

*Saskatchewan
Co-operative Wheat Producers
Limited*

TENTH
ANNUAL
REPORT



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1934

McGILL UNIVERSITY

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.

Proposed Agenda of Business for Annual Meeting

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 Amendment to Article 61 of the Articles of Association.
16. Consideration of Resolution set out in Notice of Meeting.
17. Consideration of questions involving the best interests of the Organization introduced by delegates.
18. Adjournment.

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SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Directors' Report

Regina, Saskatchewan,
6th November, 1934.

The presentation of this Tenth Annual Report of the Board of Directors of this organization to this meeting of delegates marks the completion of the first decade in the life of the organization.

In presenting their First Annual Report ten years ago, your directors stated that they had endeavored to outline the affairs of the Saskatchewan Wheat Pool so that the delegates attending the first annual meeting might be enabled to arrive at a constructive, forward-looking policy for the ensuing year. Throughout the intervening period, the annual meetings of Wheat Pool delegates have provided a similar opportunity for the elected representatives of the Wheat Pool membership to secure firsthand knowledge of the workings of their organization.

Ten years' experience has shown that the best guarantee of the continued successful operation of this farmers' co-operative organization is to be found in the support likely to be accorded by a well-informed membership.

In presenting this Tenth Annual Report, therefore, your directors have included, not only a survey of the organization for the year 1933-34 of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, and the other subsidiary companies which constitute the Saskatchewan Wheat Pool, but also the complete reports of the directors of Canadian Co-operative Wheat Producers Limited and Canadian Pool Agencies Limited.

Operations 1933-34 Voluntary Pool

Deliveries

During the crop year 1933-34, a total of 1,298,447-20 bushels of wheat was delivered to be marketed through the Pool. This compares with total deliveries to the 1932-33 Pool of 6,504,162-35 bushels, and a total of 1,082,054 bushels delivered by Pool members and marketed in the first year of the operations of the Voluntary Pool, 1931-32.

While deliveries to last season's Pool were considerably smaller than the previous year, it is probable that this is accounted for in a great degree by an almost complete crop failure over wide areas of the province where deliveries have hitherto been particularly heavy.

Reports received since the final payment for the 1933-34 Pool was issued indicate a very considerable measure of satisfaction with the results secured for growers delivering to the Pool. The following state-

ment shows the number of bushels of each grade of wheat delivered to the Pool during the year:

<i>Grade</i>	<i>Receipts Bushels</i>
1 Hard.....	93,896-50
1 Northern.....	706,129-35
2 Northern.....	369,292-00
3 Northern.....	39,458-50
4 Northern.....	4,054-20
No. 5.....	411-00
Tf. 1 Northern.....	12,549-40
Tf. 2 Northern.....	41,870-55
Tf. 3 Northern.....	10,187-30
Tf. 4 Northern.....	48-00
Smutty 1 Northern.....	1,365-30
Smutty 2 Northern.....	50-00
Rejected 2 Northern.....	1,275-00
Rejected 2 Northern Sprouted.....	1,379-50
Rejected 3 Northern Sprouted.....	1,043-00
Tf. Rej. 2 Northern Sprouted.....	1,589-40
1 C. W. White Spring.....	163-00
1 C. W. Amber Durum.....	6,644-40
2 C. W. Amber Durum.....	1,705-00
3 C. W. Amber Durum.....	1,360-30
Tf. 2 C. W. Amber Durum.....	2,169-20
Smutty 2 C. W. Amber Durum.....	209-10
Smutty 3 C. W. Amber Durum.....	990-00
Smutty 4 C. W. Amber Durum.....	604-00
Total.....	1,298,447-20

Of the total deliveries amounting to 1,298,447-20 bushels marketed under the pooling system last season, 1,167,329-50 bushels, equal to 89.902%, were delivered to Saskatchewan Pool Elevators Limited, 99,013-20 bushels, equal to 7.626%, were loaded over the platform and consigned to Pool terminals, and the balance of 32,104-10 bushels, equal to 2.472%, was delivered to Line elevators.

Monthly Receipts, Deliveries and Sales

The following statement shows the volume of grain received at country elevators each month, the amount delivered to the Pool each month and the quantity sold monthly during the past year:

	<i>Receipts Bushels</i>	<i>Deliveries Bushels</i>	<i>Sales Bushels</i>
1933			
August.....	42,025-10	6,380-20	246,442-30
September.....	258,531-35	236,124-40	242,153-50
October.....	632,035-55	638,104-00	11,429-10
November.....	194,452-10	225,274-00	38,027-40
December.....	110,183-00	126,333-20	68,886-30
1934			
January.....	25,311-20	30,322-50	51,599-30
February.....	16,500-30	14,752-20	71,752-20
March.....	6,097-20	7,518-00	88,227-10
April.....	7,180-20	7,445-20	99,958-20
May.....	5,215-50	4,711-40	124,489-30
June.....	860-10	1,426-50	136,865-50
July.....	54-00	54-00	120,615-00
Total.....	1,298,447-20	1,298,447-20	1,298,447-20

Sales of Pool wheat were completed at the close of the market on 25th July, 1934, and cheques covering the final payment were mailed to growers on 28th July, 1934.

Pool Payments

Attached to this Report (Statement No. 1) will be found a copy of the Auditors' Report covering the Operating Account for the 1933-34 Pool.

Statement No. 2, attached hereto, was prepared by the Auditors of the Company and includes receipts and deliveries to the Pool, the gross selling price realized for each grade of grain delivered, as well as the net price payable to growers.

The initial payment for the 1933-34 Pool was established at 45 cents per bushel, basis One Northern,

Fort William, 10 cents per bushel higher than the initial payment made the previous year. A first interim payment of 10 cents per bushel was declared payable on 20th March, 1934, and, as indicated above, the final payment was mailed on 28th July, 1934.

The gross sales price of One Northern wheat, in store Fort William, amounted to 69.586 cents per bushel, as compared with 50.511 cents per bushel for grain delivered to the No. 1 Pool in the previous year.

Sales and Operating Expenses amounted to .806 cents per bushel, as compared with .804 the previous year.

Pool members, therefore, received a net return of 68.780 cents per bushel, basis One Northern, Fort William, or an increase of 19.073 cents per bushel over the average price of 49.707 cents per bushel realized from last year's No. 1 Pool.

Operations 1934-35 Voluntary Pool

The initial payment for the 1934-35 Pool has been established at 50 cents per bushel, basis One Northern, Fort William, an increase of 5 cents from the initial payment established last season.

Deliveries to the present year's Pool are considerably in excess of the volume of deliveries at the same time a year ago.

The regulation that growers delivering grain to be marketed through the Pool should declare their intention of pooling at the time the first load of grain is being delivered has been slightly modified for the current year. Pool delegates will realize that it is important that there should be regulations in force which will prevent the unloading of a large quantity of wheat on the Voluntary Pool in the event of any serious decline in price. It is sufficiently difficult for your Board to work out a programme of orderly marketing under existing conditions without the added danger of having a large quantity of grain delivered to the Pool in periods of low prices, thus eliminating the advantage which would normally accrue to growers delivering in the early part of the season. It became obvious in the early part of the season that, as a result of this regulation, certain difficulties were developing which militated against the delivery of grain to the Voluntary Pool. In order to meet this situation, arrangements were made that any grower delivering special bin grain would be allowed fifteen days from the date of the first storage ticket issued, or until his grain is shipped if shipped within the free storage period, in which to decide whether he would accept a Pool settlement. Your Board believes that this change has met the difficulty without at the same time endangering the position of the Voluntary Pool.

Consolidated Balance Sheet

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, 1934, together with explanatory notes on the principal items, will be found attached to this report as Statement No. 3. This Balance Sheet has been compiled by the Auditors from their certified Balance Sheets of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited and Modern Press Limited. It will be noted from this Balance Sheet that total current assets of the entire organization amount to \$17,971,566.87, with

total current liabilities of \$11,851,435.66. The difference between these two items, amounting to \$6,120,131.21, represents the current position of the organization as at 31st July, 1934. After providing for the completion of the approved building programme and work under construction at the end of the year estimated to cost \$102,300.00, the surplus available as working capital for the season 1934-35 amounts to \$6,017,831.21. This compares with working capital of \$3,390,853.89 for the previous season. The increase in working capital is particularly gratifying to your Board of Directors, as the financial position of the organization is strengthened very materially thereby.

Consolidated Capital Statement

Attached hereto (Statement No. 4) will be found a Consolidated Capital Statement which sets out the current financial position of the organization as at 31st July, 1934.

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, 1934. This statement has been prepared for the information of the delegates in order to show the composition of our surplus Capital as at the close of last year's business. Recently, it has been noted that some misunderstanding has developed among Wheat Pool delegates as to the functions of a depreciation reserve. It will be noted that there is no reference in this statement to the reserve set up each year to cover depreciation. In this connection, it may be pointed out that, for purposes of accounting, depreciation reserve does not provide new Capital but merely liquidates Capital previously invested or expended in the fixed assets of the Company against which the reserve applies.

Saskatchewan Co-operative Wheat Producers Limited

Financial Statements

A complete copy of the Financial Statement of Saskatchewan Co-operative Wheat Producers Limited, together with Messrs. Geo. A. Touche & Co. report covering last year's business, has been submitted separately to the delegates.

Balance Sheet

It will be noted that total current assets amount to \$2,876,634.53 and current liabilities to \$965,530.56. The difference between these two items amounting to \$1,911,103.97 represents the current position of the Company and is available for working Capital purposes of the organization.

Income

The total income of Saskatchewan Co-operative Wheat Producers Limited for the year ending 31st July, 1934, amounted to \$426,187.91, exclusive of the operations of the 1933-34 Pool, financial statements for which have already been submitted separately. Details of Income will be found in Statement No. 2 of the Auditors' Report.

Operating Expenses

Total Operating Expenses, exclusive of the 1933-34 Pool, amounted to \$311,067.20, leaving a surplus of Income over Expenses of \$115,120.71. Details of Expenses for the year are set out in Statement No. 2A

of the Auditors' Report. The surplus of \$115,120.71 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 \$31,375.47 representing the operating deficit of Modern Press Limited for the year ending 31st July, 1934. Full provision has been made for depreciation on office furniture and fixtures, as well as depreciation at the regular rate on the Head Office building and fixtures.

Saskatchewan Pool Elevators Limited

Saskatchewan Pool Elevators Limited owns and operates at the present time a total of 1069 country elevators in all parts of the province. The maximum number of elevators actually in operation during the season under review was 1019.

Grain Handled

A total of 58,702,063 bushels of all grain was handled through country elevators for the year ending 31st July, 1934. In addition to deliveries at country elevators, your Company handled a total of 1,665,568 bushels of grain loaded over the platform. This makes a total handling of all grain by your Company for the year ending 31st July, 1934, of 60,367,633 bushels. Comparative figures for the last three years' handlings are as follows:

Country Elevator Receipts

	1933-34	1932-33	1931-32
	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
Wheat.....	47,484,548	78,921,324	46,884,148
Oats.....	8,055,724	5,040,911	5,439,528
Barley.....	2,675,926	1,651,401	1,125,100
Flax.....	178,182	838,835	772,304
Rye.....	307,685	929,293	451,625
Total.....	<u>58,702,065</u>	<u>87,381,764</u>	<u>54,672,705</u>

Platform Handlings

	<i>Bushels</i>
1933-34.....	1,665,568
1932-33.....	3,988,281
1931-32.....	1,999,163

The average handling of grain per elevator during the season under review, based on 1019 elevators operated, amounted to 57,608 bushels of all grain as compared with 82,049 bushels for 1932-33 and 61,155 bushels for 1931-32.

During the past season, Saskatchewan Pool Elevators Limited handled 43.20% of all wheat delivered to country elevators in the province, as compared with 43.25% the previous year. Of all grain delivered to country elevators in Saskatchewan, 43.51% was handled by the Pool Elevator System, as compared with 43.02% in the previous season.

Attached to this report as Statement No. 6 will be found a statement showing the total volume of grain handled by the Company since the inception of the organization.

Grading Statement

The Company's grading statement, at the end of the year, showed a net grade loss of \$183,354.00, as compared with a loss of \$167,962.05 for the previous year. This larger grade loss can be attributed in part to the prolonged period of wet weather a year ago during harvest operations when considerable quantities of grain graded as straight grade by agents were graded tough by the Inspection Department when shipped.

Overages and Shortages

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

	<i>Overages Bushels</i>	<i>Shortages Bushels</i>	<i>Percentage total handled</i>
Wheat.....	105,665	.....	.22%
Oats.....	115,934	.....	1.44%
Barley.....	29,315	.....	1.10%
Flax.....	.....	3,986	2.24%
Rye.....	.....	1,328	.43%

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 reinspection at unload for the year ending 31st July, 1934:

<i>Cars Inspected</i>		
Winnipeg	Street.....	\$64,997.50
	Consigned.....	4,663.51
	Platform.....	1,970.17
Moose Jaw	Street.....	671.26
	Consigned.....	83.95
Saskatoon	Street.....	54.95
	Consigned.....	71.32
	Platform.....	24.16
Calgary	Street.....	33.18
Total.....		<u>\$72,570.00</u>

Claims Department

The following statement shows claims issued and paid to 31st July, 1934:

	<i>No. of Claims</i>	<i>Value</i>
Claims outstanding 31st July, 1933.....	835	\$ 5,285.01
Claims filed during season.....	1,304	20,546.83
Total.....	<u>2,139</u>	<u>\$25,831.84</u>
Claims paid during season.....	1,396	\$18,979.89
Claims withdrawn or reduced.....	445	2,905.39
Claims outstanding 31st July, 1934.....	298	3,946.56
Total.....	<u>2,139</u>	<u>\$25,831.84</u>

Insurance

Fire Losses—Four country elevators were destroyed by fire during the year, as compared with two last year. Insurance claims on buildings and contents, including claims for minor outbreaks, amounted to \$86,307.77. These claims were paid in full by the Insurance Companies. The loss ratio figured at 63.6% as compared with 16.46% for the previous year.

Fire Insurance Rates—The arrangement under which a substantial part of the Company's fire insurance risk on country elevators and contents was carried with Lloyds Underwriters of London, Eng., remains in force. A favorable reduction was secured in the rates paid in previous years. The installation of lightning rods on Pool country elevators has also resulted in a further reduction.

Excess Bonds—Our experience in carrying our own risk in connection with agents and payors excess bonds was again quite satisfactory, no losses having been charged against the amount reserved for this purpose. At the end of the year, this reserve stood at \$42,714.24, and the same arrangement is being continued for the current year.

Financial Statements

The Auditors' Report, containing detailed accounts

covering the year's operations, is included in the financial report submitted separately to the delegates.

On account of the smaller crop production, the volume of grain handled was substantially lower than in the previous year. This has resulted in reduced earnings, although the reduction is not in full proportion to the reduced handling.

It will be noted from the Balance Sheet that total current assets as at 31st July, 1934, amount to \$17,-244,291.64, with total current liabilities of \$13,043,-024.15. The difference between these two items amounting to \$4,201,267.49 represents the current position of the Company as at the end of the year. After providing for contingent liabilities of \$100,000.00 in respect of buildings and work under construction, and the sum of \$9,417.63 in respect of Saskatchewan Pool Terminals Limited, the balance of \$4,091,849.86 represents the working capital of the Company as at the beginning of the year. This shows an increase over the previous year of \$1,032,121.67 which, with the working Capital of Saskatchewan Co-operative Wheat Producers Limited and Modern Press Limited, makes a total working Capital available to the organization of \$6,017,831.21. The increase in working Capital has placed the Company in a more satisfactory position to secure adequate credits from the banks, and comes at an opportune time as a much larger line of credit was required for the current year on account of higher price levels.

Earnings

For the year ending 31st July, 1934, the total operating revenue for Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited combined amounted to \$7,705,307.58, with total operating expenses of \$5,366,225.27, leaving combined operating earnings of \$2,339,082.31, as compared with operating earnings for the previous year of \$2,797,-387.09, before providing for depreciation and interest on mortgages.

