be brought under the operations of the Canadian Wheat Board. A memorandum was prepared for submission to the Canadian Wheat Board, setting forth our reasons why the provisions of the Act should be applied, and in view of the growing importance of this question, we quote the report verbatim:

1. The total amount of coarse grains sold for export represents a comparatively small percentage of Western Canadian production. It is obviously unfair that the small amount exported should be allowed to set the price for the very large amount consumed by the domestic market. As this condition is likely to continue, the futures market cannot be regarded as reflecting the value of the grain.
2. As with wheat, coarse grains are only deliverable against futures contracts in certain positions. In order to supply the various markets within Canada, grain should be available for sale close to those markets, which means that they must be out of position for delivery against futures contracts. This means that the so-called protection afforded by the futures market is not available to coarse grains in the event of an aggressive sales policy being developed in eastern and western markets.
3. With coarse grains out of deliverable position, the futures market is wide open for manipulation. The recent situation in oats, when the July option price was substantially out of line with the nearest future month, is an illustration of what can develop in this connection.
4. The experience of the past few years in the Western Provinces, when practically all coarse grains produced were required for domestic consumption, shows that it is possible to establish prices for the domestic market which have no relationship to futures prices. There have been times when the domestic demand for coarse grains was at its peak, and at the same time the futures prices recorded at Winnipeg were declining due to some export situation. As the Winnipeg prices were the only prices which an elevator company could safely use in order to protect its purchases, coarse grains growers held back deliveries of grain to country elevators, and very materially increased the



difficulties faced by the authorities responsible for securing and distributing feed grains in the drought areas in the West. That the Winnipeg quotations did not reflect anything like the true value of coarse grains in such instances is best illustrated by the fact that it was necessary to offer premiums of from two or three cents up to fifteen or twenty cents per bushel over the Winnipeg price in order to secure deliveries of feed.

5. With the Canadian Wheat Board in charge of marketing the coarse grains crop, it would be in a position to supply the domestic market at prices in line with the value of this grain. If necessary, it might be possible for the Wheat Board to segregate the quantity exported out of the country from the total amount delivered.
6. During the past few years, it has come to be accepted that reserves for feed grains should be built up in Western Canada against the possibilities of future crop failures. The elimination of marginal wheat land and the seeding of areas to coarse grains which hitherto have been seeded to wheat is being carried on to a limited (if unorganized) extent in an effort to secure a better adjustment of cereal production in Western Canada. We are of the opinion that this is a development in the right direction. In order to maintain this development there should be a proper relationship between the market value of wheat and of other grains. To the extent that coarse grains prices have usually increased or decreased in sympathy with the rise or fall in wheat prices as reflected by the Winnipeg market, this relationship has been recognized in the past. In the event of a guaranteed minimum price being established for wheat, the trend towards this adjustment in cereal production might easily be reversed unless provision is made for the maintenance of the proper relationship of price values between wheat and coarse grains. Land which this year has been seeded to coarse grains is very likely to be again seeded to wheat if wheat prices are out of line with coarse grains values. This development would simply intensify the present wheat situation.
7. For the current year the rust infestation over a wide area of the West has practically destroyed much of the wheat crop. In these areas the coarse grains have not been so seriously affected. A large number of coarse grain growers in Western Canada would receive no benefit from the new legislation unless steps were taken to protect the position of coarse grains.
8. In certain areas of the West coarse grains are the principal cash crop, very little wheat being produced. These areas also represent a substantial number of growers who would receive no benefit from the operations of the Wheat Board, unless steps were taken to bring the control of marketing and the benefits of a fixed minimum price under the operations of the Board.
9. Generally speaking, the same world conditions which have made necessary the creation of the Canadian Wheat Board to take control of the marketing of the wheat crop in the interests of the wheat producers have operated with equally disastrous results so far as the coarse grain grower is concerned. In view of the very large production of coarse grains in Western Canada, particularly oats and barley, discrimination would be shown against the coarse grains producers unless assistance is extended to them also.
10. As has been often suggested, it is very doubtful whether the western grower of feed grains is securing full advantage of the domestic market for these feeds in the eastern and western provinces of Canada. Under our present method of operation, elevator companies purchase the surplus grain in the country, and since all such purchases must be hedged, and since the purchased grain should be held in a deliverable position if the full protection of the hedge is to be available, elevator companies are not anxious to take the risk inherent in moving stocks of feed grains close to the actual market. The Canadian Wheat Board, if charged with the responsibility for developing the domestic market for feed grains to the fullest possible extent, could properly ignore the operations of the futures market and could place stocks of grain in store at points where they would be most readily available to meet the demand. It is obvious that a coarse grains organization created for the sole purpose of marketing coarse grains, is more likely to meet with success in supplying a larger percentage of the needs of the eastern and western buyer than can be secured under the present system. It is generally accepted that the market is in existence, and a centralized marketing board is the most likely medium under which the market can be developed.
11. So far as the British market is concerned, it is by no means certain that Canadian malting barley cannot compete for a reasonable share of the business. It has been pointed out at different times that hitherto all high grades of malting barley have been classified as Extra 3 C.W. Six-Row. It has also been pointed out that the British buyer is unfamiliar with the new Canadian malting grades. Already an effort is being made to establish the 2 C.W. grade. It is also admitted that high and low protein barley should be binned separately. Even if these steps are carried out, it is still of primary importance that educational work should be carried on in the U.K. market in the interests of an increased sale of malting barley. Under our present marketing methods, no one



