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ALBERTA WHEAT POOL

Annual Report

1958 - 1959



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ALBERTA WHEAT POOL

DECEMBER, 1959

INDEX

	Page
List of Alberta Wheat Pool Delegates	2-3
Alberta Wheat Pool—	
(a) Board of Directors' Report	4-31
(b) General Manager's Report	32-47
(c) Auditors' Report, Balance Sheet and State- ment of Operations	49-63
(d) Consolidated Balance Sheet	64-65
(e) Analysis of Balance Sheet	71-78
Alberta Pool Elevators, Limited—	
(a) Auditors' Report and Balance Sheet	66-69
(b) Analysis of Balance Sheet	79-83
Canadian Co-operative Wheat Producers, Limited—	
(a) Board of Directors' Report	85-104
Canadian Pool Agencies, Limited—	
(a) Board of Directors' Report	106-107
(b) Auditors' Report and Balance Sheet	108-109
(c) Summary of Surplus Account	110
(d) Statement of Income and Expenditure	111
Pool Insurance Company —	
(a) Board of Directors' Report	113-115
(b) Auditors' Report and Balance Sheet	116-117
(c) Summary of Shareholders' and Patrons' Equities	119
(d) Statement of Income and Expenditure	120

ALBERTA WHEAT POOL

Annual Report

1958 - 1959



ISSUED BY
ALBERTA WHEAT POOL
CALGARY, ALBERTA

DECEMBER, 1959

BOARD OF DIRECTORS

G. L. Harrold, President	Lamont
W. J. Blair, First Vice-President	Naco
Nelson Malm, Second Vice-President	Vauxhall
W. R. Mueller	Spirit River
R. C. Bell	Carstairs
Gerald Oberg	Forestburg
Allan J. Macpherson	Delia

LIST OF DELEGATES

1959-1960

LETHBRIDGE—District One

101	(ra)	Madill, Herbert A.	60091	Foremost
102	(ra)	Norris, Fred A.	44683	Warner
103	(ra)	Oliver, W. A.	60602	Warner
104	(ra)	Lee, Lester W.	12947	Cardston
105	(e)	Patching, Harry R.	84877	Maybutt (635-10th St. South, Lethbridge)
106	(e)	*Hallworth, Fred W.	86156	Taber, Box 692
107	(ra)	Erdman, Ralph L.	80319	Barons, Box No. 276
108	(ra)	Claeys, Lucien	73547	Vauxhall
109	(ra)	Egan, Alfred	68422	Bow Island
110	(ra)	Montgomerie, T. S.	50655	Medicine Hat, 286-1st St. S.E.

CALGARY—District Two

201	(ra)	Pelletier, George E.	64025	Pincher Creek
202	(ra)	O'Neil, James Jesse	60011	Claresholm
203	(ra)	Hagerman, Thomas H.	8573	Parkland
204	(ra)	*Versluys, C. J.	76214	Champion
205	(ra)	Bertrand, V. J.	1810	Milo
206	(ra)	Morrison, W. Spence	54846	High River, Box 218
207	(ra)	Noel, Felix H.	77706	Okotoks
208	(ra)	Rosenberger, O. Keith	60024	Balzac
209	(re)	Clayton, Clifford S.	62873	Airdrie
210	(e)	*Richards, Ralph E.	83717	Olds, Box 426

DRUMHELLER—District Three

301	(ra)	Frey, Jake	7263	Acadia Valley
302	(ra)	Paetz, John T.	62427	Big Stone
303	(e)	Plumer, William Wallace	80634	Brooks, Box 853
304	(ra)	Arrison, Arthur W.	62315	Bassano, Box 298
305	(ra)	Burne, G. W.	77730	Gleichen, Box 46
306	(ra)	Cammaert, Emile	35501	Rockyford, Box No. 5
307	(e)	Kaechele, David	11490	Ghost Pine Creek
308	(ra)	Hepburn, Sydney B. A.	9582	Huxley, Box 21
309	(ra)	Adie, John L.	62906	Drumheller, Box 356
310	(re)	Nelson, Norman E.	60146	Craigmyle

RED DEER—District Four

401	(ra)	Warwick, Ernest	64348	Oyen
402	(re)	Smith, George F.	61111	Provost
403	(ra)	Hallett, John	8662	Fleet
404	(ra)	Turner, H. H.	23340	Alliance
405	(ra)	McCormick, J. E.	78480	Byemoor
406	(ra)	Tipman, Josph J.	62139	Stettler, Box 87
407	(ra)	Stone, John J.	65021	Alix
408	(ra)	Braithwaite, George W.	78714	Red Deer, R.R. No. 4
409	(a)	Phillips, J. Duane	50764	Eckville, R.R. No. 3
410	b(a)	*Jones, Rees	38741	Ponoka, Box 190

CAMROSE—District Five

501	(a)	Redmond, D. R.	76655	Edgerton
502	(ra)	Dobson, Parke	60982	Paradise Valley
503	(ra)	Jackson, James	60986	Irma, Box 201
504	(ra)	Flaade, Bennie Alfred	64158	Rosyth
505	(re)	Koehli, Ernest	12137	Daysland, Box 207
506	(re)	Hayes, Charles P.	9290	Strome
507	(ra)	Drummond, Alexander	68601	New Norway
508	(ra)	Johnson, Arne	62168	Camrose, Box 98
509	(e)	Ness, Ingvald	61061	Kingman
510	(ra)	Rasmuson, Clarence H.	65747	Gwynne, R.R. No. 1

VEGREVILLE—District Six

601	(ra)	Kent, W. R.	11736	Marwayne
602	(e)	*Mead, George B.	79463	Vermilion
603	(ra)	Ziegler, George	44725	Vegreville, R.R. 2
604	(re)	Ropchan, Mike	96842	Willingdon
605	(ra)	Alton, Willmot	40992	Fort Saskatchewan, R.R. No. 1, Box 32
606	(ra)	Ziegler, Alex	60694	Winterburn
607	(ra)	Chauvet, Louis	83768	Legal
608	(re)	Basaraba, William N.	86860	Smoky Lake, Box 315
609	(ra)	Lamothe, Armand	72533	St. Paul
610	(e)	*Parson, Raymond R.	80237	Boyle

EDMONTON—District Seven

701	(ra)	Haley, Stephen	81702	Athabasca, Box 191
702	(e)	*Anderson, Hubert N.	76063	Freedom
703	(ra)	Paterson, Charles P.	68926	Mayerthorpe, Box 171
704	(ra)	Levesque, Ferdinand	70713	Falher
705	(ra)	Helgason, C. J.	9447	Sexsmith
706	(e)	*Harris, Leslie N.	60238	Beaverlodge
707	(ra)	Hadland, Arthur R.	59388	Dawson Creek, B.C., 1505 - 94th
708	(ra)	White, Frank	68571	Spirit River
709	(ra)	Eastman, John Wesley	5932	Brownvale
710	(ra)	Proctor, C. M.	82003	Fairview

(e) Elected

(re) Re-elected

(a) Elected by acclamation

(ra) Re-elected by acclamation

(b) Elected in by-election

(*) Delegates elected in 1959 who did not serve in that capacity in 1958.

REPORT OF BOARD OF DIRECTORS

ALBERTA WHEAT POOL

— to —

THIRTY-SEVENTH ANNUAL MEETING OF DELEGATES

Gentlemen:—

Your Directors are pleased to report the crop year 1958-59 as one of continued progress for the Alberta Wheat Pool. The range of service was extended, handlings of grain and seed increased, total membership rose and throughout the year the Pool was associated with other Farm Organizations in efforts designed to improve the economic status of agriculture.

Grain handlings totalling 61,504,666 bushels were over 4,500,000 bushels greater than the previous year. The Seed Division handlings of 14,845,436 pounds of seed represent an appreciable percentage of Alberta's 1958 forage seed production.

Through increased handlings and large stocks of grain carried in country and terminal elevators throughout the year, earnings of the Association will permit a greater return on patronage than at any time in the history of the Pool.

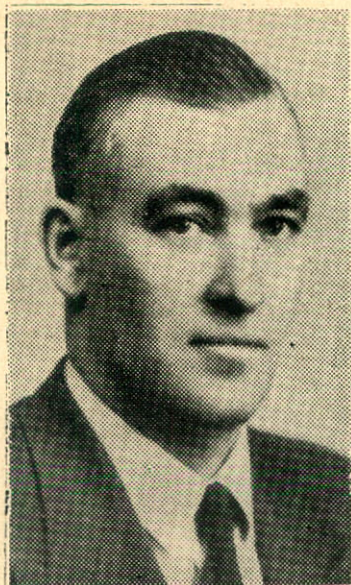
GRAIN MARKETING

GENERAL

Canada's exports of its five principal grains suffered an appreciable decline during the 1958-59 crop year. Preliminary figures issued by the Board of Grain Commissioners for Canada indicate exports totalling 377.8 million bushels, with declines in all grains except flaxseed from the totals of the year previous. The current year's total was approximately 57.9 million bushels lower than the previous crop year, but remained about 60.4 million bushels ahead of the long run average of Canada's yearly export movement.

WHEAT

Exports of wheat as grain and flour totalled 288.9 million bushels during the 1958-59 crop year — a decrease of 26.7 million bushels from the year previous. This clearance of wheat was approximately 5.5 million bushels above the average for the ten previous years. Major declines were registered in purchases by India, Russia and The Netherlands. The United Kingdom remained Canada's largest cus-



G. L. Harrold, President

tomer, with purchases of about 3.3 million bushels less than for the previous year. Japan and Germany increased their purchases and remained Canada's second and third best customers respectively, while India, Belgium, The Netherlands, Union of South Africa, U.S.S.R. and Switzerland remained substantial buyers of Canadian wheat.

The year ended with total stocks of Canadian wheat on hand estimated at 546,300,000 bushels, a reduction of about 93,000,000 bushels from the previous year.

OATS

Exports of Canadian oats declined sharply from 25.9 million bushels the previous season to a total of 7 million bushels in the 1958-59 crop year. The United States markets, which usually absorb the bulk of Canadian oats exports, purchased only 1.4 million bushels as compared with 21.6 million bushels the previous year. Germany appeared again as an Overseas customer, taking 1.3 million bushels. Exports to the United Kingdom were only slightly reduced—3.4 million bushels compared to 3.9 million bushels the last crop year.

BARLEY

Canada's barley exports during the 1958-59 crop year stood at 64.4 million bushels — a drop of 10.7 million bushels

from the year previous. The United Kingdom remained the top buyer of Canadian barley, with imports of 41.5 million bushels — a rise of 4.8 million bushels over the previous year. The United States imports declined by 11.3 million bushels, while Japan, Canada's third best customer, during the year purchased 5.7 million bushels — a decline from 10.2 million bushels the previous year. Poland was again an importer of Canadian barley during the year, taking a total of 4.3 million bushels. The United States imports were less than one-half of the previous year at 10.2 million bushels — a decline of 11.3 million bushels. Canada's barley exports remained approximately 34 million bushels ahead of the thirty year average.

RYE

Exports of Canadian rye dropped to the lowest level since the 1945-46 crop year — a total of 3.2 million bushels. This was 2.2 million bushels less than the previous year, accounted for mainly by reduced shipments to the United States, Germany, The Netherlands and Norway.

FLAXSEED

Of the five major grains, flaxseed exports were higher during the 1958-59 crop year by .6 million bushels, as compared to the previous year, for a total of 14.3 million bushels. The largest single importer during the year was the United Kingdom at 6.9 million bushels, followed by Japan at 2.5 million bushels, Germany 1.3 million bushels, and The Netherlands 1.1 million bushels.

SUMMARY

The United Kingdom was still Canada's best grain market during the year under review. Despite slightly reduced imports of Canadian wheat, the total of the five grains combined showed an increase of 3.5 million bushels over the previous year to this market. The United States, usually Canada's second best customer, dropped to fifth on the list. Japan was in second place, with a total of 50.3 million bushels, while Germany, mainly on account of increased wheat imports, became Canada's third best customer, taking a total of 37.9 million bushels. The Benelux Countries, Belgium and The Netherlands jointly, were Canada's fourth best customer during the year.

WHEAT POOL REPRESENTATIONS

DEMURRAGE ON GRAIN CARS

During the 1958-59 crop year there were additional developments on the amendments to the Canadian Car Demurrage Rules mentioned in our last Report, which would have permitted the Railways to impose demurrage on grain cars at Terminals after ten days free time. The Board of Transport Commissioners, on March 25th, 1959, removed its suspension of the amended rules which it had ordered on July 14th, 1958. The Railway Companies subsequently served notice that demurrage would become collective April 1st, 1959.

The Presidents of the three Wheat Pools, at a meeting with Members of the Federal Cabinet on April 29th, 1959, requested Government intervention in this matter on the grounds that the application of demurrage as currently planned was mainly for producing additional revenues for the Railways, contrary to their earlier contention that it was to facilitate "turn around", of rolling stock. Imposition of demurrage would be of considerable expense to the prairie grain grower and would likely slow up the movement of grain from farm to Terminal. Subsequently, on May 7th, 1959, the Federal Cabinet issued a directive suspending the implementation of demurrage charges indefinitely.