The following statement shows the distribution of Earnings:

Operating Earnings year ending 31st July, 1934....	\$2,339,082.31
Less Depreciation Reserve.....	\$1,255,796.14
Interest on Mortgages.....	2,791.48
Share of Pool Expenses.....	52,151.14
Loss on realization of Assets.....	18,377.17
Interest on 1929 Pool Over- payment accrued to 31st July, 1934.....	661,813.17
	<u>\$1,990,929.10</u>
Balance representing Net Profit.....	<u>\$ 348,153.21</u>

Country Elevator Earnings

The Pool country elevator system shows total operating revenue of \$4,815,437.53, with operating expense of \$3,292,338.57, leaving operating earnings amounting to \$1,523,098.96. After providing for depreciation on country elevators amounting to \$752,-640.98, and interest on mortgages amounting to \$2,791.48, net earnings are shown at \$767,666.50.

The net earnings of the Company, after providing for depreciation and interest on mortgages, represent an average earning per elevator, based on 1019 elevators, of \$745.18. This compares with an average earning per elevator of \$1,133.98 in the previous year.

The net earnings per bushel handled amount to 1.293 cents as compared with 1.382 cents per bushel the previous year.

Terminal Earnings

Port Arthur terminals showed total operating revenue of \$2,832,870.05, with operating expense of \$1,964,822.02, leaving operating earnings for the year ending 31st July, 1934, amounting to \$868,048.03. After providing for full depreciation on the system amounting to \$414,831.02, net earnings from Port Arthur terminals are shown at \$453,217.01. This compares with \$280,793.70 for the previous year, or a comparative net earning per bushel of 1.136 cents against .38 cents.

The Pool terminal elevator at Buffalo, N.Y., shows operating revenue of \$57,000.00, with operating expense of \$109,064.68, showing an operating deficit of \$52,064.68. After providing for depreciation amounting to \$88,324.14, there is a net loss of \$140,388.82 as compared with a net loss of \$74,210.50 last year. It will be noted that these figures are arrived at after charging interest on the investment in the elevator amounting to \$76,096.63, and depreciation of \$88,324.14. If these items had not been charged, the plant showed an actual cash return of \$24,031.95 over and above actual cash outlay for expenses. This compares with an actual cash return of \$95,485.54 for the previous year when the plant was operated for 8½ months by the Company and leased for the balance of the year to the Cargill Grain Company. On account of continued unfavorable conditions for the handling of Canadian grain through Buffalo, your Board deemed it advisable to approve leasing the Buffalo plant for another year to the Cargill Grain Company of Minneapolis.

Distribution of Earnings

As indicated above, the combined operations of the country and terminal departments for the year ending 31st July, 1934, showed a net profit, after depreciation, etc., of \$348,153.21. This amount has been transferred to Undivided Profits Account.

Attached to this report (Statement No. 7) will be found a statement of Earnings covering the entire period from 1st August, 1925, to 31st July, 1934, together with details of the distribution of these Earnings.

Growers' Equity

Attached to this report (Statement No. 8) will be found a statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1934. It will be noted from this statement that there is an increase in the balance of Assets over Liabilities from \$8,585,583.31 to \$10,731,213.32, as at 31st July, 1934, thus increasing the growers' equity by \$2,145,630.01. In percentages, the growers' equity now stands at 45.655% of the value of the Company's assets, as compared with 39.327% last year, an increase of 6.328% during the year.

Coarse Grains Department

Total sales of coarse grains to the Saskatchewan Relief Commission, in carload quantities, during the past year, amounted to approximately 4,400,000 bushels. This includes both seed and feed grains shipped to the drought areas for account of the Commission. An additional million bushels of grain purchased by the Commission, either direct from growers or from Line elevator companies, was also unloaded for distribution. Cash sales of coarse grains in carload lots, amounting to approximately 2,000,000 bushels, were made to buyers other than the Commission. This makes a total movement of grain in carload lots

by your Company to the drought areas of approximately 7,400,000 bushels. These figures do not include local sales from elevators in the drought areas, or grain purchased by the Commission out of elevators for seed purposes.

During the season, arrangements were made to have a considerable quantity of barley diverted to the malting houses at Winnipeg. The malting premium secured on these shipments was reflected back to shippers of consigned cars.

Reference is made in the Central Report to the work of the Central Board in co-operating with the National Research Council, and the National Advisory Committee on Agricultural Services, in dealing with new problems which arise from time to time in the production and handling of grain. In connection with this work, the National Barley Committee, composed of representatives of organizations and institutions interested in the barley industry, has been established. The purpose of the National Committee is to carry on such activities as testing new varieties of barley, analysis of feeding and malting values to suit trade requirements; zoning of areas best suited for the production of the various types of barley, and the extension of barley markets. At the request of the National Barley Council, a member of your Board of Directors was appointed to act as a member of this Council, Mr. Brooks Catton being appointed for this purpose.

Churchill

Since the first trial shipments of 544,000 bushels of Pool wheat were made in the 1931 navigation season, there has been a steadily increasing volume of exports through this northern port. During the 1934 navigation season, 15 vessels entered the port and sailed with return cargoes of Western Canadian products. Exports through Churchill, for the 1934 season, include approximately 4 million bushels of wheat, 4,200 tons of flour and mill products, 580 head of cattle, 2 million feet of lumber and 8 tons of honey. This is the largest number of sailings, and the largest quantity of cargo so far shipped from Churchill.

The substantial increase in the volume of exports passing through the port of Churchill has been made possible largely by the action of your organization in exporting substantial shipments of wheat. During the 1934 shipping season, your organization chartered 13 vessels to carry wheat. It will be remembered that, last year, the S.S. Brandon was chartered by Saskatchewan Pool Elevators Limited to carry a cargo of wheat and that at the same time arrangements were made to have this boat equipped to carry cattle, so that a trial shipment of cattle might be made from Churchill to Great Britain. For the season 1934, the S.S. Brandon was chartered by your organization for two voyages out of Churchill, thus enabling two shipments of live cattle to be made out of Churchill last year. Wheat, however, still provides the principal source of cargoes.

The following figures show the volume shipped each year since the port was opened:

<i>Shipments via Churchill</i>	
1931.....	544,769 bushels
1932.....	2,736,029 "
1933.....	2,707,891 "
1934.....	4,049,877 "
<hr/>	
Total wheat exported to date.....	10,038,566 bushels
Wheat in store as at 26th Oct., 1934	1,211,978 "
<hr/>	
Total Receipts to date	<u>11,250,544 bushels</u>

Of the total amount of 11,250,544 bushels of wheat shipped to date to this port, Saskatchewan Pool Elevators Limited and the Central Selling Agency have supplied 9,652,085 bushels. Of this amount, the trial shipments made in 1931, amounting to 544,769 bushels, were supplied by the Central Selling Agency, while the balance has been supplied by Saskatchewan Pool Elevators Limited. This shows that since the port was opened 85.79% of all grain shipped has been supplied by your organization.

The event of outstanding importance in last year's developments at this port was the entry of Saskatchewan Pool Elevators Limited as a direct exporter of grain to European markets.

The development of the port of Churchill presents a striking tribute to the national value of the Saskatchewan Wheat Pool organization. Your Board is satisfied that, without the assistance of your organization, the present state of development of this northern seaport could not have been reached.

It may be of interest to the delegates to know that two vessels, namely, the S.S. Brandon and the S.S. Grelhead, were able to make two voyages out of Churchill during the 1934 season.

For the information of the delegates, the following statement shows the record of vessels chartered by your Company, together with the grain tonnage carried in each for the 1934 navigation season:

	<i>Destination</i>	<i>Grain Cargo</i>
S.S. Brandon	London	324,000 bushels
" Grelhead	Rotterdam	264,000 "
" Rio Claro	Antwerp	265,066 "
" Dalworth	London	206,488 "
" Thomas Walton	Glasgow	280,000 "
" Burgerdyk	Antwerp	338,000 "
" Monkswood	U.K.	258,000 "
" Charles L. D.	Antwerp	320,000 "
" Bilerdyk	London	277,284 "
" Alma Dawson	Birkenhead	220,000 "
" Grelhead (2nd trip)	U.K.	261,000 "
" Ashworth	London	228,300 "
" Brandon (2nd trip)	Hull	325,000 "

As reported to the last annual meeting of delegates, a favorable agreement with the Dominion government, for the storage and export of grain through the government terminal elevator at Churchill, was entered into last season. This agreement has been extended for the present season and Saskatchewan Pool Elevators Limited will carry in store at Churchill between 1¾ to 2 million bushels of wheat for shipment in 1935.

While there was some reduction in the insurance rates in the past year, your Board is satisfied that still further reductions will be available as the safety of the route is established by an increasing number of vessels entering and leaving the port of Churchill. On the average, freight rates were somewhat lower than in the previous season, and, as hull insurance is reduced, it is probable that further reductions in freight rates will be secured. An increased volume of inbound cargo for distribution in Western Canada will also play an important part in reducing outward rates.

Saskatchewan Pool Terminals Limited

Handlings

For the crop year 1st August, 1933, to 31st July, 1934, Pool terminal elevators handled a total of 39,828,710 bushels of grain, as compared with a total of 74,114,619 bushels in the previous year. The reduction in volume of grain handled is accounted for partly

by the short crop last season, and partly by shipments made by Saskatchewan Pool Elevators Limited to Churchill and to milling companies. Shipments to Churchill and milling companies amounted to approximately 6,600,000 bushels of wheat, and approximately 1,000,000 bushels of coarse grains were sold to milling and malting companies.

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

	1933-34 Bushels	1932-33 Bushels
Terminal No. 4.....	12,140,441	17,378,862
Terminal No. 5.....	1,872,200	6,368,534
Terminal No. 6.....	12,097,038	20,216,112
Terminal No. 7.....	13,719,031	23,765,314
Terminal No. 8.....	.....	6,385,797
Total.....	<u>39,828,710</u>	<u>74,114,619</u>

As at 31st July, 1934, there was in store in all Saskatchewan Pool terminals at the Head of the Lakes a total of 18,609,756 bushels of grain, as compared with 18,497,010 bushels a year ago. During the season, 21,560 bushels of grain shipped by the Alberta Pool were unloaded in Saskatchewan Pool terminals, while 14,669 bushels were unloaded from Manitoba Pool Elevators Limited.

During the past year, screenings were shipped from Pool terminals as follows:

Refuse Screenings.....	10,228 tons
Standard Recleaned Screenings.....	3,150 tons
Mixed Feed Oats.....	1,046,021 bushels

Due to the shortage of feed in the United States, there has been a better demand for screenings. The price of refuse screenings, which was quoted at \$3.00 a ton in May, had advanced to \$13.00 a ton f.o.b. Port Arthur by September of the present year.

Financial Statements

Complete 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.

Saskatchewan Wheat Pool Construction Company Limited

Elevator Construction

During the 1934 building season, two new elevators, both of 35,000 bushels capacity, were built, one at Baljennie and one at Whitkow. Pool elevators at North Battleford and Prud'homme, which had been destroyed by fire, were rebuilt. In connection with Prud'homme, the salvage from Aylesbury "A" elevator was used to rebuild into a 35,000 bushel house. At North Battleford a new elevator was built on the same site with a capacity of 35,000 bushels. This elevator is electrically equipped.

In surveying the elevator situation during the past year, your Board decided that it would be possible to dismantle certain elevators at two-elevator points and rebuild at points not yet served by Pool elevators.

In consequence, the following elevators were dismantled and rebuilt:

Dundurn	"A"	rebuilt at St. Benedict
Harris	"A"	rebuilt at Carlea
Richard	"B"	rebuilt at Redfield

The above three elevators are all of 35,000 bushels capacity.

In addition to the above, the elevator at Kindersley was dismantled during the season and a new 45,000 bushel house erected on a new site.

For the information of the delegates, the average cost of a new 35,000 bushel elevator during the past year was approximately \$10,900.00.

Cleaners

During the past year, a heavy demand developed, particularly in the northern parts of the province, for the installation of cleaners in country elevators. In an effort to meet this demand, 40 new cleaners were installed and 16 old cleaners were transferred. Other construction activity included:

1. Four new air dumps installed at stations which had not previously been served.
2. Five new ten ton scales were installed, replacing six ton scales.
3. Three new engines were installed, replacing old engines.
4. 253 elevators and 40 annexes were painted during the year

Agents' Cottages

Eight new cottages were provided for agents at the following stations:

4-Room Cottages at Bankend
Cavaller
Duperow
Falrholme
Sonningdale
3-Room Cottages at Cactus Lake and Swinbourne
4-Room 2-Storey House at Cana

The average cost, exclusive of the building site, of the above cottages was as follows:

4-Room Cottage.....	\$1,500.00
3-Room Cottage.....	975.00
4-Room 2-Storey House.....	1,250.00

Modern Press Limited

Financial Statements

Full particulars of the operations of Modern Press Limited for the year ending 31st July, 1934, are found in the Financial Statements and Auditors' Report covering the operations of the Wheat Pool organization, and submitted separately to the delegates.

After providing for depreciation on Fixed Assets to the extent of \$5,621.48, and after making provision for doubtful accounts to the extent of \$2,000.00, the operations of the Company for the past year show a loss of \$31,375.47. This is made up of a loss on the publication of the Western Producer amounting to \$34,393.00 less a profit of \$3,017.53 from the Job Printing Department. This result compares with a net loss of \$30,217.04 last year. The net deficit for the year has again been charged to Saskatchewan Co-operative Wheat Producers Limited.

Western Producer

At the end of the last fiscal year, the Western Producer showed a total net paid circulation of 62,122 copies, as compared with 51,464 copies for the last issue in July, 1933, and 46,552 copies in July, 1932.

Circulation in the Province of Alberta increased by approximately 5,000 copies, and there is also a slight increase in Manitoba subscriptions, approximately 1,100 copies being distributed in that province each week.

A campaign is underway at the present time with a view to bringing up the circulation of the Western Producer to a minimum of 80,000 copies per week. This is the first step in a general extension programme designed to include a number of the features which have been urged by many of its readers. The increased circulation will justify an increase in advertising rates which should react in increased revenue. The increase in circulation secured during the past year can be regarded as satisfactory, and your Board is of the opinion that the reader interest has been maintained throughout the year.

The Modern Press plant is equipped to handle a very much larger volume of business than is at present being turned out, and your Board is satisfied that any improvement in economic conditions will be quickly reflected both in advertising revenue for the Western Producer and in increased volume of job printing as well.

Publicity Department

Publicity and advertising work during the year 1933-34 was carried on to much the same extent as the previous year.

Western Producer

Since The Western Producer is regarded as the organ of the agricultural co-operative movement in this province, it continues to be the principal medium for news of the organization. Information on the co-operative movement generally, as well as on production and marketing aspects of the international wheat situation, is supplied regularly by this department for publication in The Producer.

The department also co-operated with The Western Producer in providing special reports on the 1934 session of the Saskatchewan Legislature.

Country Weekly Newspapers

About 160 weekly newspapers in Saskatchewan carry advertising for the organization, as this field has always been regarded as a suitable medium for advertising purposes. Even when advertising appropriations have been curtailed, as has been the case during the past year, special attention is given to this section of our advertising programme. This is also true of a selected list of non-English papers circulated in the province. The practice of supplying the country weekly and non-English papers with brief news items, in the form of Pool Notes, was continued throughout the year. These Pool Notes have been published by a large majority of the papers.

Pool Library

The Wheat Pool library, containing a careful selection of books on agriculture, co-operation, sociology, trade and commerce, etc., for the use of Pool members, shows a steady growth in popularity. With the policy providing for payment of postage by the organization and library borrowers each one way in effect for a second consecutive year, a total of 4,496 books was mailed from the library as against 2,416 books in 1932-33. Last year's circulation of the Pool library compared favorably with 5,272 books in 1930-31

when postage was paid both ways by the organization. Additional books and pamphlets secured during the year have brought the total number of books in the library, now available to borrowers, to approximately 1,500 volumes.