is responsible for this class of work. It is obvious that such educational work could be much more easily and more effectively carried on by a centralized marketing organization such as the Canadian Wheat Board than by any private organization at present engaged in the Canadian grain trade.

### **1930 Pool**

The Canadian Wheat Board Act provides (Section 7. f.) for the acquisition from Canadian Co-operative Wheat Producers Limited upon terms to be approved by the Governor-in-Council of all wheat or contracts to purchase or take delivery of wheat in respect of which the Government of Canada has given a guarantee.

Negotiations were carried on with the Canadian Wheat Board as soon as it was in a position to take the matter under consideration. Terms for the purchase of the stocks were agreed upon and an Order-in-Council was passed authorizing the Canadian Wheat Board to acquire all wheat or contracts to purchase or take delivery of wheat from Canadian Co-operative Wheat Producers Limited.

An audited statement has been submitted to the Canadian Wheat Board. When the stocks are purchased and payment has been received settlement will be made with the Provincial Pools immediately.

### **Mr. John I. McFarland**

Mr. John I. McFarland came to this organization as its general manager in November, 1930, and has held the position since that time.

During that time the grain market has required his constant attention. He acted as its regulator, now buying, then selling; directing stabilizing operations in opposition to the pressure of short selling and to prevent the disruption of price levels. Those operations, a summary of which is now recorded in Hansard, involved almost daily transactions amounting to millions of bushels and millions of dollars, and were conducted with the main objective in mind, the strengthening of the market to secure as far as humanly possible, a fair price to the grower for the product of his toil. He gave freely of his time, ability and effort and served without salary, a splendid example of public spirit. In June the strain of his constant and heavy responsibilities told upon his health and he was compelled by doctor's orders to take complete rest. It is very gratifying to know that he has now recovered sufficiently to assume his new duties as Chairman of The Canadian Wheat Board, and the farmers of Western Canada will join with your Directors in wishing him many years of health and active life.

### **Marketing Legislation**

The Natural Products Marketing Act became law on July 3rd, 1934. It is largely the outcome of a demand of all major co-operative organizations throughout Canada. The purpose of the Act is to provide for the regulation of marketing in such manner as will tend to eliminate the weaknesses of the present marketing system, viz., competitive selling and price cutting; fluctuations in prices and widening spreads between consumer and producer prices.

The Act was endorsed by resolution at each of the Provincial Pool Annual Meetings last year. Producers in all parts of the Dominion have submitted schemes covering a variety of commodities to the Dominion Marketing Board. The following is a summary of the schemes approved under the Act showing the commodity under regulation in each case and the area in which each scheme is operated.