DOMESTIC FREIGHT RATE ON DOCKAGE TO WEST COAST

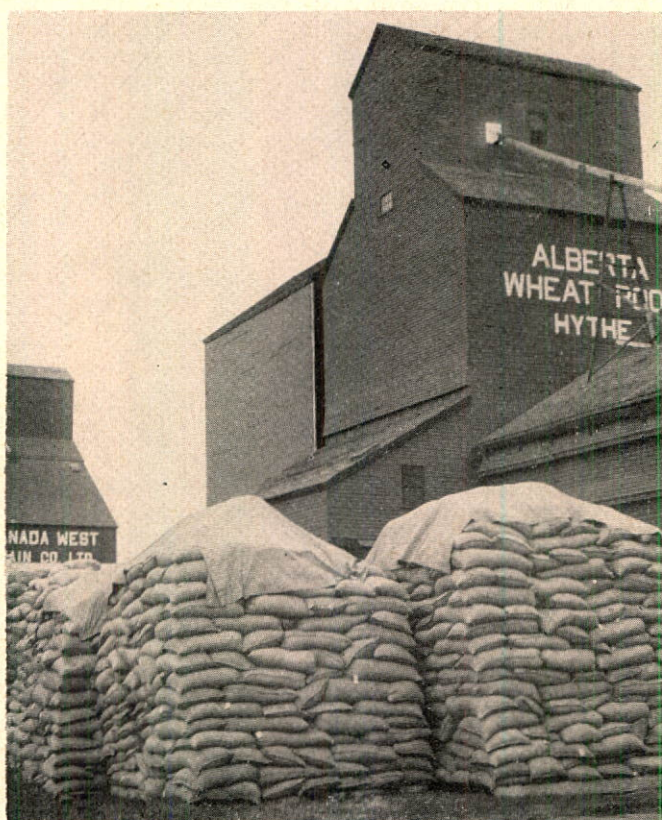
Subsequent to our annual meeting last year the intention of the Railways to impose domestic freight rates on dockage shipped in grain to the West Coast has been satisfactorily averted. On application from grain handling Companies, including the Alberta Wheat Pool, the Board of Transport Commissioners held public hearings in Winnipeg and Vancouver, in December, 1958, on this matter, and ruled on January 20th, 1959, that the only practical solution is to allow the dockage to pay the same rate as applied to the grain in which it is shipped to the cleaning point. It accordingly instructed the Railways to clarify their tariff rules in this respect.

BOX CAR DISTRIBUTION INQUIRY

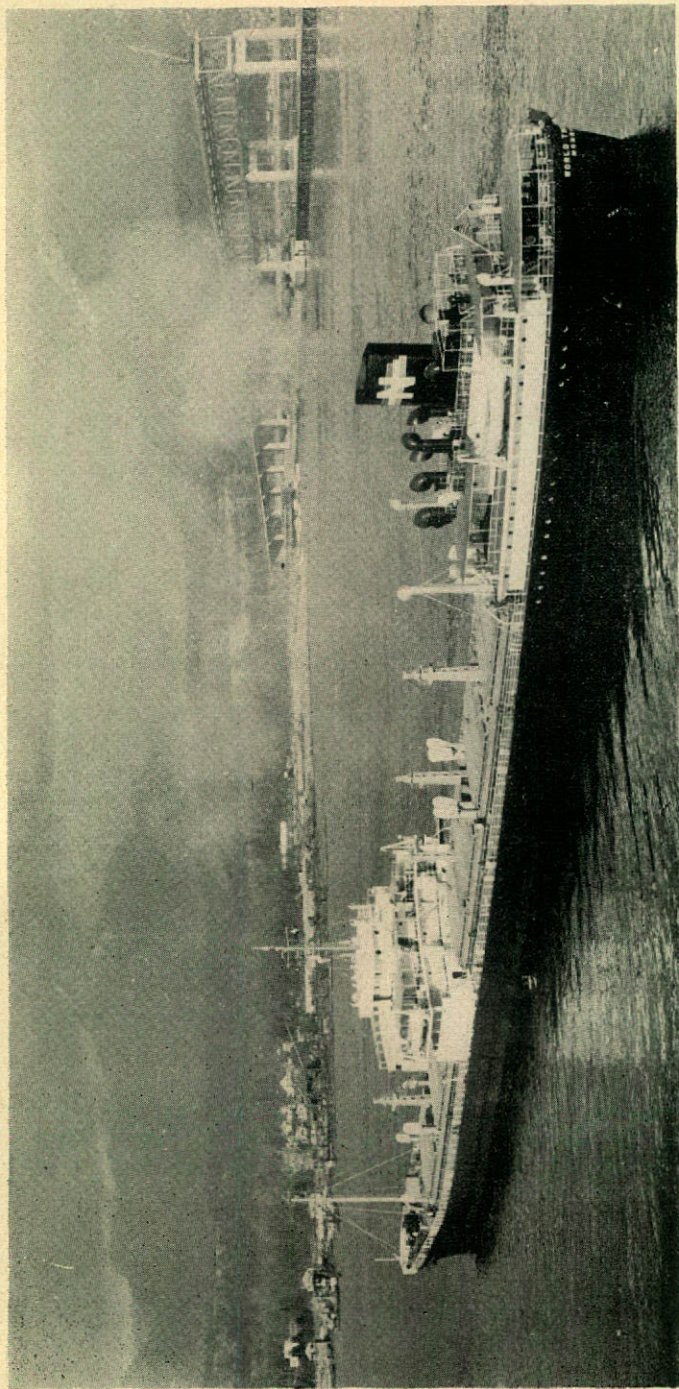
On April 23rd, 1959, the Report of the Inquiry into the Distribution of Railway Box Cars by Mr. John Bracken, Commissioner, was tabled in the House of Commons. In brief, it contained the following recommendations:—

- (1) that box cars be distributed to ensure more elevator competition;

- (2) that the practise of embargoing full elevators be discontinued;
- (3) that all producers be given the right to do their elevator business where they choose, and in particular, that farmer owners of elevators be given the right to use their own facilities for all their elevator business;
- (4) that allocation of shipping orders to different Companies be on the basis of current business earned by each;
- (5) that matters of detail concerning these recommendations be left with the Canadian Wheat Board for its determination.



Seed is stacked in huge piles beside many Pool elevators in the Peace River area while it awaits cleaning at the Camrose and Grande Prairie plants.



The M.S. World Treasure leaving the Alberta Wheat Pool's Vancouver terminal with a near-record cargo of 750,000 bushels of 2 Northern wheat destined for Switzerland.

Your Association requested the Minister of Trade and Commerce to consider early application of these recommendations. On July 30th last, the Canadian Wheat Board, acting on a directive from the Minister of Trade and Commerce, issued Instructions to the Trade for an improved system of boxcar allocation in the current crop year designed to permit producers to deliver to the elevators of their choice.

The result of this change in policy will not be immediately known, but recognition of the inequities of the previous method of boxcar allocation is a source of satisfaction to our Association.

DEFICIENCY PAYMENTS ON WESTERN GRAINS

Following your last annual meeting plans were made by various farm Organizations in the prairie Provinces to send a large delegation to Ottawa to press for a deficiency payment scheme on western wheat, oats and barley. The Farmers' Union of Alberta announced in January, 1959, that it would circulate petitions in this Province in support of this request and organize a delegation from all districts in the Province which wished to participate. Your Board, in line with the sentiment expressed at the 1958 annual meeting, gave assistance to the Farmers' Union of Alberta in publicizing and organizing what became known as "The Western Farm Delegation to Ottawa, March, 1959".

Subsequently, the Government's intention to deal with this request has been sought on several occasions but at time of writing this report we regret to record that no announcement has been made.

INTERNATIONAL WHEAT AGREEMENT

During the year negotiations were successfully completed for a new International Wheat Agreement of three years duration. This Agreement retains the basic principle of assuring supplies to importers and markets to exporters at equitable and stable prices.

Some wider objectives have been incorporated, with the prospect of a larger volume of grain being traded under its terms. The new Agreement retains the minimum price of \$1.50 per bushel under the previous Agreement, and a maximum of \$1.90, being 10c lower than the previous Agreement.

In view of the surplus position of wheat at this time, the range of prices appeared acceptable, as the Agreement is stronger in respect to price maintenance at the minimum levels than its predecessors.

Canada became a signer of this Agreement on July 14th, 1959, and sufficient signatures were assured for this Agreement to become operative on August 1st, 1959.

LEGISLATION

PROVINCIAL

"The Farm Purchase Credit Act, 1957"

"The Farm Purchase Credit Act, 1957" underwent some revision at the last session of the Legislature designed to improve its usefulness.

The amount of loans under the provisions of this Act has been raised to \$10,000.00 from the previous \$7500.00 on the basis of a maximum of 50% of the purchase price instead of the previous 40%. Loans may now be made on properties not exceeding \$30,000.00 in value, instead of \$25,000.00, and provisions have also been made for more rapid payment to the vendor. As of October 15th, 1959, loans in the aggregate of \$1,558,000.00 had been approved.

"Farm Home Improvements Act"

During the last session of the Legislature a "Farm Home Improvements Act" was passed, providing a guarantee by the Province to chartered Banks and Treasury Branches on loans made to farmers for the purpose of improving the farm home up to 50% of the amount of any loss on the loan. The loans must not exceed \$2000.00 at 5% simple interest, and be repayable in ten years.

FEDERAL

"The Temporary Wheat Reserve Act"

"The Temporary Wheat Reserve Act" remained in effect during the year and provided for the Federal Treasury to pay carrying charges on the volume of wheat held by The Canadian Wheat Board at the commencement of the crop year, 1958-59, in excess of 178 million bushels. Under its provisions The Canadian Wheat Board will receive \$39,825,303.51 during the crop year 1958-59.

These funds were allocated as follows:—

1957-58 Pool Account	
Wheat	\$29,276,631.96
1958-59 Pool Account	
Wheat	\$10,548,671.55
Total	<u>\$39,825,303.51</u>



BOARD OF DIRECTORS — 1959

Nelson Malm Allan J. Macpherson R. C. Bell Gordon L. Harrold Gerald Oberg W. J. Blair W. R. Mueller
 2nd Vice-President 1st Vice-President

"Prairie Grain Advance Payments Act"

"The Prairie Grain Advance Payments Act" was again in force during the crop year. This Act provides for an advance to grain producers on the basis of 50c per bushel of wheat, 20c per bushel of Oats, and 35c per bushel of barley, which the permit holder has on his farm and undertakes to deliver on a quota of six bushels per specified acre. The maximum advance to any one permit holder is \$3000.00. The funds for advances made under this Act were provided by The Canadian Wheat Board to the Elevator Companies, with interest charges absorbed by the Federal Government.

Advances in an amount of \$34,369,653.00 were made during the crop year to 45,314 producers in the prairie Provinces. Of this amount, \$6,851,646.00 were made to 9,243 producers in Alberta. Advances made by the Alberta Wheat Pool during the year amounted to \$2,497,000.00 to 3,141 producers.

"Farm Credit Act"

On July 13, 1959, third reading was given to Bill C-67, "Farm Credit Act". This new Act essentially meets the recommendations of the farmers of Canada, as expressed through The Canadian Federation of Agriculture. The Act provides that a Farm Credit Corporation will be established, succeeding the Canadian Farm Loan Board, the administration of which will be under the Minister of Agriculture. There is provision for the establishment of a central Advisory Committee to the Corporation of from six to nine members, of whom the majority shall be farmers or representatives of farm Organizations. Under its provisions, loans may be made for up to 75% of the appraised value of farm lands to a total loan of \$20,000.00. The maximum repayment period will be thirty years with an interest rate of 5%. The Farm Credit Corporation commenced operations on October 5th, 1959.

"The Crop Insurance Act"

"The Crop Insurance Act" passed by Parliament on July 8, 1959, is a new item of Federal agricultural legislation, providing the machinery by which the Federal Government may join with the Provincial bodies in financing Provincial crop insurance schemes.

The Act provides that Provinces may, in agreement with the Federal Government, set up crop insurance schemes for any crops or any areas. The contribution of the Federal Government will be up to 20% of the total premiums and

50% of the administrative costs involved in any agreement with a Province. The amount of insurance provided under such a plan must not exceed 60% of the long-term average crop yield. The Federal Government must be satisfied that any scheme it enters is self-supporting and all premiums must be used for meeting claims with the exception of one-half the administration costs allotted to the Province. Any cultivated lands devoted to growing insured crops under this Act will be excluded from "The Prairie Farm Assistance Act", both as to claims and to premiums.

THE CANADIAN WHEAT BOARD

The marketing operations of The Canadian Wheat Board in the face of extremely difficult competition throughout the year were a source of satisfaction to our Association. To begin with, the world was faced with a staggering grain surplus. The United States wheat crop was at an all time high of close to 1.5 billion bushels. Russia reported it had harvested its largest crop in history, amounting to more than two billion bushels, and was able to re-enter the export picture. Production in The Argentine and Australia had recovered from previous low levels and Europe had a large, if not high quality, crop. Canadian production was less than average, but this Country entered the year with a near record carryover.