A new catalogue has been prepared recently and a copy has been placed in the hands of each Pool elevator agent so that it may be available at all times to Pool members.

Pool Calendar

A total of 110,000 copies of the Wheat Pool calendar was printed and distributed in the Fall of 1933. Even this large quantity was not quite sufficient to meet all requests. For the new calendar of the present year, 133,000 copies have been ordered, of which approximately 97,000 were mailed directly to shareholders during the Fall and the remainder supplied for general distribution by the Pool elevator agents.

Special Advertising

Since August, 1932, full-page advertisements on behalf of Saskatchewan Pool Elevators Limited have appeared weekly on the back page of *The Western Producer*. These advertisements are also reprinted regularly in sheet form and distributed to agents. Other special advertising in 1933 and 1934 included the Forum Number of *The Western Producer*, published in June, the jubilee issue of a Port Arthur newspaper, and special numbers of certain weekly papers published in Saskatchewan.

Country Organization Department

Wheat Pool Committees

The total number of Wheat Pool committees on record, as at 31st July, 1934, was 1,167 as compared with 1,181 a year ago. During the year, 14 new committees were organized and 28 committees ceased to function, their activities having been transferred to new railway points. The usual schedule showing the number of committees by district and sub-district is attached hereto as Statement No. 9.

Since 1st December, 1933, 900 Wheat Pool committees have reported reorganization. The total number of committees reorganized during the year 1st August, 1933, to 31st July, 1934, is 977. Only 190 Wheat Pool committees did not report re-organization during the year. Last year the number reporting re-organization was 812. The substantial increase in committees reporting indicates an increased 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. 10.

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

It was noted that where the delegates of a sub-district have accepted responsibility in connection with the holding of regular meetings of the committees, a very high percentage of committees are meeting regularly.

Committee Conventions

The Committee Conventions held this year appear to have been even more successful than in any previous year. Wheat Pool committee members attended these Conventions with greater interest, and were also able

to make a greater contribution to the discussions. At all Conventions held, an opportunity was given to review the results of the regular meeting programme.

Interprovincial Co-operation

Canadian Co-operative Wheat Producers Limited

A copy of the annual report of the Board of Directors of Canadian Co-operative Wheat Producers Limited to the shareholders is appended hereto, together with copy of report submitted by Mr. J. I. McFarland, the General Manager, to the annual meeting of shareholders.

While Canadian Co-operative Wheat Producers Limited no longer acts as selling agent for the three provincial Pools, these organizations still have a very definite interest in its operations in relation to the 1930 Pool. This organization continues to act as the agency through which market stabilization operations have been carried on under the guarantee of the federal government. As these activities, originally undertaken in 1930, are still continuing, it is not yet possible to submit a definite statement to this meeting in connection with the position of the 1930 Pool. Officials of Canadian Co-operative Wheat Producers Limited, however, will be in attendance at this meeting, and an opportunity will be afforded of discussing the whole situation.

During the past year, meetings of the Central Board have been held regularly every two months, and Mr. L. C. Brouillette, President of this organization, who is also President of the Central body, has continued to maintain a close contact with the operations of the Company between Board meetings. The Central Board has continued to exert a beneficial co-ordinating influence on the activities of the three provincial organizations. Matters of interest to the three provincial Pools are agreed upon at these Central meetings and referred to the provincial organizations for confirmation. The Central report conveys information in connection with some of the important matters dealt with in the past year.

Interprovincial Meetings

In former years, a meeting of the full Boards of Directors of the three provincial organizations was held prior to the annual meetings of delegates at which the operations of the Central Selling Agency were fully reviewed. In the month of September last, it was indicated by all three organizations that it would be in the best interests of the co-operative movement generally, and of all three organizations, if these meetings were revived, and arrangements were made to hold an interprovincial meeting in Winnipeg during the last week of September. At this meeting, a resolution was passed approving and endorsing the principles embodied in the Natural Products Marketing Act. Pending developments in the Canadian and international wheat situation, the directors of the Central Board were asked to investigate fully the preparation of a suitable proposal involving the marketing of Canadian grain under the provisions of the Act, such proposal to be submitted to the Board of the three provincial Pools, or possibly to an interprovincial meeting of the three full Boards of Directors, in order that unanimity of action as between the three provinces might be secured. Discussions on other questions of common interest established the fact that the closest possible

relationship exists between the three provincial organizations.

Interprovincial Radio Broadcast

At the meeting above referred to, a final decision was arrived at to institute an interprovincial radio broadcast each week for a period of thirteen weeks, over a western network of stations. An interprovincial committee was appointed to draw up a programme of addresses originating within the provinces. These addresses will be delivered by directors and officers of the three provincial Pools. It is also hoped to secure a prominent woman speaker to take charge of one of these programmes, while the closing address on the last Wednesday evening in December will probably be delivered by Mr. J. I. McFarland, General Manager of Canadian Co-operative Wheat Producers Limited, when he will submit his views on the international wheat situation at that time. The programme has been designed so that farmers, and Pool members generally, of each province, will secure firsthand information on the operations of the sister organizations in the other provinces. These broadcasts will be delivered each Wednesday from 8.15 to 8.30 p.m., Mountain Standard Time, over a western network comprising stations at Winnipeg, Manitoba; Regina, Saskatoon, Moose Jaw and Yorkton, Saskatchewan; and Calgary and Edmonton in Alberta.

Canadian Pool Agencies Limited

Attached to this report, and following the report of the Board of Directors of Canadian Co-operative Wheat Producers Limited, will be found the annual 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, 1934, and Statement of Income and Expenses of this Company for the year, are also appended hereto as Statements No. 11 and 12 respectively. The result of the year's operations shows a profit of \$37,241.50.

Canadian Pool Agencies Limited have continued to be of value to the Pool organizations, not only in securing very substantial savings in rates on practically every class of insurance, but also in the service which the Company has been able to render. During the past season, the Agency has placed insurance on eleven cargoes of wheat shipped out of Churchill, covering three million bushels of the approximate value of \$2,825,000.00. This business was placed at rates which were lower than those in force last year, but as the route is approved it is anticipated that these rates will be reduced further.

The subscribed Capital of Canadian Pool Agencies Limited is held by the three provincial Pool organizations, whose insurance business constitutes the business of the Agency. After paying interest at the rate of six per cent on the paid-up Capital of the Company, the surplus arising from the operations of the Company is distributed as a dividend on a patronage basis to the shareholders. For the year under review, patronage dividends amounting to \$37,685.43 were distributed as follows:

Manitoba.....	\$ 3,864.67
Saskatchewan.....	22,786.73
Alberta.....	11,034.03
Total.....	<u>\$37,685.43</u>

Other Co-operative Activity

Quarterly Co-operative Conference

During the past year, regular meetings of the Saskatchewan Co-operative Conference were held, all of which were attended by a representative of the Board of Directors.

As Pool delegates are aware, the Saskatchewan Co-operative Conference is representative of all the larger producer co-operative organizations, including also the farmers' educational organization, Association of Rural Municipalities, Municipal Hail Association, etc. The regular meetings of this Conference provide a common ground at which matters of interest to agriculture may be discussed and decisions arrived at.

During the past year, advantage was taken of the presence in the province of Mr. Geo. Keen, Secretary of the Co-operative Union of Canada, to hold a conference of representatives of consumers' co-operative associations, and invitations were extended to the producer organizations to attend and take part in the discussions. This gathering was the first of its kind which had been held in the province, and was decidedly satisfactory to all participating. Arrangements were made to set up a permanent executive committee to be responsible for convening a similar conference next year.

Co-operative Union of Canada

Membership in the Co-operative Union of Canada was maintained during the past year.

British Co-operatives

During the month of September, representatives of the Co-operative Wholesale Society visited Western Canada, and your Board was enabled to meet with Sir Wm. Dudley, President of the C.W.S., Mr. Graham, one of its directors, and Mr. A. H. Hobley, Wheat Buyer for that organization. Advantage was taken of this meeting to discuss a number of matters of mutual interest.

Quebec Co-operative Federee

In the early part of the present year, discussions were initiated with the Co-operative Federee of Quebec, with a view to determining whether it would be possible to increase the market for western feed grains in the eastern and maritime provinces. The Quebec Co-operative Federee has a very substantial distributing business in the east, and plays an important part in the business of distributing feed stuffs, particularly in the Province of Quebec.

As a result of the preliminary correspondence, a committee of your Board met with officials of the Federee in Montreal, and discussed a possible basis upon which such business might be carried out. At a later date, representatives of the Quebec organization came to Regina and went fully into the whole question. As a result of these discussions, a basis upon which business could be carried out was agreed upon. However, conditions surrounding the feed grain situation have changed entirely since these discussions were originated. Due to the unprecedented failure of the feed grain crop in the United States, together with the very keen demand for malting barley, the price of western coarse grains early in the present season was out of line with other feed stuffs. For example: Low grade flour was selling in Quebec in September at a price less than ground barley. Again, under the terms of the

Ottawa agreements, corn from British South Africa is admitted free of duty to Canada and, from the price information available, it was obvious that on the basis of existing price levels for western grains, it would be difficult to compete with British South African corn at Quebec and maritime ports. However, your Board is glad to be able to report that a basis upon which business can be transacted between these two co-operative organizations has been agreed upon and, when the proper conditions develop, it should be possible to work out a satisfactory market for surplus western feed grains in the east.

Manitoba Pool Elevators Limited also participated in the various conferences held and will co-operate with Saskatchewan in supplying feed grains when the demand develops.

Up to the end of October, one thousand tons of standard recleaned screenings and approximately 140 thousand bushels of feed grains have been sold to the Quebec Co-operative.

Bulk Commodities

At the last annual meeting of delegates, a resolution was passed recommending to the Board of Directors that we continue to co-operate with the Saskatchewan Co-operative Wholesale Society in the distribution and sale of bulk commodities on a basis satisfactory to the Pool Board, looking toward a wider development in the future.

Following the annual meeting, a committee of your Board was in communication with the Co-operative Wholesale Society, with a view to working out a basis upon which the necessary co-operation could be established. Your Board holds to the opinion that any permanent successful development will depend upon organized local units being established in various parts of the province, which will accept responsibility for the continued operation of the business. This view is also held by the Co-operative Wholesale Society. In consequence, an agreement was arrived at between the two organizations, based upon the establishment of local co-operative units. Each local unit would also be a shareholder of the Co-operative Wholesale Society which would exercise a certain measure of control over the business carried on by the locals.

While no outstanding development has taken place along the above line during the past year, judging by the sentiment expressed at the provincial conference already referred to, your Board is of the opinion that progress is being made in the development of consumers' co-operative organization in Saskatchewan.

Enrollment of New Members

For the year ending 31st July, 1934, 632 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 shareholders of the Company. Since the close of the year, 54 new applications were received in August and 72 were received in the first two weeks of September. A substantial number of the new shareholders are delivering their grain to the 1934-35 Pool.

At a recent meeting of the Board, it was decided to recommend to the delegates that growers making application for a share of stock in Saskatchewan Co-operative Wheat Producers Limited should be entitled

to all the privileges of Pool membership from the grain year in which their application is dated—provided such application is accepted and a share allotted by the Board. Your Board will welcome an expression of opinion from the meeting on this question.

McPhail Memorial Foundation

At the last annual meeting of delegates, a proposal was submitted for the establishment of a memorial to the late A. J. McPhail, first President of this organization, and a resolution passed authorizing the Board to take the necessary steps to give effect to the various recommendations submitted.

Following the December meeting, a committee of the Board was appointed for the purpose of working out details of the proposed memorial. A progress report of this committee was made available to the district delegates' meetings held in the Spring of the present year.

On the recommendation of the committee, the Board has approved the establishment of a McPhail Memorial Foundation. In a general way, the objective of the Foundation will be to perpetuate the memory of an outstanding Canadian citizen who devoted the best years of his life to the improvement of agricultural conditions in Western Canada through the establishment of an educational foundation. The programme of this organization would be designed to secure:

1. A higher standard of living among the farm homes of Western Canada with a greater share in the comforts of civilization and the utmost opportunity to live a fuller, freer and happier life.
2. The development of a broader appreciation of the principles of co-operation as a means toward this end.
3. The development of the widest possible recognition of the responsibilities of citizenship as between rural and urban dwellers to the end that equality of opportunity may be forthcoming to all classes of citizens in the country.

At the present time, a canvass is being undertaken for funds with a view to ascertaining the amount of support available for the project from individual farmers constituting the members of this organization. Contributions may be made either in cash or through the delivery of small amounts of wheat. A letter has been forwarded to all delegates, as well as to the chairmen and secretaries of Wheat Pool committees, outlining the proposal and asking for their co-operation in bringing this undertaking to a successful issue. All contributions, no matter how small, will be regarded as contributions to capital and, in the immediate future, only the income derived from the investment of these funds will be regarded as revenue.

It is obvious that it will take some little time to build up the fund to the point where it can be regarded as satisfactory. The Board is of the opinion, however, that, if the result of the preliminary canvass indicates adequate support for the proposal, every effort should be made to have the work of the Foundation initiated at the earliest possible moment, probably in the Spring of 1935. As it is unlikely that the income of the Foundation will be sufficiently large to allow this work to be proceeded with in the immediate future, the Board is recommending for the consideration of the delegates:

1. That all incorporation and secretarial expenses in connection with the Foundation should be absorbed by the Saskatchewan Wheat Pool until such time as the Fund is in receipt of an income of \$5,000.00 per annum.

2. In order to enable the Foundation to get to work at the earliest possible moment, the Wheat Pool organization should be authorized to contribute to the operating expense of the fund whatever amount would be necessary to bring the income up to \$3,000.00 per annum for a period not exceeding three years. (In this connection, it is obviously impossible to estimate the exact amount required for such a contribution as this will depend entirely on the revenue received from the investment of the fund.)

As the Foundation will be entirely educational, your Board believes that any sum which the organization might be called upon to pay for this purpose during the next three years may be regarded as an excellent investment.

In launching the McPhail Memorial Foundation, your Board realizes that, due to crop conditions throughout the province, the work of organization will meet with many difficulties unlikely to arise under happier economic conditions. On the other hand, the Board believes that the need for such an educational foundation, devoting its efforts toward the solution of the many problems with which the agricultural industry is faced, was never as great as it is today.

Co-operative Education Committee

During the past year, this committee of the Board gave serious consideration to various methods by which a better appreciation of the principles of co-operation and of the co-operative movement in Saskatchewan might be carried not only to members of our organization but to the public generally. During the year, the committee has initiated three major activities:

1. *An Educational Film.*

Some time ago your Board approved a recommendation of the Co-operative Education Committee that arrangements be made to produce a special film, copies of which could be made and shown by the field men during their regular work. This film when completed will provide good entertainment and will, at the same time, convey the message of co-operation to the audiences to which it is shown. The production of this film is now nearing completion and it is hoped that it will be available for country organization work during the coming Winter season. When completed, it will provide a full hour's entertainment. There will be three reels of 1,000 feet, each made under our direction in Western Canada, with shots at the Head of the Lakes. The English Co-operative Wholesale Society has undertaken to co-operate with us by supplying one reel of a picture made by them some time ago, a substantial part of which can be incorporated into the general story of the film.

2. *Teachers' Essay Contest.*

During the year, an invitation was extended to the teachers of Public and Separate schools throughout the province, to write a thesis of not more than 3,000 words on the subject "Co-operation by the Teacher (a) In the Community, and (b) In the Profession." Realizing the important part played by Public Schools and Public School teachers in the community life of the province, the Co-operative Education Committee was anxious to encourage a measure of research among Public School teachers covering the operation of co-operative principles, both in relation to the community surrounding the school and in the teaching profession. In connection with this matter, it may be of interest to the delegates to know that the spirit of the present school curriculum

is "that the school should teach co-operation rather than competition."