SCHEME	COMMODITY	AREA
1. British Columbia Tree Fruit Scheme.....	Tree Fruit.....	Designated Area in British Columbia (1)
2. Fruit Export Marketing Scheme.....	Fresh Apples and Fresh Pears for Export.....	Canada
3. British Columbia Red Cedar Shingle Export Scheme.....	Red Cedar Shingles for Export to United States.....	British Columbia
4. British Columbia Dry Salt Herring & Dry Salt Salmon Marketing Scheme.....	Dry Salt Herring and Dry Salt Salmon.....	British Columbia
5. Flue-cured Tobacco Marketing Scheme.....	Flue-Cured Tobacco.....	Ontario
6. Milk Marketing Scheme of the Lower Mainland of British Columbia.....	Milk or Manufactured Milk Products.....	" 'T.B. Free' Restricted Area' in British Columbia
7. Eastern Canada Potato Marketing.....	Potatoes.....	Ontario, Quebec, and the Maritimes
8. Western Ontario Bean Marketing Scheme.....	Dry Beans, excluding Soya Beans.....	Western Ontario (2)
9. B.C. Coast Vegetable Marketing Scheme.....	Vegetables.....	Designated Area in British Columbia (1)
10. British Columbia (Interior) Vegetable Marketing Scheme.....	Vegetables.....	Designated Area in British Columbia (1)
11. Canada Jam Marketing Scheme.....	Jams, Jellies, or Marmalades.....	Canada
12. British Columbia Hothouse Tomato and Cucumber Scheme.....	Hothouse Tomatoes and Hothouse Cucumbers.....	British Columbia
13. British Columbia Halibut Marketing Scheme.....	Halibut Caught in Pacific Coastal Waters by Canadian Boats.....	Pacific Coastal Waters
14. British Columbia Small Fruits and Rhubarb Marketing Scheme.....	Berries and Rhubarb.....	Designated Area in British Columbia (1)
15. Ontario Cheese Patrons' Marketing Scheme.....	Canadian Cheddar Cheese.....	Ontario
16. The Processed Berry Marketing Scheme.....	Berries Processed in Sulphur Dioxide Solution.....	Canada
17. Dairy Products Marketing Equalization Scheme.....	Cheddar Cheese or Any Dairy Product Designated by the Governor in Council.....	Canada
18. British Columbia Sheep Breeders' Marketing Scheme.....	Sheep and Lambs (carcasses, wool and hides if still owned by the producers).....	Designated Area in British Columbia (1)
19. Grand Manan Smoked Herring Products Scheme.....	Smoked Herring.....	Grand Manan and Adjacent Islands, New Brunswick
20. Nova Scotia Apple Marketing Scheme.....	Apples for Domestic Sale.....	Certain Counties in Nova Scotia (3)
21. Burley Tobacco Marketing Scheme.....	Burley Tobacco.....	Ontario

(1) See Scheme.

(2) Kent, Elgin, Huron, Middlesex, Lambton, Norfolk, and Essex.

(3) Hants, Kings, Annapolis, Lunenburg, and Queens.

The only effort in the Prairie Provinces to set up a scheme under the Act was made by the Poultry Marketing Association. There was considerable delay in securing approval of the Dominion Marketing Board to the scheme as submitted by the Pool and in consequence opponents got into the field first, and organized opposition was well under way when the scheme was finally put before the people. The results of the vote were favorable in Saskatchewan and Alberta but decidedly unfavorable in Manitoba, where the major part of the opposition centered. The vote announced by the Department, with the percentage in brackets, was as follows:

	<i>For</i>	<i>Against</i>
Alberta.....	12,635 (62.5)	7,587 (37.5)
Saskatchewan.....	27,749 (83.4)	16,012 (36.6)
Manitoba.....	6,070 (24.2)	18,931 (75.2)

In view of the unsatisfactory vote and the large number of poultry producers who did not vote, the Department of Agriculture decided not to proceed with the scheme.

Considerable time and study have been given to a scheme for the marketing of livestock. In the scheme, a very commendable effort has been made to keep the three Provinces together, and no doubt when completed it will be applicable to the three Provinces. In all three Provinces preparations have been made for an educational campaign, probably leading up to a vote at an early period.

### Debt Adjustment

The debt structure overshadows all other factors which threaten the economic strength and stability of agriculture in Western Canada. We expressed the hope in our report last year that the Federal measure enacted to facilitate compromises and arrangements between farmers and their creditors, together with the enabling Provincial legislation, would afford those farmers who are in difficult financial circumstances a substantial degree of relief. The following official information gives the number of proposals submitted by farmers to Official Receivers under the Farmers' Creditors Arrangement Act in the three Prairie Provinces as at July 31st, last:

Manitoba.....	1,200
Saskatchewan.....	2,903
Alberta .....	1,930
	<u>6,033</u>

The number of cases referred to Boards of Review in these Provinces are:

Manitoba .....	532
Saskatchewan .....	877
Alberta.....	1,112
	<u>2,521</u>

The number of cases in which the Boards of Review have formulated final proposals are:

Manitoba.....	260
Saskatchewan.....	363
Alberta.....	500
	<u>1,123</u>

The collective result of the 1,123 awards made by



the Boards of Review is as follows:

Province	Original Debt	Reduction in Debt	Percentage of Reduction of Principal	Annual Interest Reduction
Manitoba.....	\$1,428,277.72	\$ 611,766.12	42.82%	\$ 49,231.86
Saskatchewan.....	3,147,848.81	807,030.47	25.64	64,642.00
Alberta.....	2,500,910.08	649,875.73	25.99	83,851.66
	<u>\$7,077,036.61</u>	<u>\$2,068,672.32</u>	<u>29.23%</u>	<u>\$198,725.52</u>

The average reduction of principal for the three Prairie Provinces is 29.23%.

These figures do not give the whole picture, for much greater reductions have been effected by way of voluntary settlements of large numbers of cases before Official Receivers, as well as very many settled by mutual agreement without recourse to official action, all of which were accelerated, no doubt, by the existence of the new legislation and the facilities it offered. On the other hand, these figures indicate that only a small section of the farmers are availing themselves of these measures, when it is realized they represent less than one per cent. of the estimated total mortgage indebtedness of the farmers of the Prairie Provinces.

The extensive and ruinous effects of rust, drought, and frost this year are in the nature of a calamity, perhaps the most serious in the history of Western Canada. The grade of the grain is exceptionally low, hence, in spite of higher prices this season, the net return per bushel and per acre to the farmer is much lower than in previous years, and therefore this condition has accentuated the need for the adjustment of debts.

This legislation accepts the principle that the farmer who is producing the necessities of life, those things without which the nation cannot exist, is entitled to the protection of his home and security of tenure, and to that end a court is added to the judiciary which has the arbitrary power to impose compositions of farmers' debts in accordance with his ability to pay. The law has only recently come into operation. Some farmers have spoken very highly in its praise; others express disappointment as to the way in which their cases have been decided. Experience will show, no doubt, the need for improvements and amendments to the legislation and in time it will undoubtedly function more smoothly. In Australia the Wheat Commission has proposed a similar scheme for the financial reconstruction of the wheat industry, and recommends legislation for the composition of debt by arbitration and for the enforcement in appropriate cases of schemes of readjustment of farmers' obligations. Schemes have been adopted in other countries for the assistance of farmers as follows:

"The provision of long-term amortizable mortgage loans at low rates of interest, for the purchase of land, equipment, buildings, etc., and to enable farmers to re-finance on more favorable terms, and to re-purchase properties lost through foreclosure (Argentina, Canada, United States of America, Poland and recommended in New Zealand. In United States of America, loans are made in bonds; in Canada loans are made in cash, and in New Zealand it is recommended that the loans be made in cash).

The encouragement of the formation of co-operative lending, buying and marketing associations of farmers and the provision of finance and discount facilities to enable the associations to operate (United States of America).

The provision by the government of emergency crop loans to farmers who have insufficient security to enable them to borrow otherwise (United States of America).

The encouragement and facilitation of compositions and schemes of arrangement between farmers and their creditors (Canada, United States of America, Argentina, Poland, and recommended in New Zealand).

The provision of machinery whereby a tribunal may impose a composition or scheme of arrangement in cases where the parties cannot agree and when the debtor is not too deeply involved (Canada).

The enactment of legislation enabling a farmer who cannot agree with his creditors on a composition or scheme of arrangement to remain in possession of his property and pay for it at an appraised value over a period of years at a low rate of interest (United States of America).

Acreage reduction accompanied by compensation, the money being raised by a tax on flour (United States of America).

Payment of bounties (Poland and Argentina).

Marketing Agreements (United States of America).

General reduction of interest rates by action of the government (Hungary, Czechoslovakia, Bulgaria).

Moratorium legislation (Hungary, Czechoslovakia, Bulgaria and New Zealand).

Purchase and disposal of wheat—the purchase being effected at a fixed price (Argentina).

Maintenance of prices by the government operating on the wheat market (Canada).

The position of primary producers in the various exporting countries has been improved by variations in the exchange rates; and individual primary producers have obtained some measure of relief from their debts by reason of devaluation of the currency in countries where devaluation has occurred."

### Review of Activities

Canadian Co-operative Wheat Producers Limited was incorporated as a subsidiary of the three Provincial Wheat Pools on August 6th, 1924.