The Canadian Wheat Board optimistically set an export target at 300 million bushels for the crop year, and when completed was short by only 10 million bushels. This was largely accounted for by the failure of Russia to take the full amount of wheat from Canada it had agreed to in the final year of the three year Agreement, and a smaller volume of wheat moved under Government aid than the previous year.

A prolonged longshoremen's strike at Vancouver in the early part of the crop season, during which no export loadings were made, also resulted in some loss of sales. Not only was the Wheat Board able to export a substantial volume of wheat in the past year, but again it was a major influence in maintaining world wheat prices at current levels. The Wheat Board further displayed its responsibilities to the producers as a marketing agency by revision of its pricing schedule of wheat at Lakehead terminals during the crop year to assure the benefit to the farmer of anticipated lower export rates with the opening of the St. Lawrence Seaway.

Throughout the year the advantage of a strong marketing agency operating on behalf of the producers has been further demonstrated.

ALBERTA WHEAT POOL SEED DIVISION

The second year of operations of the Seed Division resulted in a substantial increase in handlings. This was attributed to a larger crop being harvested, the performance of the seed operations the previous year, and an awareness on the part of seed growers of the facilities being offered by this Association.

Alberta Wheat Pool Seed Division handlings in its second year of operations reached 14,845,436 pounds of cleaned seed, and represented about 45% of Alberta's 1958 forage seed production. This volume tested the capacity of all cleaning and handling facilities and required an intensive sales program throughout the year. Pooling of forage seeds was encouraged and initial prices were established at levels which appeared satisfactory to member patrons. A continuous attempt was made to maintain selling prices at remunerative levels.

Field Service personnel were active in informing seed growers of the policies of the Alberta Wheat Pool in respect to handling seed, and as a further service a monthly Seed Edition of the "Alberta Wheat Pool Budget" was again prepared and mailed to all growers who requested it. Through news items of interest an effort was made to keep growers informed on markets and crop conditions.

The Province of Alberta is climatically suited to the production of a wide range of high quality seed far in excess of domestic requirements. The resulting reliance on export markets, mainly in the United States, imposes a heavy and continuous promotional program. From experience to date we are impressed with the necessity of maintaining an orderly method of seed marketing, well financed, and led by an aggressive sales policy.

Your Directors are hopeful that this Division can be maintained as a valuable service to members in a field complicated by uncertainties and high risks.

RAPESEED

The resourcefulness of Alberta's farmers led to the seeding of rapeseed on a commercial basis in 1955 as a cash crop on acreage otherwise devoted to raising wheat.

The Alberta Wheat Pool made available to producers of rapeseed elevator facilities in subsequent years, and in 1959 offered to contract rapeseed direct from producers on a pooling basis. An appreciable percentage of Alberta's rapeseed is being grown in the current year under this arrangement.

FERTILIZER

Pursuant to the recommendation made at the last annual meeting your Board investigated the desirability of handling fertilizer. In November, 1958, the Alberta Wheat Pool Seed Division was authorized to handle fertilizer at points where it had warehouse facilities, and elevator agents to handle carload lots, in each case only at points where this would not interfere with Local Associations already providing such service. During the year, 1397 tons were distributed in this manner.

MEMBERS' ACCIDENT INSURANCE PLAN

A members' Accident Insurance Plan was put into effect on August 1st, 1958, and operated throughout the year with some degree of satisfaction. In all, 137 claims were adjusted during the year, involving 18 fatalities, 11 claims for dismemberment, and the remainder for medical and miscellaneous other expenses. Members availed themselves of the opportunity to insure 457 sponsored workers under this Plan.

Twice during the year a Committee of Delegates, appointed at the 1958 annual meeting of our Association, met to review operations of the Plan to date and discuss a Plan for the future. On a recommendation from this Committee a Plan was instituted for the crop year beginning August 1st, 1959, on the basis of lower delivery requirements for new members and limited benefits to other members whose deliveries fell short of the basic minimum required in the original Plan.

Your Directors believe this Plan will serve a twofold purpose for active members of the Alberta Wheat Pool. In the first instance, it provides financial relief to members and their families in times of distress, and secondly, the operation of this Plan will serve to build up a much needed indication of the nature and seriousness of hazards in present day farming. This data can no doubt be used to good advantage in the years ahead by underwriting Companies in offering similar types of insurance to all farmers on an attractive basis.

CONSTRUCTION

During the year a construction program was maintained of approximately the same proportions as in the past several years. Principally, this provided replacement for facilities on which upkeep costs became excessive. Six replacement elevators were constructed, and one elevator at a new point where it was apparent there was a growing trend for deliveries to be made to a City rather than to adjacent Sidings and Villages.

Eight seed warehouses were authorized constructed during the year, as well as two grain annexes and six dwellings.

In accordance with the decision made at the last annual meeting, elevators at eight points were authorized permanently closed during the year.

The continuous progress in Alberta agriculture demands a good deal of the attention of your Board in respect to maintaining elevator facilities of sufficient capacity in locations where their immediate and future use will assure the greatest benefit to our Association.

Work progressed during the year on the Alberta Wheat Pool office building in Calgary, and occupancy has been arranged for December, 1959.

PUBLICITY AND PROMOTIONAL ACTIVITIES

The Alberta Wheat Pool has since its inception relied for support on efficiency in its elevator service and a membership fully informed on all its endeavours and operations.

A comprehensive publicity program has been developed over the years, and was maintained during the past year, involving sponsorship of news and information broadcasts, press releases, weekly publication of the "Wheat Pool Budget", including a special Seed Edition, and sundry other forms of similar purpose.

The extension of television to an increasing number of farm homes led your Association to commence the sponsorship of a short weekly television program over one central Alberta Station.

At the close of the year plans were being finalized for an unique cooperative educational program in Alberta, in which the Alberta Wheat Pool is a participant.

The personnel of the Field Service Department maintained a high degree of activity during the year, and in addition to participating with the delegates in conducting country meetings amongst the membership, extended the assistance of the Pool in respect to youth activities, leadership Courses, Seed Fairs, and many other community functions.

MEMBERSHIP

Continued high interest in the Association, as exemplified by increased patronage, new memberships, and general interest in the affairs of the Alberta Wheat Pool, was a source of satisfaction to your Directors.

During the 1958-59 season there was a net increase of 399 in our membership, which totalled 49,164 as at July 31st, 1959. In view of a declining number of farm operators in the Province this trend is of special significance. New members enrolled were 1877, as compared with 1808 during the previous season, and an average of 1831 for the past five seasons. Memberships totalling 879 were cancelled, the holders having retired from farming and having received full settlement for reserves, while 599 memberships were terminated by death.

Since 1923, 102,246 members have been enrolled in the Alberta Wheat Pool, and of this number 53,082 memberships have been terminated or cancelled. The present membership of 49,164 is divided between 11,082 signers of the original marketing Agreements, and 38,081 applicants since 1939, under Section 6 of our Act of Incorporation.

ELECTION OF DELEGATES

During the summer of 1959, elections were held in the even-numbered sub-districts. Twenty-three delegates were elected by acclamation, and elections were held in eleven sub-districts. One sub-district, 410, failed to submit a nomination at the closing time provided in our By-laws for acceptance of nominations in a general election, and in accordance with an amendment to sub-section (4) of Section 5 of the By-laws passed at the 1956 annual meeting, the Directors proclaimed a by-election in that sub-district. In this by-election Mr. Rees Jones of Ponoka was elected by acclamation, replacing Mr. Fred Auten of Ponoka.

At the last annual meeting three delegates with many years of service with the Association signified their intention of retiring.

Mr. George Bennett of Manville was first elected a delegate in 1924 and served in that capacity until 1927, when he was elected a Director. He held the office of Chairman of the Association for two years from 1941 to 1943, and in 1945 was again elected a delegate, which office he held until August of this year — a total of 33 years of service to the Alberta Wheat Pool.

Mr. Uri Powell of Sexsmith was elected a delegate in 1938 and served continuously in that capacity until August of this year—a total of twenty-one years. For a number of those years Mr. Powell acted as chairman at annual meetings of the Association.

Mr. Carl Antonson of Pibroch held the office of delegate from 1941 until August, 1959—a total of eighteen years.

At the time of the 1959 elections in even-numbered sub-districts, Mr. Harry L. Taggart of Olds declined a nomination for a further term of office as delegate. Mr. Taggart held the office of delegate continuously from 1930 until the present time — a period of 29 years.

The wide experience of these four men in the operation and policies of the Alberta Wheat Pool, and their wise counsel at the many annual meetings they have attended, will be greatly missed.

IN MEMORIAM

During the year which has elapsed since our last annual meeting we have learned with deep regret of the passing of three former delegates of our Association.

Mr. John W. Laing, formerly of Galahad, and delegate for sixteen years representing the members in sub-district F-8 from 1925 to 1927, inclusive, and from 1928 to 1942, died in Victoria, B.C., on November 15th, 1958.

The death of Mr. T. A. Petersen of Rosedale, delegate for sub-district C-4 from 1941 to 1956, inclusive, a period of fifteen years, occurred on May 3rd, 1959.

Mr. W. S. Falconer of Big Stone passed away in hospital at Cereal on July 22nd, 1959. He was formerly delegate for sub-district D-4, 1936 to 1945, and for sub-district D-3, 1947 to 1951, inclusive, having served in that capacity for a total of thirteen years.

We wish to express our sincere gratitude for the part each of these men played in the development of the co-operative movement in the Province, and a better way of life for our rural population.

The passing of Mr. T. E. Oliver, retired Assistant General Manager of the Alberta Wheat Pool, on January 2nd, 1959, is also noted with regret. Mr. Oliver entered the employ of the Pool in 1926, and through his continuous service until retirement in March of 1958, played a major role in the development of the Pool's extensive elevator system. Highly respected by all who knew him, Mr. Oliver as an employee and as a citizen was a credit to our Association. We record our appreciation for his devoted service and valuable contribution.

One of the remaining links with the early history of the Alberta Wheat Pool was severed on October 21st, 1959, in the death of Mrs. Barbara Hutchinson. Predeceased in February, 1955, by her husband, Mr. Lew Hutchinson, Trustee on the Provisional Board of this Association with continuous service as a Director until his retirement in

1953, including four years as Chairman of the Board, Mrs. Hutchinson represented the sterling qualities of the pioneers of the Alberta Wheat Pool. She carried, along with many other wives of those pioneers, heavy responsibilities at home which permitted much of the organization work and later direction of the Pool. Her role, and that of her counterparts, has immeasurably contributed to the successful position now enjoyed by our Association.

BOARD OF DIRECTORS

The increasing complexity of farming as a business, in addition to many other factors, has added growing responsibilities to farm Organizations, and no less to their elected Officials.

The Pool's association with Federations of Agriculture, the Farmers' Union of Alberta, the Advisory Committee of The Canadian Wheat Board, representations to Governments and to public hearings of various Commissions and investigational bodies, has demanded a good deal of the time of your Directors, and particularly that of the President.

The appointment of a second full-time Director at the last annual meeting was a desirable move which has enabled the Board to maintain more detailed general supervision and control of the business operations and every-day affairs of the Association.

At the first meeting following the 1958 annual meeting the following Officials were elected:—

President — G. L. Harrold

First Vice-President — W. J. Blair

Second Vice-President — Nelson Malm

The same three Directors were elected to the Boards of the three Central Organizations; Canadian Co-operative Wheat Producers, Limited, Canadian Pool Agencies, Limited, and Pool Insurance Company.

At the first meeting of the Directors, Committees of the Board were also established to deal with matters pertaining to the office, elevators, Field Service, Publicity and Education, Legislation, and Liaison with the Farmers' Union of Alberta.

During the 1958-59 fiscal year your Directors held eleven regular and two special meetings.

The Board met with the Directors of the Saskatchewan and Manitoba Pool Elevators on two occasions during the year, attended the annual meetings of the Alberta Federation

of Agriculture and the Canadian Federation of Agriculture, and the Western Agricultural Conference. They also accompanied the Delegates' Committee on an inspection of Terminal No. 1, Vancouver, in March, 1959.

The majority of the Directors attended the Western Farm Delegation to Ottawa in support of deficiency payments, in March of this year. During the period from mid-November, 1958, until April, 1959, the time of your Directors was almost fully occupied with affairs of the Association.

As a Director of the Canadian Federation of Agriculture, Mr. Harrold attended a Conference of the International Federation of Agricultural Producers at Brussels in October, 1958, and the North American Regional Conference of that Organization held in Ensenada, Mexico, during March of 1959. He addressed the annual meeting of the U.S. National Association of Wheat Growers in Denver, Colorado, on December 12th, 1958. Your President was a member of the Advisory Committee to the Canadian delegation at the negotiations for a new International Wheat Agreement in Geneva, Switzerland, last spring.

STAFF

During the year the staff maintained the same high standard of service and devotion to duty which has been evident since the inception of the Pool. For this the Directors record their sincere appreciation. Worthy of special comment was the energetic manner in which agents and other personnel in the country operations utilized an increased percentage of shipping orders during the year.