3. *Text Book.*

This Committee has also had under consideration the matter of the preparation of a history of the co-operative movement in Western Canada, with a view to the possibility of its adoption as a supplementary reader in the schools of the province, or, in a more condensed form, as a text book on co-operation. Material for this work is being assembled by our own Publicity Department, and it is hoped to have a completed manuscript available in the near future.

Marketing Legislation

Natural Products Marketing Act—Dominion

Reference was made in the last annual report to the appointment of a committee representative of producers' co-operative organizations from all provinces of Canada, for the purpose of endeavoring to secure federal marketing legislation adequate to the needs of producers of agricultural products in all parts of Canada. Mr. A. H. Mercer, of the Fraser Valley Milk Producers' Association, acted as Chairman of the Producers' Committee, and Mr. R. H. Milliken as Secretary.

During the 1934 session of Parliament, the federal government introduced the Natural Products Marketing Act. The Producers' Committee above referred to was active throughout the Winter in presenting the views of the producers' organizations to the proper authorities.

The preamble to the Act states that this is "An Act to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith." The Act definitely assumes, therefore, that present methods followed in marketing natural products in Canada and in the export trade cannot be regarded as satisfactory.

The term "Natural Product" covers a wide range of commodities and includes "animals, meats, eggs, wool, dairy products, grains, seeds, fruit and fruit products, vegetables and vegetable products, maple products, honey, tobacco, lumber, and such other natural products of agriculture and of the forest, sea, lake or river, and any article of food or drink wholly or partly manufactured or derived from any such product that may be designated by the Governor in Council, in accordance with the provisions of this Act."

The powers provided in the legislation are centered in the Governor in Council, the Minister administering the Act, a Dominion Marketing Board, and local Boards which may be set up under the Act.

According to an analysis of the Act prepared by Dr. H. Barton, Deputy Minister of Agriculture at Ottawa, who has been appointed Chairman of the Dominion Marketing Board, there are four principal features in this Act. These are:

1. Provision for the formation of local boards to exercise powers under the supervision of the Dominion Board, which may be delegated to them by the Dominion Board, for regulating the marketing of natural products produced or owned by those who come within the control of such Boards. This provision is made to enable those who produce and market natural products to constitute control machinery of their own through which they may regulate the movement, direct the sale, without the power of buying and selling or of fixing prices, and determine

the practices that shall prevail in the marketing of such products. Local boards may apply regulations to products in intra provincial trade, interprovincial trade and export trade. This power is provided by reciprocal federal and provincial legislation.

2. Provision for the regulating of marketing and the marketing of natural products in interprovincial or export trade, by the Dominion Marketing Board directly or in co-operation with local boards, or through any agency which it may establish. This provision is made in order that action may be taken when it seems called for in cases where local board organization does not exist, or when it covers only part of the situation, also in cases that would be extremely difficult, perhaps impracticable, to organize satisfactorily under local boards, and also in cases of emergency market conditions which seem to call for special action.
3. Provision under Order-in-Council to regulate or restrict the importation into Canada of any natural product which enters Canada in competition with a regulated product and to regulate or restrict the exportation from Canada of any natural product. This provision is made because of the prevailing unsettled conditions in trade and in order that it may be possible to deal with situations that may arise through conditions in the markets of other countries or through action that other countries may take concerning markets and marketing.
4. Provision for the investigation of marketing conditions and practices in connection with natural products and the power to prosecute every person who, to the detriment or against the interest of the public, charges, receives or attempts to receive any spread which is excessive or results in undue enhancement of prices or otherwise restrains or injures trade or commerce in the natural or regulated product. This provision is made in the interests of producers, marketers and consumers and for the following purposes:
 - (a) To obtain reliable information as to costs of marketing.
 - (b) To effect economies in marketing.
 - (c) To prevent exploitation and injury.

Natural Products Marketing Act—Provincial

Towards the end of the last session of the Saskatchewan Legislature, a provincial Act entitled "The Natural Products Marketing Act 1934" was passed. This Act provided that in so far as any provisions of the federal Marketing Act and any regulations that might be made thereunder fall within the legislative authority of the province and outside of the authority of the Dominion, such provision should have the force of law in Saskatchewan. The provincial Act was to come into force on a date to be set by proclamation of the Lieutenant Governor. Up to this date the provincial legislation has not been proclaimed.

General

Schemes for the control or regulation of various commodities have already been submitted and, in some cases, approved by the Dominion Marketing Board. These include regulations for the export of apples and pears from Nova Scotia and British Columbia and also western red cedar shingles from the latter province. Marketing schemes have also been submitted by the Ontario tobacco growers and potato growers. In Saskatchewan, a plan for marketing eggs and poultry under the provisions of the Natural Products Marketing Act has been submitted by the western Poultry Pools to the Dominion Marketing Board.

The proposal, as submitted, is designed to bring the provisions of the Marketing Act into operation within the Provinces of Manitoba, Saskatchewan and Alberta, by utilizing as far as possible the existing co-operative organizations in these provinces. We understand that tentative approval of the plan submitted has been given by the Dominion Marketing Board which

has also arranged for a period of time during which any objections may be filed against the proposal.

A plan has also been submitted by the Saskatchewan Livestock Pool and, at the present time, this plan is under consideration by the Livestock producers of Manitoba and Alberta.

The question of the application of the provisions of the Natural Products Marketing Act to the marketing of grain in these three western provinces has been considered by your Board, and also with the Boards of the Manitoba and Alberta Pools at an interprovincial meeting held last month.

Recent market occurrences have only confirmed the view which your organization has held since its inception, that substantial changes are vitally necessary in our grain marketing system before any measure of price stability can be secured for the producers.

In co-operation with the other provinces, your Board has studied the possible operations of an organization set up under the provisions of the Natural Products Marketing Act, in an effort to ascertain whether such an organization could be expected to bring some relief to the wheat growers of Western Canada. Your Board is satisfied, however, that, in view of the existing international wheat situation, the best interests of the wheat growers of Western Canada, as well as the national interest, will be served by the establishment of a national marketing organization with complete control over the movement and marketing of the grain crop, and with adequate grower representation, in time to accept responsibility for the marketing of the 1935 crop.

The purchasing power of a bushel of wheat is the most important factor in the economic life of Canada. In view of the widespread international aspect of wheat production, it is obvious that the price realized for the world wheat crop is one of the major factors in world economic conditions. It is generally accepted that there can be no return to more prosperous times until the producer is able to secure a return for his product somewhere near parity with what he has to pay for his implements of production and his means of livelihood. Your Board is satisfied that this is likely to be achieved as a result of joint agreement between exporting and importing countries. It is obvious that no such agreement can ever be reached so long as the marketing of the Canadian wheat crop follows its present chaotic course. Your Board is more than ever convinced that international co-operation holds the key to better times, and we believe that the establishment of a national marketing agency with complete control over the Canadian crop will place Canada in a first class position to work with the other nations of the world, both exporters and importers, in an effort to find a solution to the present impasse.

In the meantime, however, further consideration is being given to possible development under the provisions of the Natural Products Marketing Act. The directors of the Central Selling Agency, as representing the three provincial Pools, have been requested to continue to study the possibilities inherent in the Marketing Act with a view to maintaining unanimity of opinion between the three provincial organizations. The legal advisers of the three organizations have also been asked to make a study of both provincial and federal legislation with a view to a uniform decision on the part of the three provinces as to what amending

legislation, if any, may be needed to make this marketing legislation adequate to the needs of the producers of Western Canada.

Debt Adjustment Legislation

Farmers' Creditors Arrangement Act—Federal

At the last session of the Dominion parliament, legislation was passed designed to deal with the adjustment of farmer indebtedness under the title of "The Farmers' Creditors Arrangement Act." The purpose of the Act is set out in the preamble, which reads as follows:

"Whereas in view of the depressed state of agriculture the present indebtedness of many farmers is not within their capacity to pay;

And whereas it is essential in the interest of the Dominion to retain the farmers on the land as efficient producers, and for such purpose it is necessary to provide means whereby compromises or re-arrangements may be effected of debts of farmers who are unable to pay."

The Act provides for the setting up of an official receiver in each judicial district of the province. Where a farmer wishes to place himself under the operations of the Act, he must communicate with the official receiver of the judicial district in which he resides, who will then assist him in the preparation of a complete statement of his affairs and, at the same time, determine the productive value of his assets, in an effort to establish his ability to pay. Based on the information so provided, the farmer formulates a proposal for adjustment. The official receiver will forward a copy of the proposal to each creditor and arrange for a meeting of all creditors with the farmer. At this meeting an effort should be made either to have the proposal agreed to by the creditors or some other proposal satisfactory both to the farmer and to the creditors. If an agreement is arrived at at this meeting, the official receiver applies to the court to have the proposal approved and, when approved, it becomes binding both upon the creditors and the farmer. The Act also provides for the establishment of a Board of Review of three members, the chairman of which will be a judge of the Court of King's Bench or of the Court of Appeal. If a proposal cannot be agreed to between the farmer and his creditors then within fifteen days from the meeting of creditors, either the farmer or any creditor can ask the Board of Review to draw up a proposal for adjustment. The Board of Review has power under the Act to formulate a proposal for submission to the creditors and the farmer and if such a proposal is satisfactory to both it then becomes binding upon all parties. Under the Act the Board of Review itself has authority to draw up a proposal and compel its acceptance both by the creditors and the farmer. After a proposal has been agreed to, either through the official receiver confirmed by the court, or by the Board of Review, the payments agreed to by the farmer must be maintained. Should the farmer fail to meet the terms of the proposal, then the creditors can force him into bankruptcy. The exception to this is that where a farmer has failed to meet the terms of the adjustment, as a result of lack of crop, etc., provision is made that a further arrangement or extension of time may be made. Once a farmer has submitted a proposal to the official receiver, all actions against him are stopped for a period of 60 days, and this time may be extended if it is found necessary.

Provincial Legislation

While the federal legislation above referred to

applies only to farmers, the provincial Debt Adjustment Act applies to every resident in the province, since no action can be taken for debt incurred prior to the 1st April, 1933, without first securing consent from the Debt Adjustment Board. There are a few exceptions including garnishees and certain seizures which may be made without the consent of the Board, but the money realized from such garnishees or seizures cannot be taken in payment of debt until the Debt Adjustment Board has given its approval. It would appear, therefore, that the provincial legislation covers a field not contemplated by the Dominion Act. Under the provincial Act no compulsory reduction of debt is directly possible. On the other hand, the same result may be obtained indirectly by the Debt Adjustment Board refusing to allow a creditor to collect unless the creditor agrees to an adjustment of the debt. It is generally accepted that the Debt Adjustment Board can actually declare an individual moratorium.

In addition to the above, newspaper reports indicate that, at the next session of the Legislature, further provincial legislation will be brought in dealing with the debt situation, based upon a survey of indebtedness which has been carried on for the past few months by a commission appointed by the provincial government.

Method of Electing Directors

At the last annual meeting of delegates, a resolution was passed recommending that at the district delegates' meetings to be held in December consideration should be given to a proposal that the election of delegates should take place at a date prior to the annual meeting in time to admit of the new delegates attending the meeting and electing the directors at the time of the annual meeting.

This question was submitted to the December meeting of delegates for their consideration.

From the reports submitted to the Board, it is obvious that a substantial majority of the district meetings were in favour of continuing the present method.

Employees' Superannuation Scheme

At the last annual meeting some consideration was given to the possibility of developing a superannuation scheme for the employees of the organization on a contributory basis, and a resolution was passed recommending that a definite scheme be submitted to the next annual meeting.

A questionnaire was circulated among employees by the management, and the views of the staff secured on this question. The result of the questionnaire indicated that there was very strong support in favour of such a development amongst the staff. However, in view of the continued difficult economic conditions, your Board has not deemed it advisable to proceed further with this matter at the present time.

The committee in charge of this investigation has recommended, and the Board has approved the recommendation, that the question of provision for old age must be regarded as a national question, and that the government of the day should be urged to establish a national old age pension scheme available to all classes when a specified age has been reached.

The committee also gave some consideration to the problem of unemployment insurance, but the investigations were postponed when information was received

to the effect that the federal government will probably bring in some scheme of national unemployment insurance in the near future.

Life Insurance for Members

The committee has also had under consideration various plans under which a limited amount of life insurance might be made available to all members of the organization at the lowest possible cost. Recommendations in this connection will be submitted to the delegates during the course of the meeting.

General Agricultural Policy

Although this organization was created essentially as a grain handling and marketing organization by the farmers of this province, it has been the policy of your Board almost since the inception of the organization to take a keen interest in all matters pertaining to the welfare of its individual members, and of the agricultural industry as a whole.

During the past few years the conditions which have arisen in this province as a result of continued drought, soil drifting and grasshopper destruction, have caused grave concern. So far as it has been possible for this organization every effort has been made to co-operate in relieving these conditions. During this period, however, your Board has been definitely of the opinion that, while relief measures designed to meet the immediate distress have undoubtedly been of very great value to the individual, an adequate, well understood, long term agricultural policy must be instituted. This policy should involve, not only matters of production and marketing, but also such questions as soil conservation, reclamation and land utilization. In connection with the matter of soil drifting, for example, your Board is satisfied that the present condition is one beyond the power of the individual or any one province to cope with. This presents an interprovincial and even international problem rather than a local one, as the area affected by soil drifting extends southward over a wide area in the United States. In Saskatchewan the area affected extends from the international boundary practically to Saskatoon, and includes almost two-thirds of the prairie sections of the province.

Another problem which must be faced involves the movement of farmers from the southern area to the northern parts of the province. This movement of population constitutes one of the great tragedies of present day conditions.

The position of large areas in southern Saskatchewan presents a problem in reclamation which, in the opinion of your Board, should include a close study of some of the areas in the south as to their ability to produce agricultural products in uniform and yearly quantities sufficient to maintain a reasonable standard of living for the people engaged in agriculture in these areas.

The question of indebtedness also presents a serious difficulty. School districts, rural municipalities, rural telephone companies, etc., have been set up within these areas, and a certain measure of debt has been created by each of them in order to provide services to the community. Possibly even more pressing are the debt burdens of the individuals which have been accentuated during the past few years.

These and other questions involving the agricultural life of the province require and deserve the study

of the most competent experts, as the importance of their bearing on any definite agricultural policy cannot be over-emphasized.

As a first step in the direction of working out an adequate policy to meet these various problems, your Board is of the opinion that a committee should be set up to submit recommendations to meet the present situation. Such a committee should be composed of representatives of dominion and provincial authorities and be prepared to co-operate with representatives from the areas of the United States similarly affected.

It is obvious that no one method will be applicable to meet all of these problems, or to meet the same problem in different parts of the province. It is obvious that to secure best results such a committee should be composed of men with practical knowledge of the conditions to be met with, and should not be so large as to be unwieldy. In this connection, your Board believes that it might be found possible to set up associate committees under the direction of the main committee. These sub-committees could each deal with a specific problem such as soil drifting, land utilization, drought, soil conservation, soil reclamation, etc. It might also be found possible to attach to each of these sub-committees at least one member who would devote his full time to the work. It is probable that these full-time men may be available in the public service.

As a farmers' organization whose first interest is in the living conditions in the farm homes of Western Canada, your Board believes that this organization should be prepared to co-operate to the fullest possible extent in working out and giving effect to any adequate policy which may be arrived at, and will welcome a full discussion by the delegates on this important question.

Garnet Wheat

During the past year, your President was requested to appear before the Select Standing Committee on Agriculture and Colonization at Ottawa, when the proposed amendments to the Canada Grain Act dealing with Garnet wheat were under consideration.

In presenting the Pool viewpoint before the Parliamentary Committee, Mr. Brouillette stated that it was the opinion of the Pool organizations that, if the ultimate buyers of Canadian wheat object to the mixing of Garnet with the top grades of Marquis, or wheat of a similar high milling quality, then Garnet wheat should be placed in a separate grade. Mr. Brouillette pointed out that it was of the utmost importance that, as far as possible, every effort should be made to supply the kind of wheat which the buyer wanted, and in the form in which he wanted it. Since the overseas buyers had indicated, generally, that they did not want Garnet mixed with other wheats their wishes should be respected. Mr. Brouillette also emphasized the necessity of maintaining the reputation of Canadian wheat at the highest possible standard.