During the period that it acted as a Central Selling Agency for the three Organizations, it has marketed 1,151,186,607 bushels of Wheat and 130,995,347 bushels of Coarse Grains for its members. The deliveries by Provinces in each of the years of operation are as follows:



**GRAIN HANDLED BY CANADIAN WHEAT POOLS**  
(Bushels)

Crop Year	Manitoba Wheat Pool		Saskatchewan Wheat Pool		Alberta Wheat Pool		Central Selling Agency	
	Wheat	Coarse Grains	Wheat	Coarse Grains	Wheat	Coarse Grains	Wheat	Coarse Grains
1923-24.....	.....	.....	.....	.....	34,218,980	.....	Central Not Operating	
1924-25.....	7,932,065	.....	50,201,536	.....	23,026,393	.....	81,159,994	.....
1925-26.....	12,487,858	13,794,399	129,708,049	11,364,358	45,166,599	.....	187,362,506	25,158,757
1926-27.....	16,196,342	12,918,787	119,502,566	8,122,612	44,251,334	.....	179,950,242	21,041,399
1927-28.....	11,194,379	6,181,148	127,559,494	9,900,820	71,117,500	.....	209,871,373	16,081,968
1928-29.....	18,379,667	15,837,943	158,424,177	18,268,714	67,444,356	.....	244,248,200	35,694,057
1929-30.....	9,746,254	7,617,059	76,555,208	8,110,752	35,611,342	1,929,690	121,912,804	17,657,501
1930-31.....	10,890,665	7,455,064	75,826,400	7,906,601	39,964,423	.....	126,681,488	15,361,665
Totals.....	<u>86,827,230</u>	<u>63,804,400</u>	<u>737,777,430</u>	<u>63,673,857</u>	<u>360,800,927</u>	<u>1,929,690</u>	<u>1,151,186,607</u>	<u>130,995,347</u>

These figures do not take into account the handlings under the stabilization operations carried on since 1930.

The discontinuance of selling operations by Central leaves the three Pools intact, pursuing the same objective they had in view when organizing; the maintenance of a decent standard of living for the man on the land.

The three organizations, in the meantime, have built up the largest and most efficient grain handling system in the world. The following table shows the country elevators owned and operated in each of the three Provinces, the terminal elevators and the total capacity.

### Wheat Pool Elevators and Terminals

<i>Province</i>	<i>Crop Year</i>	<i>No.</i>	<i>(Bushels)</i>
Manitoba.....	1934-35	153	6,120,000
Saskatchewan.....	1934-35	1,081	36,500,000
Alberta.....	1934-35	439	13,170,000
		<u>1,673</u>	<u>55,790,000</u>

### TERMINALS

<i>Province</i>	<i>Crop Year</i>	<i>Location</i>	<i>Name</i>	<i>Storage Capacity (Bushels)</i>
Manitoba.....	1934-35	Pt. Arthur	No. 1	1,300,000
" .....	1934-35	Ft. William	No. 2	1,375,000 (leased)
				<u>2,675,000</u>
Saskatchewan....	1934-35	Pt. Arthur	No. 4	6,425,000
" .....	"	" "	No. 5	2,150,000
" .....	"	" "	No. 6	7,398,800 (leased)
" .....	"	" "	No. 7	6,900,000
		Buffalo Transfer Terminal		2,000,000
				<u>24,873,800</u>
Alberta.....	1934-35	Vancouver	No. 1	5,150,000
" .....	"	"	No. 2	1,650,000 (leased)
" .....	"	Pr. Rupert	No. 3	1,250,000
" .....	"	Victoria		1,008,000
				<u>9,058,000</u>

### Conclusion

In conclusion, reference should be made to trends of the greatest significance in a world changing much more rapidly and on a greater scale than at any time heretofore. When nations adopt political actions involving a principle common to them all, then it indicates the road humanity is following and one may reasonably assume the political and economic development of the future.

Centralization of industry and government control are the developments of these times. The world of 1935 would have been held inconceivable in 1920, but fifteen years have seen governments everywhere entering the field of private business: regulating, owning and controlling. Russia is the example in the extreme of State control. Germany and Italy exhibit an unstable compromise between government control and private rights. In Great Britain, United States, Canada, France, Australia, Japan—in nearly every country—centralized credit policies, arbitrary control of exports and imports, public works, relief programs, social insurance, agricultural marketing legislation and control of industry have narrowed the field of private enterprise. The whole structure of industrial and economic life is interwoven with governmental



functions, not on any theory of socialization but compelled by the inability of private enterprise to meet the needs of an advancing civilization. The old gives way to the new.