THE ROAD AHEAD

The year ahead will see the tasks of farm Organizations undiminished. In addition to matters requiring continuing attention, several specific developments require positive and constructive action. Not the least of these is the current Royal Commission on Transportation, which has announced it will entertain submissions relative to the Crow's Nest Pass rates on grain. The Canadian Pacific Railway, through a long and determined publicity program, has attempted to portray the rates as discriminatory to other users of railway facilities. Your Association is prepared to take an active part in representations to this Commission in the belief that the Crow's Nest Pass rates can be justified in their entirety, both from the standpoint of revenue to the Railways and as part of long established policy on which the Canadian Nation has been built.

During the past year your Board has become increasingly concerned with the total cost to the farmer of handling and storing grain. In relation to the nominal selling costs enjoyed through the prevailing orderly marketing system for grain in Canada, costs involved in storage for the prolonged period between initial delivery and ultimate disposition under current conditions are resulting in excessive expense to the producer, relieved in part only by assistance under "The Temporary Wheat Reserve Act". The implementation of recommendations resulting from the Bracken Box Car Distribution Inquiry offers some additional opportunity for farmers to market their grain through facilities on which surplus earnings can be returned. Your Board is actively concerned with greater utilization of Pool facilities in the current year and every encouragement is being given members to benefit from the current provisions pertaining to allocation of boxcars with the definite purpose of a reduction in the unit cost of grain handling.

Marketing problems and declining net income continue to be matters of genuine concern to the prairie farmer. We share with other Organizations the farmers' apprehension of some of the current and announced policies in Canada in respect to price stabilization of farm products. In the immediate future farm Organizations must be prepared to pursue with vigour and resource marketing methods and procedures which will ensure a healthy and productive agricultural industry. Production increases can be expected in the future and a prosperous farm economy is unlikely to result simply from support price manoeuvres designed to restrict production to immediate market demands.

CONCLUSION

The successful operations of your Association the past year, we believe, fully justify the optimism and determination of purpose displayed by the pioneers of the Alberta Wheat Pool. We can report the Association's properties and finances in good shape, the membership is strong and facilities are at hand to continue to perform valuable services in the future. Many of the unfavourable circumstances prevailing at its beginning have now disappeared or have been resolved in favour of our membership—however, the tasks which lie ahead will in all probability be as great as ever. The fields in which Co-operatives and co-operative philosophy may bear some influence are broadening continually. At the time of writing this report the memoirs of some of the influential personalities of our times are focusing attention on the need for intelligent leadership, a high degree of self discipline and a keen interest on the part of the

public in National and in world affairs. As one of the highest forms of democratic endeavour the co-operative movement, with its facilities for developing individual responsibility and self assurance, offers one of the most promising means of meeting the challenge of the uncertain future.

All of which is respectfully submitted,

G. L. HARROLD

W. J. BLAIR

NELSON MALM

W. R. MUELLER

R. C. BELL

GERALD OBERG

ALLAN J. MACPHERSON

SUPPLEMENTARY INFORMATION TO REPORT OF BOARD OF DIRECTORS

PURCHASE OF RESERVES

RESERVES CREDITED FROM PATRONAGE DIVIDENDS COMMENCING 1940-41.

At the 1958 annual meeting the delegates, by resolution, authorized the purchase of reserves to a value of approximately \$372,370.00. However, it was necessary to expend \$400,324.96 to complete purchase of reserves from all eligible accounts in the following categories:

922	Estates of members who died on or before December 31, 1958	\$ 97,930.49
1,204	Members retired from farming and not possessed of land at December 31, 1958	180,887.41
1,514	Members 75 years of age or more at December 31, 1958	121,139.68
8	Corporate members holding membership for 20 years or more — 4% rateably	367.38
		<u>\$400,324.96</u>

Of the 922 estates, 533 had been recorded since the completion of the 1957-58 purchases. The other 389 estates had participated in a previous purchase of reserves but another purchase was required to take care of additional credits.

187 of those in the retired member category had received settlement for reserves during the 1957-58 season but another purchase was required respecting reserves credited on 1956-57 deliveries. The other 1,017 cases represented new applications for settlement on reserves from retired members who had not previously received any settlement. In this latter group a considerable number made deliveries during the 1957-58 season or were still holding grain to market when their applications were made and there is, of course, the prospect of a further reserves purchase for them.

419 of the members whose reserves were purchased on age basis became 75 years of age during the year 1958 and they had not previously qualified for purchase. The other 1,095 members had reached the age of 76 years or more at December 31st 1958 and, with only a few exceptions, had received full settlement for reserves during the 1957-58 season. The purchases for these members applied to reserves credited to them with respect to 1956-57 deliveries.

The 4% rateable purchase of reserves from 8 corporate members holding membership of 20 years or more was provided for under an amendment to our Act of Incorporation in 1957. This was the second purchase under this amendment, the first one (also 4%) having been made during the preceding season.

Purchases of reserves arising from patronage dividends were first authorized at the 1952 annual meeting and the total purchases of such reserves now amount to \$3,220,666.06. At July 31st 1959 unpaid accounts amounted to \$16,999.69, representing .52% of total purchases. Of this sum, \$16,206.73 was held in 154 estates awaiting administration, \$550.45 was held for 40 members whose addresses were not known and \$242.51 applied to the 1955 5% rateable purchase. Most of the estates should be settled shortly as the required papers are received and efforts are still being made to trace the missing members.

COMMERCIAL AND ELEVATOR RESERVES (1923-28).

Our correspondence regarding the unclaimed 1923-28 reserves has fallen off considerably during the past few years and little information of any value is now received. During the 1958-59 year we paid 8 accounts totalling \$559.76. This left an unclaimed balance of \$114,368.83 (1.37% of total purchases) at July 31st, 1959.

CROP CONDITIONS, 1958

Moisture conditions were generally good in Alberta at the commencement of the 1958 crop and favourable weather during the month of May permitted early seeding throughout the Province. Good drying weather late in April permitted some recovery of unthreshed crops in the Peace River area from the unfavourable harvest season of 1957.

In the southern regions of the Province heavy winds during the middle of May caused some soil drifting, but did not reach serious proportions. Widespread showers throughout the month of June maintained good moisture conditions in the southern and western regions of the Province, but in the Peace River area, east central and northeast part of the Province moisture deficiencies prevailed throughout the growing season. Hot weather during the month of August advanced crops rapidly and harvest was unusually early in all parts of Alberta.

Unequal rainfall was reflected in variable yields throughout the Province. Good crops were harvested west of a line extending roughly from Manyberries to Drumheller and Edmonton. In east central and northeast regions, and the Peace River area, the situation was generally poor. Despite this adversity, yields in the Province were better than expected, partly due no doubt to improved techniques and modern equipment which promoted timely operations in the spring season. Harvesting was largely completed by September 20th, and following a brief wet spell was finished with no serious grade or yield losses in any area. The average yield of all grains except oats was better than the long time average, and Alberta's wheat crop of 96,800,000 bushels was produced on the smallest acreage since 1920. Quality-wise, the crop was extremely good, with 84% of the wheat crop grading No. 3 Northern or higher.

Hail damage during the season was below normal and the only appreciable insect damage was due to red-backed cutworms, which did noticeable damage in the parkland and foothills areas.

ALBERTA'S GRAIN PRODUCTION

	— 1958 —			— 1957 —		
	Area acres	Yield per Acre	Production bushels	Area acres	Yield per Acre	Production bushels
Wheat	4,704,000	20.4	96,000,000	4,881,000	19.1	93,000,000
Oats	2,809,000	34.5	97,000,000	2,791,000	34.4	96,000,000
Barley	3,846,000	27.8	107,000,000	3,714,000	25.8	96,000,000
Rye	99,700	17.1	1,700,000	114,000	16.7	1,900,000
Flax	556,000	11.7	6,500,000	572,000	8.6	4,900,000

GRAIN PRODUCTION

	— 1958 —		— 1957 —	
	Canada — Bushels —	Alberta	Canada — Bushels —	Alberta
Wheat	371,730,000	96,000,000	370,500,000	93,000,000
Oats	400,951,000	97,000,000	380,600,000	96,000,000
Barley	244,764,000	107,000,000	216,000,000	96,000,000
Rye	8,002,000	1,700,000	8,500,000	1,900,000
Flax	22,766,000	6,500,000	19,200,000	4,900,000

WHEAT PRODUCTION IN RECENT YEARS

	Canada bus.	Alberta bus.		Canada bus.	Alberta bus.
1959	421,080,000*	109,000,000*	1954	331,981,000	107,000,000
1958	371,730,000	96,000,000	1953	634,040,000	165,000,000
1957	385,508,000	93,000,000	1952	701,973,000	172,000,000
1956	573,040,000	140,000,000	1951	553,678,000	152,000,000
1955	519,178,000	135,000,000	1950	466,490,000	117,000,000

*—Preliminary estimate. As of October 23rd, 1959, 117,300,000 bushels were estimated as still being unthreshed in the three prairie Provinces.

30 Year Average, 1929 to 1958

Canada 402,167,000; Alberta 121,883,000

PROTEIN CONTENT OF WHEAT 1958-59 THE THREE PRAIRIE PROVINCES

Grade	Man.	Sask.	Alta.	Western Canada
No. 1 Northern	13.3	13.9	13.3	13.7
No. 2 Northern	13.1	13.9	13.1	13.6
No. 3 Northern	13.1	13.7	12.9	13.4
No. 4 Northern	12.7	13.1	12.8	13.0
All four grades	13.0	13.6	13.0	13.4

VARIETIES OF WHEAT GROWN IN ALBERTA

	1959	1958	1957
Thatcher	67.	64.2	58.7
Saunders	7.2	8.0	9.3
Chinook	9.8	10.2	8.9
Durum Varieties	1.5	3.1	7.9
Red Bobs	2.8	2.6	3.6
Marquis	1.7	2.1	3.3
Rescue	2.3	2.9	2.6
Garnet	1.7	1.4	1.5
Others	6.	5.5	4.2

ALBERTA—QUALITY OF WHEAT MARKETED

The table below gives a breakdown, by grades, of wheat marketed through Alberta Wheat Pool elevators during the 1958-59 crop season with comparisons for the previous year. The tables, however, are not a true indication of the quality of wheat grown as the carryover from one crop season will be marketed in the next or later seasons, and also because poorer grades of wheat may be fed.

	— 1958-59 —			— 1957-58 —		
	Straight	Tough & Damp	Total	Straight	Tough & Damp	Total
	%	%	%	%	%	%
1 Northern	.76	---	.76	.14	---	.14
2 Northern	54.28	.03	54.31	20.49	.02	20.51
3 Northern	26.94	.73	27.67	26.79	.26	27.05
4 Northern	4.81	.43	5.24	25.60	2.35	27.95
No. 5	1.51	.06	1.57	8.44	1.44	9.88
No. 6	.23	---	.23	1.73	.41	2.14
Feed	.03	---	.03	.19	.10	.29
Amber Durum	---	---	6.50	---	---	8.80
Other Grades	---	---	3.69	---	---	3.24
	88.56	1.25	100.00	83.38	4.58	100.00

**THE CANADIAN WHEAT BOARD
REALIZED PRICES FOR 1957-58 WHEAT, OATS
AND BARLEY POOLS**

Wheat:	Initial Payment	Interim Payment	Final Payment	Realized Prices	Realized Prices 1956-57 Pools
	(dollars per bushel)				
No. 1 Northern	1.40	.10	.12120	1.62120	1.58838
No. 2 Northern	1.36	.10	.12592	1.58592	1.54892
No. 3 Northern	1.32	.10	.07794	1.49794	1.47978
No. 4 Northern	1.25	.10	.04630	1.39630	1.37880
No. 5 Northern	1.08	.10	.14216	1.32216	1.25521
No. 6 Northern	1.02	.10	.18466	1.30466	1.17871
Feed Wheat .....	.96	.10	.22347	1.28347	1.14886
No. 1 Amber Durum ...	1.50	.15	.19554	1.84554	1.94804
No. 2 Amber Durum ...	1.47	.15	.20511	1.82511	1.94055
No. 3 Amber Durum ...	1.40	.15	.13039	1.68039	1.89204
Extra No. 4 Amber Durum	1.34	.15	.18958	1.67958	1.86365
No. 4 Amber Durum ...	1.31	.10	.02509	1.43509	1.74895
Oats:			(cents per bushel)		
No. 2 C.W.	60		7.369	67.369	65
Extra No. 3 C.W.	57		7.769	64.769	62
No. 3 C.W.	57		4.179	61.179	62
Extra No. 1 Feed	57		3.639	60.639	62
No. 1 Feed	55		3.164	58.164	60
No. 2 Feed	50		6.088	56.088	55
No. 3 Feed	45		7.347	52.347	48
Barley:			(cents per bushel)		
No. 2 C.W. Six-Row	98		10.974	108.974	106.92187
No. 3 C.W. Six-Row	96		7.341	103.341	102.01103
No. 4 C.W. Six-Row	88		5.810	93.810	94.80776
No. 2 C.W. Two-Row	91		15.461	106.461	106.12279
No. 3 C.W. Two-Row	88		9.786	97.786	98.30437
No. 1 Feed	87		2.108	89.108	92.15372
No. 2 Feed	83		5.526	88.526	89.83067
No. 3 Feed	76		9.546	85.546	86.99679

Prior to deduction of P.F.A.A. levy.