The Vice-President of the Alberta Wheat Pool was also requested to discuss the matter with the Committee.

The Pool representatives suggested that efforts should be made to secure shipments of pure Garnet wheat so that adequate large scale milling tests could be made in overseas mills.

At the last session of Parliament, the Canada Grain Act was amended to provide for the setting up of Garnet

standards which will become effective for the 1935 crop season.

Staff

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

Conclusion

The year under review has been one of consolidation and sound progress rather than of spectacular achievement. The Financial Reports submitted for your consideration indicate a substantial improvement in the financial position of your organization. In spite of widespread crop failure, the Pool Elevator Company has maintained and even slightly improved its percentage of handlings over the previous year. To a great extent, this can be regarded as evidence of the determination of the farmers of this province that the co-operative movement must be maintained.

On the other hand, the satisfactory results secured during the past year are evidence of the fact that, even during the most difficult economic period, co-operation is justified by results.

In the wider sphere, world events force the conclusions that the betterment of existing world difficulties will come through an improvement of our social relationships.

In the opinion of your Board, the co-operative movement holds the answer to many of the economic problems facing the people of the world today. A better understanding and practice of the principles of co-operation will go a long way, not only in alleviating economic distress, but also in advancing the cause of national and international goodwill.

All of which is respectfully submitted,

L. C. BROUILLETTE

J. H. WESSON

BROOKS CATTON

A. F. SPROULE

L. WIDDUP

MARSH ADAMS

OLAF NYLUND

JAS. WOODBURN

C. W. COATES

R. A. ROBINSON

FRANK WOTHERSPOON

A. D. YOUNG

L. W. ELLIOTT

R. J. MOFFAT

J. P. JENKINS

W. A. URTON

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS
LIMITED

MODERN PRESS LIMITED

SASKATCHEWAN POOL ELEVATORS LIMITED

SASKATCHEWAN POOL TERMINALS LIMITED

and

CANADIAN POOL AGENCIES LIMITED

STATEMENTS

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
1933-1934 POOL ACCOUNTS
OPERATING ACCOUNT
VOLUNTARY POOL

STATEMENT No. 1

To Cost of Sales					
Commission on Grain Sold.....	\$12,867.22			By Sales Price Realized.....	\$889,462.22
Less Service Charges Received.....	8,755.01				
		\$	4,112.21		
Brokerage.....			4,855.00		
Carrying Charges.....			2,185.77		
Terminal Storage.....			44.65		
			<u>\$ 11,197.63</u>		
Operating Expenses					
Administrative and Office Expenses.....	\$ 9,355.49				
Exchange and Excise.....	664.29				
Postage.....	116.64				
Printing.....	110.05				
Telegrams.....	43.39				
			<u>10,289.86</u>		
		\$	21,487.49		
Less Interest Received.....			11,022.01		
			<u>\$ 10,465.48</u>		
Paid to Growers					
Initial Payment.....	\$563,723.79				
Interim Payment.....	128,381.53				
Final Payment.....	186,891.42				
			<u>\$878,996.74</u>		
			<u>\$889,462.22</u>		
					<u>\$889,462.22</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 1933-1934 Voluntary Pool Accounts for the year ended 31st July, 1934, according to the best of our information and the explanations given to us, and as shown by the books.

WINNIPEG, 14th September, 1934.

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

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
1933-1934 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.....	93,896.50	72.836	.806	72.030	55	17.030
1 Northern.....	706,129.35	69.586	.806	68.780	55	13.780
2 Northern.....	369,292.00	66.711	.806	65.905	52	13.905
3 Northern.....	39,458.50	64.711	.806	63.905	47	16.905
4 Northern.....	4,054.20	62.586	.806	61.780	42	19.780
Number 5.....	411.00	59.086	.806	58.280	37	21.280
Tough 1 Northern.....	12,549.40	67.211	.806	66.405	50	16.405
Tough 2 Northern.....	41,870.55	64.211	.806	63.405	47	16.405
Tough 3 Northern.....	10,187.30	62.211	.806	61.405	42	19.405
Tough 4 Northern.....	48.00	60.211	.806	59.405	37	22.405
Smutty 1 Northern.....	1,365.30	65.211	.806	64.405	48	16.405
Smutty 2 Northern.....	50.00	62.711	.806	61.905	45	16.905
Rejected 2 Northern.....	1,275.00	60.711	.806	59.905	44	15.905
Rejected 2 Northern Sprouted.....	1,379.50	60.711	.806	59.905	44	15.905
Rejected 3 Northern Sprouted.....	1,043.00	58.336	.806	57.530	39	18.530
Tough Rejected 2 Northern Sprouted.....	1,589.40	59.461	.806	58.655	39	19.655
1 O.W. White Spring.....	163.00	65.461	.806	64.655	48	16.655
1 C.W. Amber Durum.....	6,644.40	71.211	.806	70.405	52	18.405
2 C.W. Amber Durum.....	1,705.00	66.586	.806	65.780	48	17.780
3 C.W. Amber Durum.....	1,360.30	62.961	.806	62.155	44	18.155
Tough 2 C.W. Amber Durum.....	2,169.20	64.711	.806	63.905	43	20.905
Smutty 2 C.W. Amber Durum.....	209.10	60.586	.806	59.780	41	18.780
Smutty 3 C.W. Amber Durum.....	990.00	56.961	.806	56.155	37	19.155
Smutty 4 C.W. Amber Durum.....	604.00	55.711	.806	54.905	33	21.905
	<u>1,298,447.20</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, 1934**

ASSETS**Cash**

Cash in Banks.....	\$ 216,953.76
Cash Funds—Payors.....	55,587.49

\$ 272,541.25

Accounts Receivable Current

Canadian Co-operative Wheat Producers Ltd...	\$ 687,959.77
Sundry.....	1,647,770.27

2,335,730.04

Stocks of Grain—Less Stored Grain

(as certified by responsible officials).....	15,360,462.21
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Stock in Trade—Modern Press Limited

(as certified by responsible officials).....	2,833.37
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Total Current Assets.....

\$17,971,566.87

Accounts Receivable Deferred

Manitoba Pool Elevators Limited.....	\$ 187,664.29
Growers' Overpayments 1929-1930 Pool.....	12,903,792.86
Operating Expenses 1930-1931 Pool.....	403,182.91
Province of Saskatchewan, Surplus Interest.....	118,366.73
Growers' Accounts.....	86,555.17

13,699,561.96

Investments and Memberships

Canadian Co-operative Wheat Producers Ltd...	\$ 50,000.00
Canadian Pool Agencies Ltd.....	6,670.00
Winnipeg Grain Exchange.....	23,650.00
Winnipeg Grain & Produce Exchange Clearing Association Ltd.....	7,000.00
Rural Telephone Shares.....	1,282.00

88,602.00

LIABILITIES AND CAPITAL**Cheques, Vouchers, etc. Outstanding**

Pool Payment Cheques.....	\$ 172,851.49
Grain Drafts, Cash Tickets, etc.....	704,355.65
General Cheques.....	427,237.20

\$ 1,304,444.34

Outstanding Certificates.....

13,294.41

Accounts Payable Current

Grain Loans.....	\$ 9,369,000.00
Province of Saskatchewan.....	717,986.39
Sundry.....	446,710.52

10,533,696.91

Total Current Liabilities.....

\$11,851,435.66

Deferred Liabilities

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	12,765,537.72
Manufacturers Life Insurance Company.....	8,500.00
Deferred Interest on 1928-1929 Deductions.....	281,110.83

13,055,148.55

Fixed Assets (less Reserves for Depreciation)

Country Elevators and Coal Sheds.....	9,362,344.90	
Terminal Elevators.....	6,471,840.16	
Land, Buildings and Machinery—		
Regina and Saskatoon.....	225,433.70	
Agents' Residences.....	335,403.67	
Work under Construction.....	48,018.07	
Sites—Terminal Elevators, etc.....	360,651.36	
Office Furniture and Fixtures.....	32,092.49	
Automobiles and Sundry Equipment.....	47,567.12	
	<hr/>	16,883,351.47

Deferred Charges

Overpayment 1929-1930 Pool Company's Share	686,604.86	
Sundry.....	107,135.34	
	<hr/>	793,740.20
	<hr/>	<hr/>
		\$49,436,822.50

Elevator Deductions.....

Commercial Reserve.....	12,188,060.07
Capital.....	6,567,851.17
Reserve.....	104,354.00
Reserve for Sinking Fund re 1929-1930 Pool	3,156,542.26
Overpayment.....	100,000.00
Insurance Reserve.....	42,714.24
Undivided Profits.....	2,370,716.55
Contingent Liabilities	
In respect of buildings and work un-	
der construction (estimated).....	\$102,300.00

\$49,436,822.50

CONSOLIDATED BALANCE SHEET

The following explanations may be of value in considering the Consolidated Balance Sheet:

ASSETS

ACCOUNTS RECEIVABLE—CURRENT:

Canadian Co-operative Wheat Producers Limited—\$687,959.77. The above represents the balance of a loan to the above mentioned Company. During the year under review repayment of \$740,788.52 was received by us and, in addition, the above balance, shown as outstanding at the year end, has since been repaid.

Sundry—\$1,647,770.27. In addition to an amount of \$940,848.60, covering sales of grain to the Saskatchewan Relief Commission, the above item is principally composed of advances and freight charges on stored grain and handling charges earned on grain in store in country elevators and terminals, collectable when the grain is sold.

Stocks of Grain—Less Stored Grain \$15,360,462.21. This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1934, less the liability for stored grain, based upon Winnipeg cash closing prices at that date, less freight where necessary.

Stock in Trade—\$2,833.37. Includes the value of Job Stock, Work in Progress and Newsprint on hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

ACCOUNTS RECEIVABLE—DEFERRED:

Manitoba Pool Elevators Limited—\$187,664.29. This amount represents a 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 we received payment of principal amounting to \$26,809.18 with accrued interest to 31st July, 1934. The balance is payable in seven equal annual instalments commencing 31st July, 1935.

Growers' Overpayments 1929-1930 Pool—\$12,903,792.86. This 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 18c per bushel and applying credits from the final payment of the 1928-1929 crop. The increase of \$85.49 over the balance shown at 31st July, 1932, is accounted for by minor adjustments in a number of the 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 1930-1931 crop.

Province of Saskatchewan—Surplus Interest \$118,366.73. 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—\$86,555.17. Items comprising this amount are as follows:

Growers' Accounts Receivable	\$13,015.26
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	23,239.51
	<u>\$86,555.17</u>

FIXED ASSETS:

Country Elevators and Coal Sheds—\$9,362,344.90. Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators....	\$14,106,584.03	\$4,748,758.44	\$9,357,825.59
Coal Sheds	6,369.75	1,850.44	4,519.31
	<u>\$14,112,953.78</u>	<u>\$4,750,608.88</u>	<u>\$9,362,344.90</u>

Terminal Elevators—\$6,471,840.16. 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	\$1,211,450.67	\$1,838,724.06
Terminal No. 5	1,194,545.69	466,316.67	728,229.02
Terminal No. 6	75,036.34	28,779.65	46,256.69
Terminal No. 7	3,942,932.05	1,141,053.77	2,801,878.28
Buffalo	1,758,423.27	701,671.16	1,056,752.11
	<u>\$10,021,112.08</u>	<u>\$3,549,271.92</u>	<u>\$6,471,840.16</u>

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

Land, Buildings and Machinery, Regina and Saskatoon—\$225,433.70. This includes the following items:

	Plant Value	Depreciation	Net
Regina			
Head Office Building ..	\$ 180,000.00	\$ 65,250.00	\$ 114,750.00
Site	25,397.75	.....	25,397.75
Fixtures and Equipment.	4,447.07	8,030.18	1,416.89
Saskatoon			
Modern Press Building..	22,904.29	8,394.96	19,509.33
Site	9,200.00	.....	9,200.00
Machinery & Equipment.	64,726.67	9,566.94	55,159.73
	<u>\$ 306,675.78</u>	<u>\$ 81,242.08</u>	<u>\$ 225,433.70</u>

Agents' Residences—\$335,403.67. Included in this asset are 297 Agents' Residences, valued at \$481,533.72, against which there is a Reserve for Depreciation amounting to \$146,130.05.

Work under Construction—\$48,018.07. This represents sundry construction work in progress at various points at the year end.

Sites—Terminal Elevators, etc., \$360,651.36. The following is a summary showing the sites which comprise this amount:

Terminal No. 4	\$ 91,000.00
Terminal No. 5	84,500.00
Terminal No. 7	80,678.30
Buffalo Terminal	123,603.94
Elevator Sites	826.25
Cottage Sites	80,042.87
	<u>\$360,651.36</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share \$686,604.86. This amount includes all overpayments of the 1929-1930 Pool in excess of 18c 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 overpayments to maximum of 18c per bushel.....	\$ 949,443.01	
Discounts 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, 1934	118,366.73	
Surplus Income Season 1931-1932	42,531.82	
Surplus Income Season 1932-1933	64,007.61	
Surplus Income Season 1933-1934	115,120.71	
		<u>\$537,878.15</u>
		<u>\$686,604.86</u>

Excess interest shown above arises through the fact that interest paid to the Province on the 1929-1930 Pool Overpayment Account is based upon an interest rate in excess of that of the Provincial Bond issue.

Sundry—\$107,135.34. This item represents expenditures made which are chargeable to future seasons and includes the following:

Repair Parts and Supplies on hand.....	\$ 35,165.11
Prepaid Insurance and Taxes.....	50,803.87
Sundry Prepaid Expenses.....	21,166.36
	<hr/>
	\$107,135.34

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Pool Payment Cheques—\$172,851.49. Consist principally of cheques covering the final payment on grain delivered to the 1933-1934 Pool, mailed to Growers on 28th July, 1934.

Outstanding Certificates—\$13,294.41. This represents Growers' Certificates covering deliveries to various seasons' Wheat and Coarse Grains Pools, which have not yet been presented to Head Office for payment.

ACCOUNTS PAYABLE—CURRENT:

Province of Saskatchewan—\$717,986.39. This amount includes the payment of principal due 15th September, 1934, under terms of the Supplementary Agreement with the Province dated 17th March, 1933. Accrued interest to 31st July, 1934, on the total principal amount, is also included.

Sundry Accounts Payable—\$446,710.52. This item consists principally of Customers' Margin Accounts and accrued expenses.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$12,765,537.72. This amount represents the balance due to the above in respect of the 1929-1930 Pool Overpayment, after providing for the payment of principal due on 15th September, 1934, and is repayable in seventeen annual amortized payments of principal and interest commencing 15th September, 1935.

Manufacturers Life Insurance Company—\$8,500.00. 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 first September, 1929, to 31st August, 1930	\$199,195.04
Commercial Reserve, 5% from first September, 1929, to 31st August, 1930	81,915.79
	<hr/>
	\$281,110.83

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, loans to Saskatchewan Pool Elevators Limited, and to Canadian Co-operative Wheat Producers Limited.

Capital—\$104,354.00. At a meeting of the Board of Directors 29th August, 1933, the voting rights of the 1924-1928 contract signers were reinstated. Consequently shares held by such members, formerly carried in Membership Subscription Account, have now been merged into Capital Stock. The amount also includes New Capital, subscribed during the year, to the extent of \$496.00.

Reserve Account—\$3,156,542.26. Details of this account are shown below:

Balance at 1st August, 1933	\$3,136,917.57
Add:	
Canadian Pool Agencies Limited, Share of Profits Season 1932-1933	22,786.73
	<hr/>
	\$3,159,704.30
Deduct:	
Province of Saskatchewan Income Tax Season 1932-1933	3,162.04
	<hr/>
	\$3,156,542.26

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 uncollectable, and is in accordance with the plan of repayment of the Growers' Overpayments as approved by the Delegates.