In the changing order is the larger question of division of power and responsibility. Administration by industrial groups or dictatorship of bodies backed by armed force or of communism or of fascism are subversive of the principles of equality and liberty. We believe that only in the fundamental principles of democracy lies the hope of the future. The encroachments of powerful private interests on the welfare of the people necessitate a greater degree of control by the State on the fields of economic business and is entirely in keeping with the progress of democracy, indeed is its natural and proper development. The machinery of local organization to provide the medium for expressing opinion, exchange of views and determining policies, the method so familiar to farmer organizations in Western Canada, is the safeguard of democracy. Only upon some such set-up can democracy be made to function. As the State assumes a greater control of business it must in turn arrange facilities for the extension of control by the people. This is the only assurance we have for equity, justice and security—it is co-operation.

Respectfully submitted,

L. C. BROUILLETTE, President

GEORGE BENNETT, Vice-President

P. F. BREDT

J. JESSE STRANG

R. A. MACPHERSON

JOHN H. WESSON

BROOKS CATTON

COLIN H. BURNELL

J. W. BALDWIN

} *Executive*

# *Canadian Pool Agencies Limited*

## DIRECTORS' REPORT

1934-1935

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

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st August, 1935, 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 \$50,562.70 as compared with \$37,241.50 last year. The increase in the earnings over the previous year is largely occasioned by the higher grain prices prevailing throughout the year, and by Lake and Ocean Marine business. This business included the heavy Churchill shipments subsequent to August 31st last year, and Lake Marine business on the heavy movement of wheat this summer across the Lakes to Bay and American Ports. You will remember that when Central went out of the export business, the Company's earning power was seriously affected. The three provincial organizations, however, decided to purchase the Capital Stock of the Company and continue to operate it for the purpose of handling their insurance. This decision has been more than justified by the results, to a much greater degree than is reflected in the statements of the Agency itself.

As you are aware, this Agency has operated on the principle that service comes before profits, and in this respect it is gratifying to be able to report that it has been of great value to the Pool organizations in securing very substantial reductions in rates on practically every class of insurance required, as well as in the servicing of it. The earnings of the Company are, of course, rebated to the Provincial organizations from whom our business accrues, but in considering the future, now that the Canadian Wheat Board is in operation, we shall lose all or part of the business which so substantially increased our profits this year.

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*

**Demand Loans:** These amounts represent balances of loans made to the three Provincial organizations who contribute their business to us, and are subject to recall for the purpose of financing the Agency throughout the season.

**Accounts Receivable:** Under this heading is an item of



"Commissions Receivable", previously referred to as being due from the Agency Trust Funds. These have been collected subsequent to the date of the Balance Sheet.

*Membership Deposit:* This represents a deposit which we are required to make to the Western Canada Insurance Underwriters' Association 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 and Unearned Commissions:* Due to the nature of our business, where the major proportion of our policies is due immediately prior to the end of our financial year, it is necessary to set up an adequate reserve 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 has been reserved for the payment of fees and other expenses in respect of other branches of insurance which are 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 continued low premium rates which we have been able to retain, despite fairly high loss records on some of the business, materially affect our earnings, but, of course, are offset by the savings effected by the Pools.

Included in the expenses is an item of \$3,500.00 representing Administrative Expenses, being the allowance made to the Central Selling Agency in respect of overhead and administrative charges for the year, and 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.

### **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, whilst a patronage dividend was paid to each of them on the basis of the business contributed. The details of these dividends are as follows:

	<i>Dividends</i>		
	Capital Stock	Patronage	Total
Manitoba.....	\$ 399.60	\$ 4,262.50	\$ 4,662.10
Saskatchewan.....	400.20	21,126.41	21,526.61
Alberta.....	400.20	10,702.59	11,102.79
	<u>\$1,200.00</u>	<u>\$36,091.50</u>	<u>\$37,291.50</u>

The combined total of these two dividends represents a return of 78.24% of the total commissions received by the Company.

*Reserve for Insurance Investigation:* This has been previously commented upon, under the heading of "Reserves".

### General

The Manager and Treasurer of the Company, Mr. R. C. Findlay, has been granted a year's leave of absence from his duties, in order to take over the position of Treasurer of the new Canadian Wheat Board.

Respectfully submitted,

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



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