For wheat, initial payments and realized prices basis in store Fort William/Port Arthur or Vancouver.

For oats and barley, initial payments and realized prices basis in store Fort William/Port Arthur.

MAXIMUM TARIFF CHARGES AND SHRINKAGE ALLOWANCE—1958-59

Maximum elevator charges and shrinkage allowances were established by the Board of Grain Commissioners as follows:—

Season 1958-59 ELEVATION CHARGES

	Western Country Elevators (per bushel)	Port Arthur Fort William and Vancouver Terminal Elevators (per bushel)
Wheat	2¾ c	2¼ c
Oats	2¼ c	2¼ c
Barley	2¾ c	2¼ c
Rye	2¾ c	2¾ c
Flax	4⅞ c	3⅞ c

Storage Charges

Country Elevators — 1/30th of 1c per bushel per day after the first 15 days.

Terminal Elevators — 1/30th of 1c per bushel per day after the first 10 days, which period is divided equally between the buyer and seller.

Shrinkage Allowance

	Dry	Tough and Damp
Wheat	¾ %	½ %
Oats	¼ %	½ %
Barley	¼ %	½ %
Rye	½ %	1 %
Flax	1 %	1½ %

While the Board of Grain Commissioners established maximum tariffs of charges and shrinkage allowance, handling margins and storage rates on Wheat Board grain were fixed under agreement with The Canadian Wheat Board. For the 1958-59 season handling margins were the same as in the previous year, namely:—

Wheat and Barley	4½ c per bushel
Oats	3½ c per bushel

The storage rate remained at 1/30th of a cent per bushel per day.

THE CANADIAN WHEAT BOARD
INITIAL PAYMENTS FOR PRINCIPAL GRADES OF GRAIN
1957-58, 1958-59 and 1959-60

Wheat:	1957-58	1958-59	1959-60
	(dollars per bushel)		
No. 1 Northern	1.40	1.40	1.40
No. 2 Northern	1.36	1.36	1.36
No. 3 Northern	1.32	1.32	1.32
No. 4 Northern	1.25	1.25	1.25
No. 5 Northern	1.08	1.08	1.08
No. 6 Northern	1.02	1.02	1.02
Feed Wheat .....	.96	.96	.96
No. 1 Amber Durum	1.50	1.40	1.40
No. 2 Amber Durum	1.47	1.36	1.36
No. 3 Amber Durum	1.40	1.32	1.32
Extra No. 4 Amber Durum	1.34	1.29	1.29
No. 4 Amber Durum	1.31	1.25	1.25
Oats:	(cents per bushel)		
No. 2 C.W.	60	60	60
Extra No. 3 C.W.	57	57	57
No. 3 C.W.	57	57	57
Extra No. 1 Feed	57	57	57
No. 1 Feed	55	55	55
No. 2 Feed	50	50	50
No. 3 Feed	45	45	45
Barley:	(cents per bushel)		
No. 2 C.W. Six-Row	98	98	98
No. 3 C.W. Six-Row	96	96	96
No. 4 C.W. Six-Row	88	88	88
No. 2 C.W. Two-Row	91	91	91
No. 3 C.W. Two-Row	88	88	88
No. 1 Feed	87	87	87
No. 2 Feed	83	83	83
No. 3 Feed	76	76	76

DELIVERY QUOTA POLICY, 1958-59

On July 24, 1958, The Canadian Wheat Board announced the main features of its delivery quota policy for 1958-59. These were:-

Initial Delivery Quotas:

The initial delivery quota for each permit holder effective August 1, 1958, was established at 100 units; the 100 unit quota permitting the initial delivery of 300 bushels of wheat or 800 bushels of oats or 500 bushels of barley or 500 bushels of rye or any combination of these grains not exceeding 100 units.

General Delivery Quotas:

Following the initial quota the Board provided for general delivery quotas based upon each permit holder's specified acreage, specified acreage being each permit holder's acreage seeded to wheat (including Durums), oats, barley or rye plus his acreage in summer-fallow. General delivery quotas were established as local space became available and increased in accordance with local elevator space as the crop year progressed. The first general quotas were established in late September.

Flaxseed:

The initial quota for flaxseed was 5 bushels per seeded acre. On October 23, 1958, the flaxseed quota was increased to 8 bushels per seeded acre, and on November 11th flaxseed was placed on an open quota basis.

Barley:

Over-quota provisions for the delivery of barley suitable for malting were continued in the crop year. Effective August 1, 1958, producers could deliver one carlot of barley suitable for malting, providing a sample of such barley had been accepted by a maltster or shipper on a premium basis.

On November 25th a supplementary quota of 3 bushels per seeded acre was established for No. 1 Feed Barley and lower grades, effective in Manitoba and Saskatchewan. On January 2, 1959, the supplementary quota was increased to 6 bushels per seeded acre, effective in Manitoba and Saskatchewan, on barley grading No. 1 Feed and lower. On January 9th a supplementary quota of 3 bushels per seeded acre, effective in Alberta and British Columbia, was established for barley grading No. 1 Feed and lower. This barley quota effective in Alberta and British Columbia was increased to 6 bushels per seeded acre on January 29th.

Rye:

In January, 1959, a supplementary quota for rye of 5 bushels per seeded acre was established, effective in Alberta only. On April 28th this supplementary quota was extended to Manitoba and Saskatchewan. On June 12th the supplementary rye quota was increased to 10 bushels per seeded acre, effective in all three provinces.

Oats:

On January 21, 1959, provision was made for the delivery of one carlot of oats for commercial seed. On January 29th a supplementary quota of 6 bushels per seeded acre for oats grading No. 1 Feed or higher was established. On April 24th provision was made for the delivery of one carlot of oats suitable for the manufacture of Rolled Oats.

Soft White Spring Wheat:

On November 5, 1958, a supplementary quota of 5 bushels per seeded acre was established for Soft White Spring Wheat. On February 17, 1959, this supplementary quota was increased to 10 bushels per seeded acre. On June 17th Soft White Spring Wheat was placed on an open quota basis.

Seed Grain:

The usual provisions were made whereby producers could secure registered and certified seed on the basis of limited over-quota deliveries of commercial grades.

DELIVERY QUOTAS, BY PROVINCE, AS AT JULY 31, 1959

Alberta:	Limited(1)	Regular	Total
	(number of stations)		
5 bus. per specified acre	34	---	34
6 bus. per specified acre	24	---	24
7 bus. per specified acre	44	6	50
8 bus. per specified acre	98	355	453
	<u>200</u>	<u>361</u>	<u>561</u>
Saskatchewan:			
4 bus. per specified acre	6	---	6
5 bus. per specified acre	14	---	14
6 bus. per specified acre	12	152	164
7 bus. per specified acre	7	488	495
8 bus. per specified acre	2	406	408
	<u>41</u>	<u>1,046</u>	<u>1,087</u>
Manitoba:			
4 bus. per specified acre	1	---	1
5 bus. per specified acre	1	---	1
6 bus. per specified acre	2	31	33
7 bus. per specified acre	1	153	154
8 bus. per specified acre	1	183	184
	<u>6</u>	<u>367</u>	<u>373</u>
British Columbia:			
7 bus. per specified acre	2	---	2
8 bus. per specified acre	1	2	3
	<u>3</u>	<u>2</u>	<u>5</u>
Ontario:			
5 bus. per specified acre	2	---	2
All Provinces:			
4 bus. per specified acre	7	---	7
5 bus. per specified acre	51	---	51
6 bus. per specified acre	38	183	221
7 bus. per specified acre	54	647	701
8 bus. per specified acre	102	946	1,048
	<u>252</u>	<u>1,776</u>	<u>2,028</u>
Closed Stations as at July 31, 1959:			
Manitoba		2	
Saskatchewan		6	
Alberta		5	
Ontario		1	
		<u>14</u>	

(1) Limited stations were those at which the established general quota was sufficient to provide for the delivery of the total grain surplus of most producers at such stations. Provision was made, however, that individual producers having surplus grain in excess of the established quota could apply to the Board for permission to deliver grain up to the maximum general delivery quota established for the crop year.

During the crop year 1958-59 producers marketed 551 million bushels of grain as compared with 576 million bushels in the previous crop year.

REPORT OF THE GENERAL MANAGER
— to the —
THIRTY-SEVENTH ANNUAL MEETING
OF DELEGATES

November 24th, 1959

To the Chairman and Delegates,
Alberta Wheat Pool.

Gentlemen:

The 1958 crops in Western Canada were harvested under almost ideal weather conditions and presented no problem in handling and storing. Generally speaking, the grain was of good quality. Total production, while slightly less than normal, was about equal to that of the previous year. Canadian exports of wheat and other grains were about 50 million bushels less than in 1957-58 because of keen competition in world markets, with a corresponding reduction in deliveries to country elevators. Producers in Alberta were fortunate in being able to deliver as much grain in total as during the previous year, although in many districts it was not possible, on account of elevator congestion, for them to deliver, as predicted earlier, all the grain which they wished to market.

Throughout the year, there was an adequate supply of ocean tonnage and freight rates continued at reasonably low levels. This applied particularly to the Pacific Coast and had it not been for a longshoremen's strike, which tied up the Port of Vancouver for five weeks at the beginning of the season, the shipping record of the previous year might have been equalled. However, there was very satisfactory movement through Vancouver and other Pacific Coast ports which operated throughout the year at almost full capacity. This resulted in more available space in country elevators in Alberta than in the other two provinces, although towards the end of the crop year, delivery quotas were fairly well equalized.

Country Elevator Operations

It will be most gratifying to you to know that Pool elevators, with approximately 31.6% of the country elevator space, handled 38.69% of producers' deliveries in the Province. This is the highest percentage on record and justifies your repeated contention that Pool members will deliver more of their grain to Pool elevators if space is available. Country elevator receipts of grain were 61,504,666 bushels,

compared with 56,888,650 bushels in the previous year. 476,116 bushels of bulk seed, consisting mainly of Rapeseed for other buyers, was also handled. Average receipts of grain per elevator were 114,601 bushels. During the year we were able to ship 63,259,000 bushels out of country elevators, compared with 58,043,000 bushels in 1957-58. The quantity shipped to Eastern terminals was slightly less than a year ago, with the increased volume going mostly to Vancouver. Grain in store in country elevators at July 31st was 37,935,906 bushels, being practically the same as at the close of the previous year.



A. T. Baker, General Manager

The only positive method of checking agents' grain handling performance is by the regular weighing of stocks in country elevators. While it is desirable to weigh stocks at least once a year, it has been most difficult to do so during the long period of congestion. An extraordinary effort is being made to correct this condition, unsatisfactory to both management and agents, by accelerating the program of cut-offs. One hundred and ninety-nine, the greatest number since the year 1950-51, were completed during the year, leaving at July 31st only one point which had operated for more than two years without a cut-off. The elevators weighed up this year showed a gross overage of only .104%, which indicates agents have been carefully observing our policy of close weighing.

With a good quality crop in 1958, the operating conditions for the year were not as difficult as in the last few years. However, careful supervision continued to be maintained over grading to prevent losses. At the end of the year our books showed a grade gain of \$95,272. Stocks in country elevators at the end of the year were very carefully graded and, as a result, little variation is expected when they are shipped out.

Coal was handled at eleven points where coal sheds were taken over with the purchase of elevator properties.