Insurance Reserve—\$42,714.24. This Reserve was established to provide for any losses which may 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—\$2,370,716.55. In addition to the sum of \$348,153.21 transferred from this season's earnings, this amount includes earnings of Saskatchewan Pool Elevators Limited set aside during seasons 1929-1930, 1930-1931 and 1932-1933, distribution of which has been deferred.

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

CONSOLIDATED CAPITAL STATEMENT AS AT 31st JULY, 1934

	Dr.	Cr.			
Elevator Deductions.....		\$12,188,060.07	Brought Forward	\$18,410,107.08	\$24,530,238.29
Commercial Reserve.....		6,567,851.17	Approved Programme of Building and Work under Construction (Estimated Expenditures)		
Capital.....		104,354.00	Estimated cost of constructing 6 new Elevators and replacing 1 Elevator destroyed by fire (including value of materials salvaged from 5 Elevators torn down).....	\$ 79,018.07	
Reserve.....		3,156,542.26	Cleaners.....	54,000.00	
Reserve for Sinking Fund re 1929-1930 Pool Overpayment.....		100,000.00	Agents' Residences.....	15,000.00	
Insurance Reserve.....		42,714.24	Addition to Modern Press Building.....	2,300.00	
Undivided Profits.....		2,370,716.55			
Fixed and Sundry Assets				\$ 150,318.07	
Fixed Assets (Less Reserve for Depreciation)....	\$16,883,351.47		Less Paid on Account (Work under Construction).....	48,018.07	
Investments and Memberships.....	88,602.00			102,300.00	
	<u>\$16,971,953.47</u>		Balance—Surplus available as working Capital for Season 1934-1935.....	<u>6,017,831.21</u>	
Deferred Accounts				<u>\$24,530,238.29</u>	<u>\$24,530,238.29</u>
Accounts Receivable—					
Deferred.....	\$13,699,561.96				
Deferred Charges.....	793,740.20				
	<u>\$14,493,302.16</u>				
Less Deferred Liabilities.....	13,055,148.55				
	<u>1,438,153.61</u>				
Carried Forward.....	\$18,410,107.08	\$24,530,238.29			

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1934

Current Assets.....	\$17,971,566.87
Current Liabilities.....	11,851,435.66
Current Position as per Balance Sheet.....	\$ 6,120,131.21
<i>Less:</i>	
Estimated Capital Expenditures to complete Programme of Building and work under Construction.....	102,300.00
Balance—Surplus available as Working Capital for Season 1934- 1935.....	\$ 6,017,831.21

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

STATEMENT No. 5

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

SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1934

	Capital	Commercial Reserve	Elevator Deductions	Reserve	Reserve for Sinking Fund 1929-30 Overpayment	Insurance Reserve
SOURCES OF CAPITAL FUNDS						
Stock Subscriptions.....	\$ 104,354.00					
Deductions from Pool Payments.....		\$ 6,567,851.17	\$12,188,060.07			
From Surplus Earnings.....				\$ 3,156,542.26	\$ 100,000.00	\$ 42,714.24
Province of Saskatchewan—Loan.....						
Manufacturers Life Insurance Company Limited—Loan.....						
TOTAL RECEIPTS.....	\$ 104,354.00	\$ 6,567,851.17	\$12,188,060.07	\$ 3,156,542.26	\$ 100,000.00	\$ 42,714.24
ANALYSIS OF CAPITAL EXPENDITURES						
Fixed Assets (including expenditures approved for completion of Programme of Building and Work under Construction).....	\$ 104,354.00	\$ 4,149,089.45	\$12,188,060.07	\$ 535,647.95		
Investments.....		56,670.00		31,932.00		
Davidson-Smith Terminal.....		187,664.29				
Growers' Overpayments 1929-30 Pool, Company share of Over- payment and Surplus Interest Account.....		24,649.45				
Operating Expenses 1930-31 Pool.....		403,182.91				
Advance, etc. to Growers.....		86,555.17				
Supplies and Prepaid Accounts.....		15,169.38		91,965.96		
TOTAL EXPENDITURES.....	\$ 104,354.00	\$ 4,922,980.65	\$12,188,060.07	\$ 659,545.91	\$	\$
BALANCE—SURPLUS CAPITAL.....	\$	\$ 1,644,870.52	\$	\$ 2,496,996.35	\$ 100,000.00	\$ 42,714.24

SOURCES OF CAPITAL FUNDS

	Undivided Profits	Deferred Interest 1928-29 Deductions	Province of Sask.	Deferred Loans Outstanding Manufacturers Life Ins.	TOTAL
Stock Subscriptions.....					\$ 104,354.00
Deductions from Pool Payments.....					18,755,911.24
From Surplus Earnings.....	\$ 2,370,716.55	\$ 281,110.83			5,951,083.88
Province of Saskatchewan—Loan.....			\$12,765,537.72		12,765,537.72
Manufacturers Life Insurance Company Limited—Loan.....				\$ 8,500.00	8,500.00
TOTAL RECEIPTS.....	\$ 2,370,716.55	\$ 281,110.83	\$12,765,537.72	\$ 8,500.00	\$37,585,386.84

ANALYSIS OF CAPITAL EXPENDITURES

Fixed Assets (including expenditures approved for completion of Programme of Building and Work under Construction).....				\$ 8,500.00	\$16,985,651.47
Investments.....					88,602.00
Davidson-Smith Terminal.....					187,664.29
Growers' Overpayments 1929-30 Pool, Company share of Overpayment and Surplus Interest Account.....	\$ 918,577.28		\$12,765,537.72		\$13,708,764.45
Operating Expenses 1930-31 Pool.....					403,182.91
Advance, etc. to Growers.....					86,555.17
Supplies and Prepaid Accounts.....					107,135.34
TOTAL EXPENDITURES.....	\$ 918,577.28	\$	\$12,765,537.72	\$ 8,500.00	\$31,567,555.63
BALANCE—SURPLUS CAPITAL.....	\$ 1,452,139.27	\$ 281,110.83	\$	\$	\$ 6,017,831.21

TOTAL CURRENT ASSETS— (As per Consolidated Balance Sheet, Statement "1").....	\$17,971,566.87
TOTAL CURRENT LIABILITIES— (As per Consolidated Balance Sheet, Statement "1").....	11,851,435.66

BALANCE—Current Position.....	\$ 6,120,131.21
Less: Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....	102,300.00

BALANCE—SURPLUS CAPITAL.....	\$ 6,017,831.21
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STATEMENT No. 6

STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

As at 31st July, 1934

	1924-1933 (Bushels)	1933-1934 (Bushels)	1924-1934 (Bushels)
TOTAL HANDLED (ALL GRAINS)			
Saskatchewan Pool Elevators Limited.....	641,870,368	58,702,065	700,572,433
Over Platform.....	50,222,177	1,665,568	51,887,745
Total	692,092,545	60,367,633	752,460,178
Number of Elevators Operated.....	.....	1,019	.....
Average Handling Per Elevator.....	.....	57,608	.....
SASKATCHEWAN POOL TERMINALS LIMITED			
Terminal No. 4.....	150,187,907	12,140,441	162,328,348
Terminal No. 5.....	69,607,208	1,872,200	71,479,408
Terminal No. 6.....	159,399,806	12,097,038	171,496,844
Terminal No. 7.....	106,459,868	13,719,031	120,178,899
Terminal No. 8.....	28,240,761	.....	28,240,761
Total	513,895,550	39,828,710	553,724,260
BUFFALO TERMINAL ELEVATOR	131,930,775	.....	131,930,775

SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1934

	1925-1933	1933-1934	TOTAL
NET EARNINGS (After allowance for Income Tax and Loss on Realization of Assets)	<u>\$13,527,009.49</u>	<u>\$ 1,062,117.52</u>	<u>\$14,589,127.01</u>
DISTRIBUTION OF EARNINGS			
Farm Storage.....	\$ 306,456.74	\$	\$ 306,456.74
Share of Pool Expenses.....	523 293.16	52,151.14	575,444.30
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.....	1,246,839.37	661,813.17	1,908,652.54
Transferred to Reserve Account.....	3,156,542.26	.....	3,156,542.26
40 Transferred to Sinking Fund Reserve re 1929-1930 Pool Overpayment.....	100 000.00	.....	100 000.00
Transferred to Undivided Profits.....	2,022,563.34	348,153.21	2,370,716.55
NET EARNINGS (After Allowance for Income Tax)	<u>\$13,527,009.49</u>	<u>\$ 1,062,117.52</u>	<u>\$14,589,127.01</u>
Net Earnings (As Above).....			\$14,589,127.01
Depreciation Reserve as at 31st July, 1934.....			8,585,799.25
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited from 1st August, 1926, to 31st August, 1933, in respect of the purchase of the Assets of the latter Company).....			2,150,331.29
TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1934			<u>\$25,325,257.55</u>
CAPITAL—AS AT 31st JULY, 1934			<u>\$12,195,200.00</u>

NOTE: The figures shown for the period 1925-1932 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. 8

**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, 1934**

ASSETS

Fixed Assets (<i>Less</i> Reserve for Depreciation).....	\$16,883,351.47
Investments and Memberships	88,602.00
Other Assets (Deferred Accounts Receivable etc.)	
Manitoba Pool Elevators Limited.....	\$187,664.29
Province of Saskatchewan Surplus Interest Account.....	118,366.73
Elevator Supplies and Prepaid Accounts....	107,135.34
	413,166.36
Surplus Capital (After providing for expenditures to complete programme of building and work under construction.....)	6,017,831.21
Amount provided to complete programme of building and work under construction.....	102,300.00

Total Net Assets (Exclusive of amounts due by Growers).....	\$23,505,251.04
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LIABILITIES (Exclusive of Liabilities to Shareholders)

		Equity
Province of Saskatchewan re 1929-30 Pool Overpayment.....	\$12,765,537.72	54.309%
Manufacturers Life Insurance Company.....	8,500.00	.036%

TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS	\$12,774,037.72	54.345%
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BALANCE OF ASSETS OVER LIABILITIES

Growers' Equity.....	\$10,731,213.32	45.655%
	\$23,505,251.04	100.00%

STATEMENT No. 9

TOTAL NUMBER OF COMMITTEES 1933-1934

Sub-district	*	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....		3	5	8	10	7	7	8	11	6	9	74
District 2.....		7	4	6	8	7	7	11	8	13	7	78
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	5	6	8	7	5	6	10	9	5	71
District 6.....		9	10	6	8	10	12	13	7	7	9	91
District 7.....		8	5	6	5	7	9	6	5	11	6	68
District 8.....		9	10	11	8	7	8	6	6	4	3	72
District 9.....		5	7	3	8	4	9	7	6	6	6	61
District 10.....		6	7	5	7	14	8	2	7	6	10	72
District 11.....		9	11	12	6	6	7	13	8	12	9	93
District 12.....		10	8	9	7	6	7	7	9	10	8	81
District 13.....		10	10	4	13	7	12	6	7	6	11	86
District 14.....		5	8	6	7	9	15	12	8	8	8	86
District 15.....		9	7	5	8	6	5	6	5	8	9	68
District 16.....		7	7	7	7	5	11	6	8	7	5	70
												<u>1167</u>

STATEMENT No. 10

COMMITTEES REORGANIZED 1933-1934

Sub-district.....	1	2	3	4	5	6	7	8	9	10	T'tl.
District 1.....	3	4	8	7	7	7	7	11	6	9	69
District 2.....	6	3	3	6	3	5	8	8	12	6	60
District 3.....	2	4	3	4	5	4	3	5	2	6	38
District 4.....	3	6	9	4	5	2	4	6	3	5	47
District 5.....	9	2	4	4	7	4	4	9	9	5	57
District 6.....	8	9	6	7	10	11	9	7	6	5	78
District 7.....	8	5	4	4	7	8	6	5	11	6	64
District 8.....	8	8	9	6	6	6	5	4	4	1	57
District 9.....	5	7	3	8	3	9	5	5	6	6	57
District 10.....	5	4	3	6	14	7	2	7	3	6	57
District 11.....	8	9	8	3	4	6	7	3	4	4	56
District 12.....	8	5	9	7	6	6	7	5	10	5	68
District 13.....	9	10	2	7	3	9	6	7	4	9	66
District 14.....	4	8	6	6	9	15	12	7	8	8	83
District 15.....	7	5	4	7	4	5	6	5	7	8	58
District 16.....	7	6	5	7	4	8	6	8	6	5	62
977											

CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1934

ASSETS

Agency Assets	
Cash in Bank.....	\$ 5,495.57
Insurance Accounts Receivable.....	50,638.46
Total Agency Assets.....	\$ 56,134.03
Shareholders' Assets	
Cash in Banks and on Hand.....	\$ 1,065.14
Demand Loans	
Saskatchewan Pool Elevators Limited....	\$50,844.95
Alberta Pool Elevators Limited.....	15,593.66
	66,438.61
Accrued Commissions Receivable.....	8,125.50
Accounts Receivable—Sundry.....	461.40
	\$76,090.65
Membership Deposit (Western Canada Insurance Underwriters' Association).....	200.00
Furniture and Equipment.....	\$5,746.80
Less Reserve for Depreciation.....	3,827.78
	1,919.02
	78,209.67
	<u>\$134,343.70</u>

LIABILITIES

Agency Liabilities	
Due to Insurance Companies.....	\$ 48,008.53
Accrued Commissions.....	8,125.50
Total Agency Liabilities.....	\$ 56,134.03
Shareholders' Liabilities	
Accounts Payable	
Canadian Co-operative Wheat Producers Limited..	\$ 3,580.00
Saskatchewan Inspection Service.....	2,681.08
Accrued Expenses.....	1,371.58
Unearned Commissions.....	335.51
	\$ 7,968.17
Reserve for Cancellations and Unearned Commissions	13,000.00
Capital Stock—Authorized \$20,000.00	
Issued and Fully Paid—2,000 shares of \$10.00 each..	20,000.00
Earned Surplus.....	37,241.50
	78,209.67
Approved on behalf of the Board:	
L. C. BROUILLETTE, Director.	\$134,343.70
LEW HUTCHINSON, Director.	

Auditors' Report to the Shareholders:

We have examined the books and accounts of Canadian Pool Agencies Limited for the fiscal year ending August 31, 1934, 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, 1934, according to the best of our information and the explanations given to us and as shown by the books of the company.

WINNIPEG, October 8, 1934.

PRICE, WATERHOUSE & CO., Auditors.

STATEMENT No. 12**CANADIAN POOL AGENCIES LIMITED****STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED 31st AUGUST, 1934****Income**

Commissions Earned.....	\$47,662.21
Interest.....	4,472.83
Interest on Investments.....	394.33
Profit on Sale of Bonds.....	1,038.75

\$53,568.12**Administrative and General Expenses**

Salaries.....	\$10,563.75
Administrative Expenses.....	3,500.00
Rent and Light.....	2,405.54
Office Supplies and Expenses.....	264.54
Telegraph and Telephone.....	357.39
Depreciation.....	718.35
Legal and Audit Expense.....	290.00
Taxes and Licenses.....	218.99
Printing and Stationery.....	143.55
Postage and Excise Stamps.....	134.89
Travelling Expenses.....	185.00
Brokerage.....	44.62

\$18,826.62**Less**

Allowance from Saskatchewan Inspection Service.....	2,500.00
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16,326.62**Net Income Transferred to Surplus..... \$37,241.50**

*Canadian Co-operative Wheat
Producers Limited*

DIRECTORS' REPORT
1933-1934

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

Gentlemen:

The continued financial progress of the three Provincial Pools, of which your organization is a subsidiary, is exceedingly gratifying, though the satisfaction is offset by the knowledge of the continued distress which prevails amongst the farmers on our Western prairies. That the three organizations have again, in spite of less than average crops, been able to meet all commitments, including payments of interest and principal to their respective Governments, and to increase their reserves, indicates the support and loyalty of the farmers, and their determination to maintain and increase the strength of the Pools. This, together with the unity and co-ordination which is made possible through "Central", increases its prestige and influence in presenting the views and needs of Western agriculture.

**Canada: Wheat Production
1933-1934**

Canada's wheat crop for 1933-34, according to the last revised estimate of the Dominion Bureau of Statistics, was 269,729,000 bushels; of this, Western Canada produced 250,841,000 bushels. These totals are subject to the qualification that the preliminary disposition figures indicate that the final crop estimate will show a revision upward of approximately 13,000,000 bushels.

The quality of the crop shown by the protein tests conducted at the laboratories of the Board of Grain Commissioners on the grades No. 1 Hard to 3 Northern, inclusive, gave an average protein content of 13.9 per cent.

The carryover for the past crop season, as at July 31st, 1934, was 203,207,000 bushels in all positions, as compared with that of 219,428,000 bushels at the same date in the previous year.

In the past year Canada exported 195 million bushels of wheat (including flour) as compared with 264,304,000 bushels during the preceding year.

Wheat prices for the year under review, on the Winnipeg market, showed a steady improvement over those of the year before. In the early part of the delivery season the market was steady as a result of the action taken by the Council of the Winnipeg Grain Exchange in fixing a minimum price for wheat of 70½ cents per bushel, for the October future, basis No. 1 Northern, Fort William. This condition prevailed

until September 14th when they decided to cancel the minimum price and to revert to the open market basis, when the market immediately weakened, and the October future dropped to 66 $\frac{3}{4}$ cents at the close on that day. Prices continued to decline, and on October 16th the low of the season was reached, the October future closing at 54 $\frac{3}{4}$ cents. In the latter part of the season prices steadily advanced, and the average price for the October future during the month of July was 83 $\frac{3}{4}$ cents.

World Wheat Situation

The important feature of the world wheat situation of special significance to Canada is the prospect of a decline in wheat surpluses arising from poor harvests in the main importing and exporting countries. In our Annual Report last year we stated, "the promise of fair crops in Western Canada for the crop year 1933-34 vanished before the most disastrous failure, through drought and grasshopper damage, which Western Canada has experienced". For this year a similar statement may be made, and the total wheat production will be only slightly, if any, in excess of the 1933 harvest. The United States Department of Agriculture reported in August, 1933: "The wheat and oat crops are each expected to be the smallest in 35 years or more". On August 10th, 1934, the same authority stated: "The crops of corn, wheat, oats, barley, rye, flaxseed and buckwheat are each expected to be the smallest in 30 years or more".

The estimated wheat production in the United States for 1934 is 493 million bushels, as compared with 528 million in 1933, and 886 million the average for the five-year period 1927-1931. The domestic requirements for the current season are placed at 625 million bushels. Thus, as a result largely of drought conditions, the North American Continent has suffered two successive crop disasters. Similarly in Australia, lack of precipitation, coupled with a substantial curtailment of acreage, point to a reduction in wheat production, and in the amount available for export. In Europe, not including Russia, slight decreases in acreage and dry weather are responsible for a decline of probably 275 to 325 million bushels from the production of 1933. In the importing countries of Germany, Italy and France, the crops are smaller than a year ago, and the supplies will be materially reduced, though in France the reduction in yield is offset by her large carryover of nearly 100 million bushels. The Danubian countries, which generally export in liberal quantities, are faced with a crop 35 per cent. smaller than in 1933. The reports indicate that the Russian wheat crop is considerably poorer than in 1933, and it is unlikely that there will be any significant amount exported. Last year exports from Russia amounted to 27 million bushels.

World import requirements of wheat were disappointingly low during the past season, largely as a result of good crops in European countries in 1933. The London Wheat Conference accepted the estimate of 560 million bushels for world import requirements for 1933-34, whilst the actual imports proved the estimate too high, amounting only to 523 million bushels. There is reasonable hope, however, for stronger demand and expansion in trade during 1934-35, arising from the drastic decline in production and reduction of surplus stocks. Mr. Broomhall places world import requirements for 1934-35 at 576 million bushels, of which he estimates Canada will supply 288 million bushels. The

Wheat Advisory Committee has placed "world import demand" in 1934-35 at 600 million bushels, an estimate accepted by the Food Research Institute at Leland Stanford University. Further, with the probability that the Danubian countries and the United States will not be important factors in the export market, and that Russia will appear to only a limited extent, it gives rise to the hope that Canada will assume a larger share of the world wheat trade.

We have given the reasons forming the basis of brighter prospects for the coming year, but they should be balanced with the fact that the surplus stocks in the four chief wheat exporting countries are still much over normal, and that the world carryover continues weighty. According to the International Wheat Agreement Committee, the world carryover of wheat as at July 31st, 1934, was 1,140,000,000 bushels, being an increase of 20 million bushels over the preceding year when surplus stocks stood at 1,120,000,000 bushels. Compared with the average world carryovers of 650 million bushels for the years 1922 to 1928 inclusive, it indicates the present abnormal condition of the international wheat situation.

World Wheat Agreement

A resolution endorsing the memorandum of Canadian Co-operative Wheat Producers, Limited, in support of the World Wheat Agreement, was passed unanimously at the Annual Meeting of each of the three provincial organizations held in the latter part of 1933. We now re-affirm our stand on the question of the Wheat Agreement, and our belief that a permanent and continuous adjustment of the supply of and the demand for wheat can only be brought about, humanely, by international co-operation.

Furthermore, we are of the opinion that if nations cannot get together to adjust the comparatively simple problem of world trade in wheat, in which there are only four major exporting countries, there is not much hope of arriving at arrangements for controlling the manufacture of armaments of which practically every country is either a manufacturer or a buyer, and it is the generally accepted belief that the reduction of armaments is necessary to world security and peace.

Meetings of your Board were held to consider ways and means of forwarding the desires of the organized farmers, as expressed through the Annual Meetings of their Pools, and to discuss methods by which the Wheat Agreement could be put into effect in Western Canada. In this connection, conferences were held between the representatives of the three provincial Pools and the Dominion Government.

Your Board, at its meeting in December, reiterated its view that a plan for control of deliveries on a bushelage basis was the most practical means of application, and they registered their unanimous opposition to any proposal of compulsory legislation to restrict acreage; also that the machinery by which the deliveries could be controlled, and the flow of grain on the market regulated in an orderly manner, was through a National Wheat Board. On the same occasion they agreed to urge a conference of the representatives of the three Pools with those of the three provincial Governments, in an effort to reach unanimity of opinion in working out plans for implementing the Wheat Agreement.

On January 15th, 1934, your Board held a confer-

once attended by Premier J. E. Brownlee of Alberta, Hon. R. G. Reid, Provincial Treasurer of Alberta, Major M. A. MacPherson, Provincial Treasurer of Saskatchewan, and Premier John Bracken of Manitoba. Your President advised the Government representatives of the fact that the Annual Meetings of each of the three Pools had endorsed the Wheat Agreement and also a National Wheat Board, and that they were entirely in favour of plans for implementing the Agreement on a quota basis, and opposed to any legislation for compulsory acreage reduction.

On February 16th, 1934, your Board passed a resolution asking that uniform legislation for the three prairie provinces be introduced at the earliest date, to provide for the control of deliveries from individual farmers on an equitable quota basis. It was also agreed that each Pool would present this resolution to its provincial government, and at the same time express their endorsement of a National Wheat Board.

Measures were enacted by the legislatures of the Provinces of Manitoba, Saskatchewan and Alberta last March, by which each province might set up an Emergency Wheat Control Board with power to license and restrict, within the province, sales and deliveries of wheat. Provision was also made that, in addition to, or in lieu of, such Board, a joint Board might be established by the three provinces, or by any one of them, in conjunction with the Dominion, such a Board, if created, to have all the powers of a Wheat Board, and to do all such things as might be necessary to bring the deliveries of wheat in the province concerned, in the year 1934, into proper alignment with the estimated current export demand in the crop season 1934-35, and normal domestic requirements in the same period, in conformity with the quota applicable to the Dominion of Canada as provided by Article No. 2 of the London Wheat Agreement. The Dominion Parliament, about the same time, considered legislation to permit control of sales and deliveries outside the provinces; to provide for setting up a Wheat Board should such be deemed necessary, and to make effective the London Wheat Agreement insofar as it relates to Canadian interests. No legislation was submitted, however, because it was held that existing statutes, including the new Natural Products Marketing Act, gave all the powers that were necessary.

The International Wheat Advisory Committee, set up under the provisions of the London Wheat Agreement, held a meeting at Rome in May last, to consider the matter of increasing the consumption of wheat by the countries signatory to the Agreement, and such measures as in their opinion will result in the diminution of the surplus carryovers that threaten the wheat prices of the world. This Conference was attended by your General Manager, Mr. J. I. McFarland, and he was again Canada's representative at a subsequent Conference of the said Committee held at London in August to consider further matters arising out of the Wheat Agreement.

In June, the Argentine Republic showed some disposition to ignore her obligations which, together with the effects of dry weather upon European crops and those of Australia, endangered the support to the World Wheat Agreement. When your Board met in June it passed a resolution, which was wired to the Prime Minister, urging the Dominion of Canada to use every

effort to hold the other countries signatory to the Agreement together, and work in unity to maintain the principles of international co-operation.

The action of Argentina in overshipping her quota militated against unanimous co-operation of all the countries signatory to the Agreement, through the catastrophic crop conditions in North America and lower yields in European countries have created a feeling of optimism as to the outlook for a stronger market and the reduction of world surpluses.

Your Executive had a Conference with the Prime Minister at Ottawa in August last, to consider the marketing of the 1934 crop. They again stated their view that a National Wheat Board provided the most satisfactory method of marketing the Canadian wheat crop, and failing which a continuation of stabilization operations is necessary for the 1934-35 season to avoid the danger of a drastic decline in prices in Canada with the delivery of the new crop.

Marketing Legislation

The necessity for governmental action with respect to the marketing of all other agricultural products, and also to provide for debt adjustment, is referred to in the conclusion of the memorandum on the International Wheat Agreement submitted to and endorsed by the provincial Pools at their Annual Meetings last fall, and reads as follows:

"Although primarily concerned with the handling and marketing of our own wheat, and the securing of a remunerative price for our main cash crop, the Wheat Pool Boards believe that the successful carrying out of the Wheat Agreement should not be regarded as a cure-all for Canadian agriculture. We believe that it must be linked up with a national production and marketing policy for our whole farming industry, including livestock, poultry and dairy products, as well as grain.

We believe that the framing of an intelligently planned national policy for Canadian agriculture, devoting proper attention to marketing as well as to production, is a task which our governments and producers with the assistance of our Departments of Agriculture and Agricultural Colleges, should undertake immediately. We feel that the need is urgent, and that such a policy should deal with the agricultural industry of Canada on a broad enough basis to include measures for properly financing agricultural operations at reasonable interest rates, debt adjustment, and whatever steps should be taken to prevent further depreciation of our farming plant and restore some hope and confidence to our hard-pressed men and women on the land."

Your Board endorsed a resolution adopted by the representatives of Western co-operative marketing associations at a meeting held in Regina on July 28th and 29th, 1933, asking the federal Minister of Agriculture to prepare a farm products marketing measure adequate for the needs of producers of all agricultural products in any part of Canada. Your Board recommended the resolution to the provincial Wheat Pool Boards for their favourable consideration, and they gave their support to the Committee which had been formed at the Regina Conference.

During November a Conference of representatives of all the major co-operative organizations throughout Canada was held in Toronto, at which a resolution was unanimously adopted urging federal legislation covering the marketing of all agricultural products, similar in principle to the British Agricultural Marketing Act. A committee was also formed to submit their views to the federal Minister of Agriculture. Subsequently,

at a meeting in April, it was agreed that your President, Mr. Brouillette, should go to Ottawa to co-operate with the committee in securing such amendments to the Natural Products Marketing Act then before Parliament as would make it not merely a regulating measure but an Act to provide for the organization, regulation and control of the marketing of agricultural products.

Debt Adjustment Legislation

The burden of debt carried by the farmer has been accentuated with the continuation of low prices for agricultural produce and its growing proportions are such that it has tended to undermine his confidence and threatens the future of agriculture in Western Canada.

Your Board has, when making representations to Ottawa on matters already mentioned in this report, kept before the Government the economic conditions of the Western farmer, and the urgent need for remedial legislation. We believe that the joint action taken by the three provincial Pools, which, as well as other co-operative organizations, presented a memorandum to the Royal Commission on Banking and Finance, had an important effect in impressing upon the Government the necessity for debt adjustment legislation to assist the debt ridden farmer and the recovery of Western agriculture.

Provincial legislation has been enacted during the last three or four years which has afforded the farmer some protection against the pressure of his creditors and the possibility of foreclosure. Little progress had been possible in the adjustment of farm debts prior to the passing of an Act by the Dominion Parliament to facilitate compromises and arrangements between farmers and their creditors. The Western provinces have now placed upon their Statute Books enabling legislation, and these measures, together with the Dominion Acts, will, we hope, afford those farmers who are in difficult financial circumstances a substantial degree of relief, and go far in placing Western agriculture on a more secure and permanent foundation.

The Drought Area.

The conditions brought about by the drought in large areas of Southern Saskatchewan, a portion of East-central Alberta and South-western Manitoba, constitute an agricultural problem which demands the urgent and combined attention of the provinces and the Dominion. Successive crop failures have brought a community of thriving farm homes face to face with actual distress and want, and relief measures have been adopted by the Governments to supply immediate needs and provide food and clothing for the people who have been unable to produce even the bare necessities of life. We desire, however, to emphasize particularly the agricultural phase of the problem.

Soil drifting has wrought extensive damage to the farms in the drought areas threatening to destroy the productive capacity of the land and convert a once prosperous countryside to a permanent desert. The return of normal precipitation in the cycle of wet and dry periods may, of course, temporarily bring crops and restore production, but it will not solve the problem. When the land was new it contained fibre which prevented soil drifting to any marked degree, but now the land has lost its original cohesiveness, and the disin-

tegrating forces of nature are noticeable with every high wind. Furthermore, the area affected by "blowing" is extending and many districts are now experiencing for the first time the eroding effect of wind on soil.

History holds numerous instances of communities destroyed by the effects of a neglected agriculture, but we live in an age of scientific development having a greater regard for human well-being. We earnestly recommend to your consideration the necessity for unity of action by the three provincial bodies through this organization to urge upon the provincial and federal governments the immediate institution of a survey of soil conditions in the drought areas, with the view to formulating an agricultural policy for the conservation of the soil and maintaining the home of the man on the land.

Garnet Wheat

The segregation of Garnet Wheat in separate grades has been advocated by this organization for some time, for the reason that Canadian wheat could only hold its unique position by maintaining the highest possible standard grades free from admixtures which depreciated their quality and blending value. It may be remembered that your Vice-President, Mr. Lew Hutchinson, and Mr. R. C. Steele, representing the Pool organizations, appeared before the Agricultural Committee at Ottawa in 1932 to give evidence in support of this change. Your President, Mr. Brouillette, and Mr. Lew Hutchinson, again urged segregation before the Agricultural Committee in the early part of this year.

The last session of Parliament, in accepting the report of the Agricultural Committee, passed an amendment to the Canada Grain Act by which separate and new grades of No. 1 and No. 2 Garnet are established, the said amendment to come into effect on the first day of August, 1935.

Improvement of Quality

No grain handling bodies have done so much to promote better quality grain production as have those of the organized farmers through their Pools. The provincial Pools instituted the plan of junior co-operators' seed growing and fertilizer test plots, in which hundreds of boys and girls throughout the West joined to sow experimental plots and conduct tests on their home farms in grain variety production and the effect of fertilizers on yield, and they initiated the policy of exchanging commercial grain for grain suitable for seed.

Through the Canadian Wheat Pool they have united to secure legislation, in spite of strenuous opposition, improving the export standard of grain, and maintaining the world reputation of Canadian wheat. The efforts of your Board in securing amendments to the Canada Grain Act, the most important of which restricted the practice of mixing wheat in the terminals, and prohibited mixing in the first four grades of wheat, and added four new grades to establish malting barley, thus guaranteeing the buyer a higher quality of Canadian barley than had been obtainable heretofore, have been referred to in previous Annual Reports.