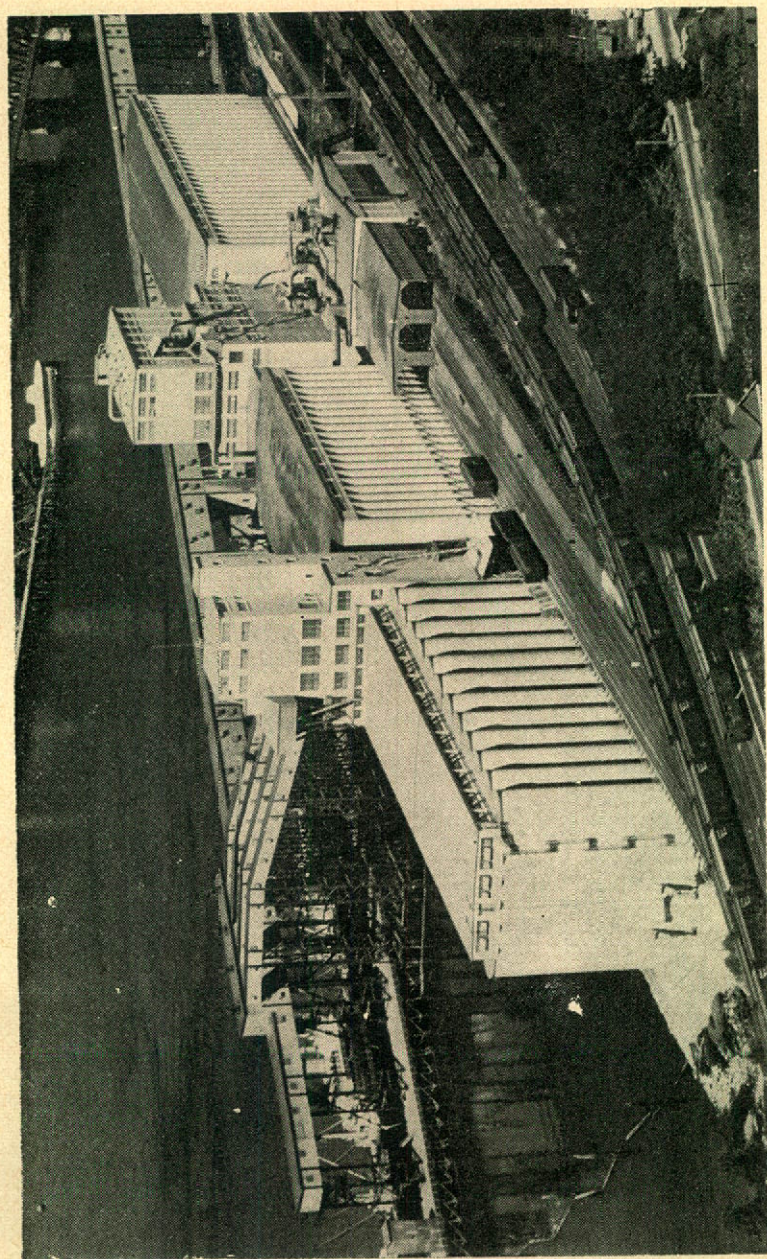
Seed Division

In its second year of operation, the Seed Division handled nearly 15,000,000 pounds of clean forage seed, compared with 3,500,000 pounds in the first year. The percentage of the Alberta crop handled increased from about 12% to nearly 45%. When one considers that last year Alberta produced about 54% of the seed in Canada, it can be appreciated that the Pool is a strong influence in the seed trade on behalf of the producers. There is evidence that the Seed Division, by setting fair standards of doing business, is assuring a better deal to all producers of seed. The Seed Division also distributed 184,000 bushels of cereal seeds. After making final payments, the surplus remaining for the year was \$39,057, which may be regarded as an indication of satisfactory progress. Maximum economy and highest returns to producers can, however, only be achieved through more centralization of the operation.

Terminal Operations

Exports of grain from Vancouver during the 1958-59 year were 143,000,000 bushels, which is 13,000,000 less than the record established in 1957-58. The Pool Terminal, however, handled 49,401,000 bushels, exceeding the previous record, established in 1957-58, by nearly 3,000,000 bushels. In spite of this greater utilization of the terminal facilities, there was an average of approximately 1,600,000 bushels of unused space throughout the year. The growing importance of Vancouver as an exporting Port for grain justifies our recent terminal addition.

Wheat, oats and barley are deliverable to the Wheat Board for export, but an active Pool sales policy has been a most important factor in disposing of large quantities of these grains in the domestic market. The Vancouver office also sells the terminal by-products and arranges substantial exports of flax. A close liaison is maintained with the local Wheat Board office, the Railways and many others interested in the grain trade.



Aerial photo of the Alberta Wheat Pool's 7,300,000-bushel terminal at Vancouver.

The Port Arthur Terminal was again leased to Manitoba Pool Elevators under a joint operating agreement. Consignments of grain from Alberta and Manitoba country points to Port Arthur were down substantially from the previous year. The underpinning, anchorage and revetment have all been satisfactorily completed. Details of receipts and shipments for both Vancouver and Port Arthur are shown in Appendix "A" attached to this report.

Operating Results

Net earnings for the year were \$3,308,594 after taking into account regular and special capital cost allowances amounting to \$1,146,323. In the previous year, the net earnings were \$2,365,604. The important factors affecting earnings improvement were the additional handlings at country elevators and the Vancouver Terminal, a terminal overage accumulated over a thirty month period, a reduction of over \$200,000 in capital cost allowances and a lesser need for repairs to properties. Storage earnings and other revenue were approximately the same as in the previous year. Expenses, apart from repairs and maintenance, followed the general upward trend and were somewhat higher than in the previous year.

Working Capital

The working capital of \$7,331,875 is practically the same as at the end of July, 1958. Funds retained through capital cost allowances amounting to \$1,146,324 were more than adequate to finance the 1958-59 capital expansion program, while the sum of \$1,318,662 retained out of 1957-58 earnings provided for retiring \$1,000,000 of the mortgage loan as well as a substantial part of the principal payment due February 1st, 1960 on the balance of the loan. We were fortunate in arranging a favorable extension of \$2,500,000 of this \$3,500,000 mortgage loan due last February. Provision has been made for the full cost of the office building.

Capital Expenditures

Capital expenditures for the year, including the outstanding commitments at the end of the year for construction of elevators and dwellings, were \$1,083,968, the details of which are shown in Appendix "B" attached to this report. It is anticipated that not less than this amount, approximately equal to the annual capital cost allowance, will be required each year to maintain our plants and equipment in satisfactory operating condition. Usually new money must be found to maintain plant and equipment, as the depreciation, taken on the original cost of an asset, is insufficient to replace it years later, at a much higher cost.

Properties

The storage capacity of our country properties was increased during the year by 596,500 bushels, to a total of 40,836,350 bushels. At July 31st, the Pool owned 533 country elevators, 566 annexes, 399 dwellings, 3 seed cleaning plants, 42 seed warehouses, 9 flour sheds, 17 coal sheds, 2 warehouses in Calgary, 2 terminals, and an office building scheduled for completion in December. Details of these properties and of the changes occurring during the year, may be found in Appendix "D". No more grain is being placed in off-site storage and the leases are, therefore, cancelled as buildings become empty.

Prairie Grain Advance Payments

The experience with the 1957-58 advance payments has been quite favorable. Out of \$2,310,989 advanced by our agents in 1957-58, the liability for uncollected advances was \$785, being 10% of 45 uncollected accounts amounting to \$7,852. Some further collections may be made on these accounts. In 1958-59 our agents advanced \$2,497,000 to 3,141 applicants, but our liability in connection with these accounts will not be definitely known for some time. Appendix "E", attached to this report, provides some interesting information with regard to the Prairie Grain Advance Payments in Western Canada in the past two years.

Disposition of 1957-58 Earnings

As authorized by the delegates at the 1958 annual meeting, the following disposition of 1957-58 earnings was made:

Cash Patronage Dividend	\$ 548,456
Reserve Purchases	\$ 400,325
Income Tax	\$ 98,161
Retained as Working Capital	\$1,318,662
	<u>\$2,365,604</u>

Winnipeg Office

While the headquarters at Calgary is the control centre for the whole organization, other offices also have an important function. Winnipeg is the main marketing centre for Canadian grain for overseas export. The Head Offices of the two important Government Boards, the Canadian Wheat Board and the Board of Grain Commissioners, which includes the Grain Inspection Department and the Statistical Branch, are located there, as well as the offices of most of the shipping and exporting companies and the many other companies and individuals engaged in the various branches of the grain trade.

At the beginning of each crop year, the Canadian Wheat Board negotiates a handling agreement with the elevator companies, the terms of which, to a large degree, determine the gross earnings from elevator operations. The Wheat Board, having the responsibility of marketing all wheat, oats and barley produced in Western Canada, as well as the control of transportation and the administration of delivery quotas, report annually to the Minister of Trade and Commerce and their report is referred to the Agricultural Committee of the House of Commons, where it is scrutinized in considerable detail. They do not, for very obvious reasons, disclose publicly their current sales position because of the highly competitive nature of the grain business, which is international in its scope and subject to a great many influencing factors. Competition in world markets is not altogether a matter of price. It is largely governed by the degree to which Governments of importing and exporting countries are prepared to subsidize out of their national treasuries. United States, through its surplus disposal programmes, has had the most direct impact on the volume of our exports and admittedly has infringed on normal Canadian markets. We depend largely, therefore, on the information supplied to us by our Winnipeg Office on current events, which affect the volume of export and domestic business in wheat and other grains. These factors are reflected ultimately in the net returns to the producer and the marketing opportunities afforded to him to deliver his grain under authorized quotas. Information of this kind is obtained through maintaining a close contact with the Canadian Wheat Board and also with exporting firms, who act as agents of the Board in selling grain on overseas markets.

In addition to our grain shipments to the Pacific Coast, a percentage of our country elevator shipments are directed to the Lakehead and to other special destinations. These are handled through the Winnipeg Office and are mainly consigned to Manitoba Pool Terminals, with whom we have a joint operating agreement, which over the years has proved highly satisfactory. Diversions, where necessary on account of limitation of space and for certain selected grades of grain, such as malting barley, are arranged through this office. During the past crop year, we shipped over ten million bushels to Eastern destinations, which included two and a half million bushels of selected malting barley, for which we received malting premiums and over-quota delivery permits for barley growers. Rye and flax are sold on the open market and the hedging of these two grains is done entirely through this office, regardless of whether it is shipped to Vancouver or to the Lakehead.

Edmonton Office

This office maintained a close contact with head office, elevator agents, travelling superintendents, delegates and Pool members in the Edmonton area; graded and reported on samples submitted by country agents and members; checked bag samples taken from 10,415 cars passing through the Edmonton inspection division and consigned to the Alberta Wheat Pool; took care of car diversions to apply against sales to feeders, mills and malting companies; and handled 1,156 samples of grain submitted for germination test at the Plant Products Laboratory. The office serves as headquarters for travelling superintendents and other Wheat Pool personnel tributary to Edmonton, and provides a valuable information centre on Pool activities.

Public Relations

A farmer co-operative can only be as successful as its members make it. It follows then that the successful co-operative will have well-informed members, interested in the affairs of their organization, aware of its value to them and conscious of their responsibilities to it. One of the strange anomalies of the co-operative movement is that as a co-operative becomes larger and more successful, the membership must be increasingly well informed if the organization is to survive. As each successive objective is reached, the progressive co-operative does not complacently rest on its laurels, but pushes on to find new and better ways of serving its members. The urge to perpetuate a hard driving Wheat Pool, capable of adequately representing Alberta producers, must come from the members. A constant effort must, therefore, be made to keep Pool members actively interested in the affairs of the Pool.

In present day society the influence of governments upon the livelihood of individuals and businesses is becoming ever more apparent. If a particular segment of the economy is to thrive there must be favorable legislation, or at least the absence of legislation that is detrimental. This is assured only if the public has a sympathetic and understanding attitude toward that group. The efforts of the public relations departments are aimed at developing such an attitude toward agriculture in general, and the grain growing industry in particular. They also endeavour to create, in the eyes of the public, a favorable impression of the Alberta Wheat Pool. The public relations departments promote the co-operative ideals and foster the development of the co-operative movement. They publicize the Farmers' Union of Alberta and the Federations of Agriculture and encourage farmer support of these organizations as a means

of bringing about a more prosperous and more secure farming industry.

Sampling the opinion of members, employees and the general public is equally as important as giving out information and carrying on extension work on behalf of the Pool. The Board and Management depend, to a large extent, on the public relations departments to forecast the effect of proposed action on the attitudes of people toward the Pool and to keep them informed of any developments affecting the Pool.