Your organization has also co-operated with the National Research Council and the Federal Department of Agriculture, on different occasions, in successfully dealing with new problems which are constantly arising in the production and handling of grain. This year,

Dr. H. M. Tory, Chairman of the National Research Council, in an interview, reminded your President, Mr. Brouillette, of investigations undertaken by the National Research Council, at the request of the Canadian Wheat Pool, into (1) the drying of tough and damp grain, (2) the commercial value of frosted wheat, and (3) the milling value of spring threshed grain, and he advised that they would give favourable consideration to the request of your President for further studies affecting the production and marketing of coarse grains.

The Council are co-operating with the National Advisory Committee on Agricultural services, representing all the provincial and federal Departments of Agriculture, in research work relating to coarse grains, particularly the handling of barley. A National Barley Committee, composed of representatives of organizations and institutions interested in the barley industry, was established, the purpose of which is to cover a field of work embracing such activities as testing new varieties of barley, analysis of feeding and malting values to suit trade requirements, zoning of areas best suited for production of malting barley and of feed barley, and the expansion of barley markets and experimentation, etc.

Your Board is co-operating with the National Barley Committee and has requested it to give special attention to systems and methods of drying tough and damp barley and their effect on the malting quality, the effect on germination of barley matured in storage, the effect on the malting quality resulting from blending tough barley with dry, the improvement of cleaning machinery to prevent injury to and permit the processing of the grain to meet the requirements of importing brewers, distillers and malt extract manufacturers, and the requirements of overseas barley markets. We desire to endorse the action of the federal and provincial Governments in the formation of a National Advisory Committee of Agricultural Services, and express our appreciation of the work it has accomplished and the aims it has in view, and we desire to give our whole-hearted support to the objectives of the National Barley Committee and to co-operate with it in every reasonable way.

General

Due to the nature of our operations, it is again impossible to present any statements at this time, for reasons which our members will appreciate.

Attached to this Report will be found a copy of a Report submitted by Mr. John I. McFarland, General Manager, to the Annual Meeting of Shareholders of Canadian Co-operative Wheat Producers Limited.

It has become a commonplace that today the great economic problem of the world has shifted from production to distribution. The great technological advance of the last quarter of a century, immensely stimulated by the Great War, has given us an era of plenty, but, unfortunately, the achievement in production has not been accompanied by the necessary adaptations in the economy of distribution. Man has learned to create abundance, but not to put it at the service of the whole of humanity. That is the great task before us—"To make abundance a blessing to all mankind"—that task demands an intelligent, deliberate planning of the processes of distribution, and that, in its turn, means co-operation, for only by co-

operation can man intelligently plan his civilization. The co-operative movement is, in fact, the outstanding example in the world of planned economic effort, and the whole hope of civilization lies in its extension, not only co-operation within the nation, but co-operation among the nations. Unrestrained competition, the jungle law of strife and struggle in the economic sphere, will only intensify the distress born of poverty; international co-operation will bring the peace and security which are not only necessary for present recovery, but are fundamental to the persistence of civilization.

Respectfully submitted,

L. C. BROUILLETTE, President

LEW HUTCHINSON, Vice-President

P. F. BREDT

GEORGE BENNETT

J. JESSE STRANG

JOHN H. WESSON

BROOKS CATTON

COLIN H. BURNEILL

J. W. BALDWIN

} *Executive*

REPORT OF MR. JOHN I. McFARLAND

General Manager

This is the fourth successive annual occasion on which I have appeared before you as General Manager of your Central organization. On all prior occasions there was evidence on every hand of universal overproduction of wheat, although last year about this time we were hopeful that the London World Wheat Agreement would greatly assist in working out such reductions of acreage and production as would eventually alleviate the intolerable world surplus position. At the same time there was nothing in the immediate future to give us any hope of a solution in that cereal year, as it will be recalled that the moderate wheat crop in North America was offset by bumper wheat crops in most European countries, and good prospects in the Argentine, while world coarse grains were fair to good.

Regardless of disparaging comment directed by some critics against the Wheat Agreement, it is my personal opinion that that Agreement has produced beneficial results, and has been advantageous to the wheat producers, inasmuch as it did create an increased spirit of international confidence between countries, and statistics demonstrate it did result in a reduction of 6 per cent. in the world's wheat acreage, exclusive of Russia and China. Confidence was necessary to give some stability to prices, and a reduction of production was necessary before any permanent solution could be expected. Moreover, the Agreement drew together all the various governments to friendly discussions and exchange of views on what had become one of the major depression problems, and thus these governments and the peoples of various countries have become more widely informed on various aspects of the wheat problem than would otherwise have been possible. Such diffusion of understanding and knowledge may be of inestimable value in the future. These were the principal objectives of the London Wheat Agreement, and these measures of success have been attained. However, no matter how great the endeavours of man may be, it must always be borne in mind, and acknowledged, that all human achievements are dwarfed into insignificance when compared with the workings of Providence or the Laws of Nature, and in that respect it is observed on this Continent, as well as in various European countries, that there has been in this year, 1934, an unprecedented destruction of production as a result of unparalleled adverse weather conditions. No man envisaged the destruction of so many cereal acres. There is no historical record of such crop losses in any previous year, and yet, even in the face of such enormous natural reduction of production, is it not a most remarkable phase of this unique period that no comment is forthcoming from the many people who, in the past few years, have contended that there was no overproduction, but rather that the trouble was underconsumption? Yet these theorists who made such claims have not, so far as I have noticed, given any voice to a cry of alarm, nor any warning that there might be danger of scarcity or semi-scarcity of supplies of world's actual requirements of cereals.

You will probably recall, just two years ago, at your Annual Meeting, when discussing the surplus situation, I made remarks as follows:

"I have carried on feeling at all times that, unless Providence intervened through crop failures, suc-

cess could not attend our efforts. There have been some near crop failures throughout the world, but not of a sufficiently drastic nature to overcome the largely extended acreage".

That was just two years ago, and while there was some measure of success this year in the reduction of acreage, following the London Wheat Agreement, yet it must be admitted that such reduction would have been quite insufficient to have completely changed the picture from a condition of excessive over-supply into one of apparent semi-scarcity. However, Providence did intervene in a most calamitous manner throughout many important areas in the Northern Hemisphere, the effect of which was to impress upon my mind the necessity of acknowledging that such a reduction had occurred as to completely change the scene, and, on my return from the London Conference at the first of September, I felt it was my duty to immediately acknowledge that such a change had occurred, and, through the Press, I issued a statement calling the attention of the producers to the complete change which had occurred. During the past four years I have, on many occasions, made public statements regarding the price depressing influence of the overproduction, and it was my desire, at the earliest possible moment, to direct attention to the changed conditions.

In April I attended a meeting of the Wheat Advisory Committee at Rome, at which time the principal matter of discussion was the establishment of some sort of minimum price agreement to protect the world's price structure from the then present and prospective heavy world's surplus supplies. The Committee did arrive at a formula which was apparently satisfactory to all delegates present, but, at the adjourned meeting held in London early in May, no attempt was made to put the plan into operation because of the fact that the government of one important country then refused to agree.

Just four months later I again attended a meeting of the Wheat Advisory Committee in London, early in August, and it is worthy of note that within that short interval world-wide cereal crop failures had radically changed the whole picture, so that practically every delegate was convinced that the great surplus would disappear within the current year, and that the chief concern of the Committee is now to advocate such policies among the various countries as will prevent the recurrence of overproduction under normal crop weather conditions.

Statisticians are in general agreement that the world has been for several years carrying a surplus of 450 million bushels of wheat in excess of normal carry-overs, and, as a result of the reduced wheat crop this year, it is believed 75 per cent. of this excess surplus will be absorbed through usual consumptive uses, thus largely wiping out what has been regarded as the excess world carryovers, and it is believed by many people, including myself, that any remaining balance will be readily absorbed as animal feed because of the alarmingly short crops and crop failures of coarse grains and fodder.

In this connection, it is interesting to observe that feed crops are light throughout the Continent of Europe while on the other hand they are disastrously short in North America, and in the United States in particular. The combined production in bushels of wheat, oats, corn, barley and rye in the United States, for the years

1928 until 1932 inclusive, averaged 5,052 million bushels per year. It will be recollected that the United States crop of 1933 was a very short crop, inasmuch as the total production of those five cereals in that year was 3,757 millions of bushels, or $25\frac{1}{2}$ per cent. less than the previous five-year average. However, the disaster of this year, 1934, resulted in a production in that country of only 2,663 millions, which, you will observe, is only $52\frac{1}{2}$ per cent. of the five-year average from 1928 to 1932. This, it must be admitted, is an enormous shortage, and it is obvious that that great country cannot encounter such disaster without serious repercussions on the food and feed supplies of the rest of the world. It is, therefore, reasonable to conclude that the short feed crops throughout the Northern Hemisphere will, before the end of the present cereal year, result in surplus wheat being pressed into use as animal food, and the world wheat position restored to normal before another crop has been grown. Even at this early date, and despite early harvests throughout the Northern Hemisphere, the prices of coarse grains on the international markets of the world are practically on a par with the values of wheat.

In recent years, during the wheat surplus, there has at all times been an abundance of cheap coarse grains and fodder. This year, however, is entirely different inasmuch as coarse grains and fodder met with even greater crop disaster than wheat. This condition will result in scarcity of feed supplies next Spring and Summer, and this Western country should take a forward view to conserve a plentiful supply of suitable seed oats and barley so as to be in readiness to extend the acreages of feed grains in order to build up a reserve of animal feeds which, in my opinion, are indispensable to the success of a balanced agriculture throughout this Dominion. An abundant farm reserve of feed grains would contribute a large measure of comfort and prosperity to every farmer, and, therefore, an increase in seeded acreage of oats, barley and flax, and a further decrease in wheat acreage, should be the agricultural policy of this country.

Canadian Pool Agencies Limited

DIRECTORS' REPORT

1933-1934

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

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st August, 1934, together with a statement of the Income and Expenditures for the year ended as at the same date. The result of our operations for the year is a profit of \$37,241.50 as compared with \$38,860.43 last year. The decrease in the earnings is much less than was anticipated at the beginning of the season, this being largely due to the heavy grain stocks carried in the country and terminal elevators, and to the higher grain values. Despite these factors you will observe that as a result of the savings effected in rates, to which we referred last year, and further losses in premiums by reason of the installation of lightning rod equipment in the Alberta and Saskatchewan elevators, our commission earnings were reduced in excess of \$4,000.00.

The principle upon which this Agency is operated puts service before profits, and in this respect it has been of great value to the Pool organizations, not only in securing very substantial savings in rates on practically every class of insurance, but in the servicing of it. The earnings of the Company are, of course, rebated to the provincial organizations from whom our business accrues.

It is very gratifying to report that up to the end of August we handled five cargoes out of Churchill. Two more have been completed since that date and several others are expected before the close of navigation from that Port. This business was placed at very satisfactory rates and we anticipate there will be about the same volume of business from this source next year.

The following comments relative to the Balance Sheet and Operating Statements 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.

Accrued Commissions: This represents the accrued commissions previously referred to as being due from the Agency Trust Funds, and they 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: Canadian Co-operative Wheat Producers Limited:

This amount includes \$3,500.00 for administrative charges which have been paid since the date of the Balance Sheet.

Unearned Commissions: This amount includes the proportion of commissions due to subsequent years on policies written for a three-year period.

Reserve for Cancellations and Unearned Commissions: Due to the nature of our business, where the major proportion of our policies is due for renewal 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 are incurred during the ensuing year.

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.

Surplus: The following is a summary of this account for the year:

Surplus as at 1st September, 1933.....	\$38,860.43
Additional Income.....	25.00
Deduct	\$38,885.43
Dividend 6% on Capital	
Stock.....	\$ 1,200.00
Patronage Dividend.....	37,685.43
	\$38,885.43
Add	
Profits for the year 1933-1934	
as per Statement of Income	
and Expenditures.....	\$37,241.50

The Capital Stock dividend of 6% was paid to the three provincial organizations who are its Shareholders, whilst the Patronage Dividend is payable on the basis of the business contributed by each. The details of this Dividend are as follows:

Manitoba.....	\$ 3,864.67
Saskatchewan.....	22,786.73
Alberta.....	11,034.03
	\$37,685.43

It is of interest to note that these two dividends combined represent a return of 78.14% of the total commissions received by the Company.

Profit and Loss Account

Our earnings have again been affected by the short crop and low grain prices for the major part of the season, as well as by the reduction in rates, which has been commented upon previously. As a result of these rate reductions in country elevator and terminal insurance, together with their grain contents, approximately \$40,000.00 was saved to the handling Com-

panies last year, with a consequent loss to the Company of commission earnings.

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.

Respectfully submitted,

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

Some Facts

During 1933-34, the Saskatchewan Wheat Pool Organization:

- 1.—Increased its surplus from \$3,390,854 a year previously to \$6,017,831, available as working capital for the 1934-35 season.
- 2.—Made all payments of principal and interest on commitments, and reduced the 1929 overpayment indebtedness from its original principal sum of \$13,752,000, to \$12,765,000. Thereby growers' equity in their organization increased from 39.327 percent the previous year to 46.655 percent, of total assets valued at \$23,505,000.
- 3.—Made full allowance for depreciation and maintained its properties in good condition.
- 4.—Through its country elevator system, handled 43.51 percent of all grain delivered to country elevators in Saskatchewan, as against 43.02 percent during the previous season.
- 5.—Brought its total handlings of all grains, including platform loadings, up to 752,460,178 bushels since the elevator system was launched in 1925.
- 6.—Chartered 13 vessels to carry wheat out of a total of 15 sailings from Churchill during the 1934 navigation season on the Hudson Bay route. In the first four seasons since opening of the port, 85.79 percent of all grain shipped to Churchill was supplied by the Wheat Pool organization.
- 7.—Took an active interest in legislation affecting economic problems of farmers, including marketing and debt adjustment.

Farmers Control Pool Elevators

The office of Saskatchewan Pool
Elevators Limited is situated at
Lanark, Ontario, through their
elected representatives. This
principle of democratic control is
fundamental to the agricultural
co-operative movement of which
Pool Elevators is a member.

Members of the Company elect
on the basis of the number of the
bushels raised a year, a board of
the office of the company. The
board chooses the men to run
the business in keeping the business
efficient and profitable. The men
like to serve their local com-
munity with the best and lowest
prices possible.

The machinery whereby the Com-
pany is so efficiently administered
by a board of farmer owners is
essentially democratic. Farmers
have shown their ability to carry
on a large scale business which is
a triumph of co-operative effort.
Pool Elevators today is truly in-
fluencing the course of farming
generally.

Grain delivered to Pool Elevators
receives the continued service of a
co-operative enterprise devoted to
the interests of agriculture.

Saskatchewan Pool Elevators Limited

PO BOX 100, LANARK, ONT.

For information and orders, write to
the office of the company at
Lanark, Ontario.

Farmers Control Pool Elevators

The affairs of Saskatchewan Pool Elevators Limited are guided by farmers themselves, through their elected representatives. . . This principle of democratic control is fundamental in the agricultural Co-operative Movement, of which Pool Elevators is a major asset.

Policies of the Company originate on the farm. By means of the ballot each grower has a voice in the affairs of his own organization; he chooses the men to represent him in shaping its policies. Even more important, he may take an active part in local organization work, for in the rural community lies the strength of this enterprise.

The machinery whereby the Company is governed by approximately 100,000 farmer owners, is essentially practical. Farmers have shown their ability to carry on a large-scale business which is a triumph of co-operative effort. Pool Elevators today is firmly entrenched in the esteem of farmers generally.

Grain deliveries to Pool Elevators assures the continued success of a co-operative enterprise devoted to the interests of agriculture.

Saskatchewan Pool Elevators Limited

Head Office: REGINA

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