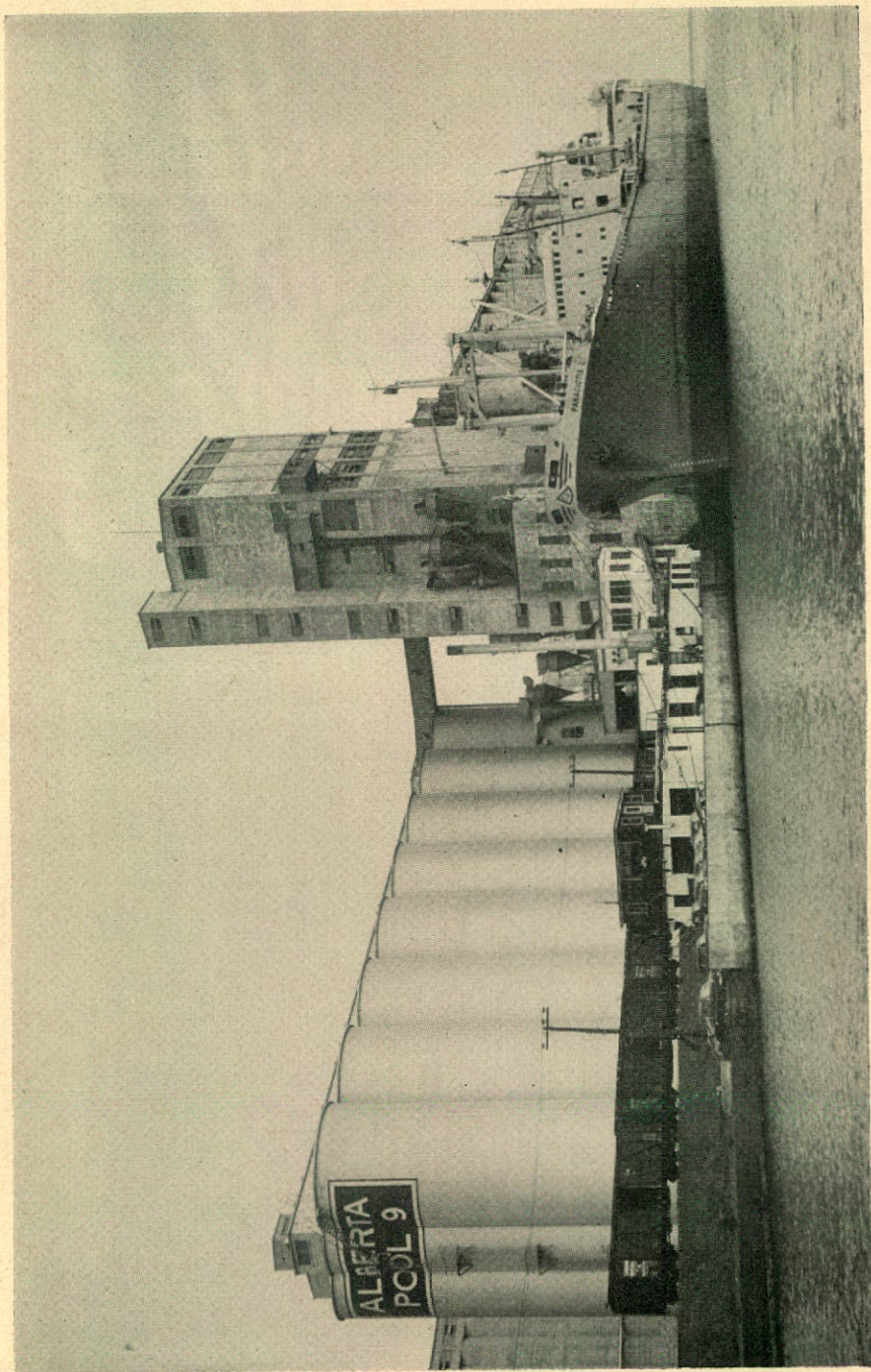
"It pays to advertise." The shocking public ignorance of the agricultural industry and the consequent lack of sympathetic understanding of its problems, coupled with the apathy of many farmers toward their organizations, are ample proof that if the farmer is to maintain his position in the economy, he must, in future, do a better job of telling his story. The time has come when consideration might well be given to increasing the relatively small budget devoted to this vital function.

Pool public relations are the responsibility of the Publicity, Field Service and Country Information Departments. Detailed accounts of their activities will be found in the supplementary reports.

Staff

During the year the following employees retired: W. R. Shearer and G. H. Francis of the Calgary office staff; Miss Anne Cahill, Edmonton office; Travelling Superintendent R. C. Armstrong, and agents P. J. Andriuk, J. A. Bernard, T. A. Cunningham, H. E. Doherty, A. W. Esler, C. A. Fleming, A. J. Funnell, C. J. Hanson, J. D. Love, W. Markowsky and J. Spooner. It is with regret that I report the deaths of Travelling Superintendent R. D. Wishart and agents W. G. Cameron, E. B. Hagel, L. D. Smith and R. C. Warnock. Former Assistant Manager, T. E. Oliver, former Divisional Superintendent J. H. Quinn and former agent H. G. Lee also passed away during the year. All of these men had served our organization long and well, and I wish to record my deep appreciation for their valuable help. Earl Oliver's careful administration and his wise and kindly council, based on a lifetime experience in the grain business, were invaluable to the Pool and contributed greatly to the success and reputation it now enjoys. To the business life of the Province, he brought a high standard of ethics and an inherent sense of fairness seldom equalled.

Nine employees became eligible for gold watches awarded for twenty-five years of service to the organization. Two



The Panagiotis, first large ocean-going vessel to reach the Lakehead via the St. Lawrence Seaway, taking on a cargo of grain at the Alberta Wheat Pool's Port Arthur terminal.

hundred and sixteen employees have now received this award and of this number 135 are still employed with the Pool. The Calgary office staff was given an award for outstanding citizenship in recognition of 100% participation in the Community Chest.

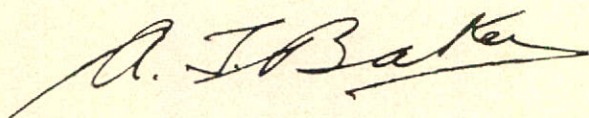
Agriculture, like any other industry, must face the challenge of rapidly changing conditions in a highly competitive world. More and more information is necessary for effective planning of policies to further and safeguard the interests of Alberta farmers. With the growing complexity of our business, there was an obvious need for increased activity in the field of research, statistics and economic studies. This need led to the appointment of J. W. Madill to the position of Economist. His duties include collection, study and analysis of economic and statistical information related to problems pertinent to the operation of the Alberta Wheat Pool and research concerning trends of importance to the farmer in the broad field of agriculture.

Some further changes were made in key positions. T. R. Humphries relinquished his responsibilities as Comptroller after thirty-six years with the Pool, but remained to complete his special assignment as officer in charge of the office building project. J. Weerstra was transferred from the Field Service Department to Elevator Operations as Travelling Superintendent; J. L. Petersen, formerly agent at Airdrie, was also appointed Travelling Superintendent, and I. H. Olson, formerly agent Dawson Creek No. 2, was promoted to the Field Service Department.

Conclusion

That it has been a year of material growth for the organization is evidenced by the results reported for your consideration. Credit for this improved commercial position must go largely to the employees, who, at all levels, are becoming more proficient in the skills of modern business. I believe it may be safely assumed that in future they will continue to provide a sound economic base from which the Pool may conduct whatever operations are necessary to achieve its broader objectives.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "A. I. Baker". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

General Manager.

GENERAL MANAGER'S REPORT

Appendix "A"

Receipts from Producers 1958-59

	<u>Through Country Elevators</u>	<u>Platform Shipments</u>	<u>Total</u>	<u>Last Year</u>
Wheat	37,781,076	17,093	37,798,169	33,880,285
Oats	3,011,944	1,810	3,013,754	4,387,516
Barley	17,965,030	59,511	18,024,541	16,115,062
Flax	2,176,807	—	2,176,807	1,676,560
Rye	491,395	—	491,395	829,227
	<u>61,426,252</u>	<u>78,414</u>	<u>61,504,666</u>	<u>56,888,650</u>
Bulk Seeds	<u>476,116</u>	—	<u>476,116</u>	<u>421,678</u>

Vancouver Pool Terminal

Shipments from Country Points:	<u>1958-59</u>	<u>Last Year</u>
Alberta Wheat Pool	46,492,654	40,104,269
Saskatchewan Wheat Pool	2,493,485	6,219,884
Other Sources	1,720,512	1,348,167
Total	<u>50,706,651</u>	<u>47,672,320</u>
Less Diverted to Other Terminals	<u>3,519,576</u>	<u>3,531,594</u>
Total Grain Unloaded	<u>47,187,075</u>	<u>44,140,726</u>
Bulk Seeds Unloaded	<u>2,214,813</u>	<u>2,344,762</u>

Vancouver Terminal Receipts by Grains

	<u>1958-59</u>	<u>Last Year</u>
Wheat	32,526,383	33,186,329
Oats	1,139,086	933,611
Barley	11,487,350	8,233,553
Flax	2,029,513	1,783,132
Rye	433	—
Sample Mixed Grain	1,576	2,272
Mixed Feed Oats	2,734	1,829
Total Grain	<u>47,187,075</u>	<u>44,140,726</u>
Rapeseed	2,166,306	2,316,952
Mustard	48,507	26,135
Safflower	—	1,675
Total Unloaded	<u>49,401,888</u>	<u>46,485,488</u>

Manitoba Pool Terminals

Shipments from Country Points:		
Alberta Wheat Pool	6,649,131	7,406,636
Manitoba Pool Elevators	34,771,824	37,440,085
Other Sources	58,672	434,995
	<u>41,479,627</u>	<u>45,281,716</u>
Less Diverted to Other Terminals	<u>10,359,659</u>	<u>12,474,598</u>
Unloaded in Manitoba Pool Terminals	<u>31,119,968</u>	<u>32,807,118</u>

GENERAL MANAGER'S REPORT
Appendix "B"

DESTINATIONS OF ALBERTA WHEAT POOL
SHIPMENTS FROM COUNTRY ELEVATORS

	(GROSS WEIGHTS)	1958-59	1957-58
		<u>BUSHEL</u>	<u>BUSHEL</u>
Vancouver		44,180,140	37,955,739
Prince Rupert		3,494,896	3,240,113
New Westminster		140,207	157,298
B.C. Domestic		1,063,527	902,431
Alberta Terminals, Mills, Etc.		4,038,291	4,656,125
Saskatchewan Terminals, Mills, Etc.		616,661	686,925
Manitoba Terminals, Mills, Etc.		1,122,736	894,483
Fort William - Port Arthur		8,603,138	9,550,499
		<u>63,259,596</u>	<u>58,043,613</u>

VANCOUVER POOL TERMINAL SALES

	1958-59	
	<u>EXPORT</u>	<u>DOMESTIC</u>
	(Bushels)	(Bushels)
Wheat		1,254,508
Oats	436,141	1,072,140
Barley		620,674
Flax	1,825,010	
Rye	27,098	
Mixed Feed Oats	245,882	116,035
	<u>2,534,131</u>	<u>3,063,357</u>
Screenings (Tons)		<u>31,852</u>

CAPITAL EXPENDITURES AND
COMMITMENTS 1958-59

Country Elevators	614,685.91
Country Annexes	130,641.94
Seed Division Properties	43,996.26
Dwellings	128,531.54
Vancouver Terminal	41,403.44
Port Arthur Terminal	30,973.86
Automobiles and Trucks	77,519.31
Equipment	28,878.47
Calgary Office Building	64,771.81
Calgary Parking Lot	27,446.96
	<u>1,188,849.50</u>
Less Recoveries	<u>104,880.87</u>
	<u>\$1,083,968.63</u>

GENERAL MANAGER'S REPORT

Appendix "C"

Country Elevator Shipments

	Alberta	1958-59 Saskatchewan	Manitoba
Wheat	87,741,000	208,079,000	47,026,000
Oats	15,729,000	14,148,000	12,878,000
Barley	47,450,000	41,444,000	16,608,000
Flax	4,428,000	8,177,000	3,372,000
Rye	1,311,000	2,330,000	867,000
	<u>156,659,000</u>	<u>274,178,000</u>	<u>80,751,000</u>

	Alberta	1957-58 Saskatchewan	Manitoba
Wheat	89,317,000	242,254,000	42,704,000
Oats	17,700,000	27,659,000	21,825,000
Barley	43,197,000	54,481,000	20,987,000
Flax	3,759,000	8,738,000	3,043,000
Rye	2,199,000	3,886,000	1,008,000
	<u>156,172,000</u>	<u>337,018,000</u>	<u>89,567,000</u>

Lakehead Terminal Receipts

	1958-59	1957-58
Wheat	181,600,000	176,400,000
Oats	33,100,000	55,000,000
Barley	60,600,000	79,300,000
Flax	9,400,000	10,100,000
Rye	4,100,000	5,300,000
	<u>288,800,000</u>	<u>326,100,000</u>

Exports From Eastern Seaboard (Including Maritimes)

	1958-59	1957-58
Wheat	118,857,000	120,320,000
Oats	1,392,000	2,000,000
Barley	11,938,000	23,032,000
Flax	6,194,000	7,646,000
Rye	791,000	939,000
	<u>139,172,000</u>	<u>153,937,000</u>

Exports to United States

	1958-59	1957-58
Wheat	3,400,000	7,166,000
Oats	1,400,000	21,581,000
Barley	10,200,000	21,458,000
Flax	—	—
Rye	2,100,000	3,152,000
	<u>17,100,000</u>	<u>53,357,000</u>

Shipments From Churchill

	1958-59	1957-58
Wheat	18,409,000	18,395,000
Oats	314,000	57,000
	<u>18,723,000</u>	<u>18,452,000</u>

GENERAL MANAGER'S REPORT

Appendix "D"

CHANGES IN 1958-59 PROPERTIES

Elevators Constructed (6)

Botha	Capacity	76,500 bushels
Fort St. John	Capacity	134,000 bushels
Irma	Capacity	76,500 bushels
Lac La Biche	Capacity	57,000 bushels
Lomond	Capacity	78,000 bushels
Milk River	Capacity	76,500 bushels

Elevators Replaced (1)

Spruce Grove	Capacity	78,000 bushels
(replacing elevator destroyed by fire in previous year)		

Elevator Destroyed By Fire (1)

Hobbema	Capacity	35,000 bushels
(will be replaced in 1959-60 by 78,000 bushel elevator)		

Elevators Converted to Twin Annexes (2)

Irma	
Milk River	
(new elevators built at these points)	

Elevators Dismantled (2)

Botha	(new elevator built)
Venice	(not replaced)

Elevator Sold (1)

Ellerslie	(a second elevator not required at this point)
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New Annexes Constructed (5)

Fort St. John, Hythe, McLaughlin, Swalwell, Vulcan

Annexes Dismantled (2)

Milk River, Swalwell

Annex Destroyed By Fire (1)

Hobbema

Annex Sold (1)

Lanfine

Seed Warehouses Constructed (8)

Bow Island, Drumheller, Fort St. John, Colinton, Vermilion, Berwyn, Nampa, Medicine Hat

Seed Warehouses Sold (2)

Cherhill, Peace River

New Dwellings (9)

Brownvale, Eaglesham, Fort St. John, Galahad, Kathryn, Mayerthorpe, Monarch, Strathmore, Vermilion

Dwellings Sold (14)

Acheson, Benalto, Boyle, Brownvale, Burdett, Cayley, Coutts, Galahad, Mayerthorpe, Monarch, Naco, Strathmore, Venice, Vermilion

GENERAL MANAGER'S REPORT
APPENDIX "E"

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

Number of Applications:

<u>PROVINCE</u>	<u>1957-58</u>	<u>1958-59</u>
Manitoba	11,724	13,242
Saskatchewan	28,793	22,856
Alberta	9,895	9,243
TOTALS	<u>50,412</u>	<u>45,341</u>

Total Amount Advanced:

Manitoba	\$ 7,112,441	\$ 9,111,829
Saskatchewan	21,822,364	18,406,178
Alberta	6,268,662	6,851,646
TOTALS	<u>\$35,203,467</u>	<u>\$34,369,653</u>

Average Advance:

Manitoba	\$607	\$688
Saskatchewan	758	805
Alberta	634	741
TOTALS	<u>\$698</u>	<u>\$758</u>

Total Amount Refunded to August 28, 1959:

Manitoba	\$ 7,107,257	\$ 8,880,796
Saskatchewan	21,815,648	18,021,733
Alberta	6,224,974	6,337,732
TOTALS	<u>\$35,147,879</u>	<u>\$33,240,261</u>

Percentage Refunded:

Manitoba	99.9%	97.4%
Saskatchewan	99.9%	97.9%
Alberta	99.2%	92.6%
TOTALS	<u>99.8%</u>	<u>96.7%</u>

Total Advances Outstanding as at August 28, 1959:

Manitoba	\$ 5,184	\$ 231,033
Saskatchewan	6,716	384,445
Alberta	43,688	513,914
TOTALS	<u>\$55,588</u>	<u>\$1,129,392</u>

MEMORANDA



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HARVEY, MORRISON & CO.
Chartered Accountants

To the Members,
Alberta Wheat Pool,
Calgary, Alberta.

Lougheed Building,
Calgary, Alberta,
23rd October, 1959.

Dear Sirs:—

We have completed our examination of the books of account of your association for the year ended 31st July, 1959 and submit herewith the undernoted statements which are in accordance with the books:

1. Balance sheet as at 31st July, 1959.
2. Statement of operations for the year.
3. Consolidated comparative balance sheet of Alberta Wheat Pool and Alberta Pool Elevators Limited as at 31st July, 1959 and 31st July, 1958.

OPERATIONS

Operations of the year resulted in net earning of \$3,308,594.45 as summarized below:

Total operating revenue	\$12,709,152.13
Total operating expense	<u>8,254,234.14</u>
Earnings before providing for rental of elevator facilities	\$ 4,454,917.99
Deduct Rental equivalent to capital cost allowance or depreciation on structures and equipment	<u>1,146,323.54</u>
Net Operating Earnings	<u><u>\$ 3,308,594.45</u></u>

Pending decision of your delegates as to distribution, this amount less \$56,000.00 paid on account of income taxes is shown on the balance sheet as a current liability.

BALANCE SHEET

Stocks of Grain, Seed, Sacks and Coal—\$42,403.202.72

The above amount represents the value of all grain, etc. on hand as at the year end according to the records.

Weighovers of country stocks were completed at approximately 200 points during the year and the stock records in respect thereof were adjusted accordingly. At all other points, inventories as shown by the stock records have been taken into account without adjustment.

Stocks at the Vancouver terminal were weighed over as of 3rd August, 1959 and any necessary adjustments were brought into the accounts as at the end of July.

The basis of valuation was consistent with that of previous years.

Reserves—\$11,516,431.69

Movement in growers' reserves is summarized below:

Reserves issued as at 31st July, 1958	\$10,280,036.12
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Deduct Purchases during the year	400,324.96
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	<hr/> \$ 9,879,711.16
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Add Distributed as patronage	
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dividend 1957-8	\$1,636,498.09
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Adjustment of prior years	222.44	1,636,720.53
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Reserves issued as at 31st July, 1959	<hr/> <hr/> \$11,516,431.69
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Income Taxes

Income tax returns of your association have been confirmed up to 31st July, 1956. With respect to the returns for the years ended 31st July, 1957 and 1958, reassessments have not been issued but we understand there are no changes from the returns as filed.

The liability for income tax in respect of the year under review will be determined following the discussion of your delegates as to the distribution of current earnings.

ANALYSIS

As in past years, an analysis giving a detailed explanation of the assets and liabilities of the Wheat Pool at the close of the fiscal period is supplied to the delegates.

Yours faithfully,

HARVEY, MORRISON & CO.

Chartered Accountants.

ALBERTA WHEAT POOL

Calgary, Alberta

BALANCE SHEET AS AT 31st JULY, 1959

ASSETS

Current—

Cash in banks, on hand and in transit \$	586,896.27	
Stocks of grain, seed, sacks and coal	42,403,202.72	
Advances on grain	11,793.04	
Accounts receivable	1,044,955.39	
Accrued items receivable	88,136.56	
Prepaid expenses	386,876.50	\$44,521,860.48

Internal—

Alberta Pool Elevators Limited	460,285.55
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Deferred—

Accounts receivable	68,571.07
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Shares and Investments—

Alberta Pool Elevators Limited (fully paid)	\$ 4,850,000.00	
Pool Insurance Company - (Par value \$75,000.00 called up 74% plus premium of \$62.00 per share)	102,000.00	
Canadian Pool Agencies Limited (fully paid)	6,670.00	
Seed Cleaning Plants and Associations ..	550.00	4,959,220.00

Fixed Assets—

Grain Exchange Memberships	9,302.00
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\$50,019,239.10

CALGARY, Alberta, 23rd October, 1959.

We have examined the balance sheet of Alberta Wheat Pool as at 31st July, 1959 and the statement of operations for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

ALBERTA WHEAT POOL

Calgary, Alberta

BALANCE SHEET AS AT 31st JULY, 1959

LIABILITIES

Current—

Outstanding cheques, cash tickets and orders	\$ 6,615,881.05	
Bank grain loans	21,805,000.00	
Call loans	2,267,562.25	
Members loans	234,490.27	
Accounts payable	882,425.03	
Accrued items payable	312,665.24	
Growers—outstanding payments	266,961.00	
Provisional advances on seed sales	17,600.00	
Net earnings - Season 1958-59	\$3,308,594.45	
Less Prepaid income tax 56,000.00	<u>3,252,594.45</u>	<u>\$35,655,179.29</u>

Reserves and Surplus—

Reserves - Authorized	<u>\$15,000,000.00</u>	
Issued to members	\$11,516,431.69	
Surplus retained from earning of previous years	<u>2,847,628.12</u>	<u>14,364,059.81</u>

Contingent Liability—

Bank of Montreal debentures	<u>\$ 2,500,000.00</u>
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\$50,019,239.10

In our opinion, subject to our attached report, the above balance sheet and accompanying statement of operations are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Pool as at 31st July, 1959 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Pool.

HARVEY, MORRISON & CO.
Chartered Accountants.

ALBERTA WHEAT POOL
Calgary, Alberta

**STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959**

EXPENSES

Elevator Operating Expenses

Salaries and wages		\$ 2,337,594.41
Helpers' wages		160,829.69
Repairs—		
Country elevators	\$417,423.42	
Dwellings	87,524.14	
Elevator grounds and approaches	7,418.26	
Terminals	134,213.23	646,579.05
Taxes—		
Municipal and school	\$478,852.18	
Business	16,750.42	495,602.60
Insurance—		
Grain	\$133,566.93	
Buildings	73,234.78	
Fidelity bonds	5,975.16	
Public liability	729.73	213,506.60
Power - Electric and natural gas		172,073.08
Rentals - Off-site		122,990.82
Annex transfer charges		94,790.66
Tools, supplies and repair parts		68,347.99
Heat, light and water		40,064.28
Site rentals		35,965.29
Telephone rentals	\$ 22,317.11	
Telephone tolls and telegrams	11,112.18	33,429.29
Travelling and moving		26,537.02
Unemployment insurance		18,507.44
Workmen's Compensation Board		18,257.92
Printing, stationery, supplies		17,690.32
Postage and box rentals		17,514.85
Gasoline and engine fuel		13,504.47
Off-site transfer charges		11,485.52
Car repairs and liners		11,450.68
Broadcasting grain prices		8,085.20
Boiler, scale and air tank inspections		8,706.30
Agents' meeting expenses		6,079.16
Rent allowances		5,924.00
Licenses and bonds		5,253.06
Mail allowances		4,596.30
Freight, express and trucking		4,340.81
Receiving grain prices		3,856.43
Electrification line installation costs		3,724.33
Medical services		3,498.30
Lubricating oils and greases		3,407.77
Vac-U-Vator expenses		3,064.84
Professional fees and expenses		2,703.84
Terminal registration fees		1,987.20
Vancouver Terminal sickness and accident plan		899.63
Automobile allowance		300.00
Miscellaneous		1,325.54

Carried forward \$ 4,624,474.69

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959

REVENUE

Gross revenue from trading and grain operations	\$ 3,867,119.60
Country carrying charges from Canadian Wheat Board	5,795,444.38
Terminal elevation charges	1,197,680.12
Gross revenue - Seed Division	636,473.25
Storage charges	429,208.08
Diversión premiums	184,891.67
Cleaning and separation charges	184,291.04
Port Arthur terminal earnings	140,294.32
Rentals - Dwellings, etc.	117,652.35
Wharfage charges	101,533.04
Services to ships	41,436.66
Fertilizer operations	5,155.70
Coal operations	2,338.14
Rentals - Portable grain cleaners	340.88
Miscellaneous revenue	5,292.90

Carried forward \$12,709,152.13

ALBERTA WHEAT POOL

Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31st JULY, 1959 (Continued)

EXPENSES (Continued)

Brought forward \$ 4,624,474.69

Office and General Expenses

Salaries and wages	\$724,289.26	
Rentals	60,749.13	
Equipment rentals	35,551.62	
Printing, stationery, supplies	29,402.62	
Postage and meter rentals	19,477.18	
Telephone tolls and telegrams \$ 7,836.75		
Telephone and teletype rentals 15,411.82	23,248.57	
Audit fees and expenses	14,060.00	
Property taxes	8,454.32	
Travelling	6,748.18	
Business taxes	6,377.28	
Insurance and maintenance of office equipment	5,194.51	
Membership lists and ballots	5,053.58	
Light and power	3,942.47	
Workmen's Compensation Board	3,841.90	
Unemployment insurance	3,716.66	
Repairs and alterations	3,433.65	
Freight, express, trucking	3,162.36	
Automobile expenses and allowances	2,583.89	
Membership fees	2,176.00	
Professional fees and expenses	1,978.38	
Entertainment	854.56	
Legal fees and expenses	648.02	
Licenses and bonds	618.10	
Fidelity bonds	369.75	
Parking lot expenses	126.59	
Miscellaneous	9,267.46	975,326.04

Elevator Superintendence

Salaries	\$152,907.23	
Travelling and moving	19,959.24	
Automobile expenses	16,191.89	
Telephone tolls and telegrams \$ 6,242.10		
Telephone rentals	390.00	6,632.10
Automobile insurance	2,050.00	
Rentals	2,035.20	
Supplies	636.07	
Workmen's Compensation Board	562.10	
Printing, stationery, supplies	484.16	
Unemployment insurance	140.40	201,598.39

Carried forward \$ 5,801,399.12

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)

REVENUE (Continued)

Brought forward \$12,709,152.13

Carried forward \$12,709,152.13

ALBERTA WHEAT POOL
Calgary, Alberta

**STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)**

EXPENSES (Continued)

Brought forward		\$ 5,801,399.12
Elevator Maintenance		
Salaries	\$ 69,305.06	
Foremen's salaries - unallocated	25,565.55	
Travelling and moving	21,611.96	
Truck expenses	18,744.55	
Holiday with pay stamps	14,080.71	
Workmen's Compensation Board	7,030.23	
Equipment and maintenance	3,599.83	
Tools, supplies and repair parts	3,265.12	
Unemployment insurance	3,242.59	
Automobile expenses	3,238.09	
Warehouse expense	3,191.74	
Rentals	2,400.00	
Telephone tolls and telegrams \$1,530.31		
Telephone rentals	541.60	2,071.91
Automobile and truck insurance	1,522.64	
Printing, stationery, supplies	738.18	
Freight, express, trucking	109.18	179,717.34
Field Service		
Salaries	\$ 54,422.12	
Travelling and moving	9,077.90	
Automobile expense	6,616.42	
Country meetings - hall rents, etc.	5,163.68	
Complimentary supplies	1,802.00	
Motion picture expense	1,108.33	
Telephone tolls and telegrams \$966.29		
Telephone rentals	78.00	1,044.29
Printing, stationery, supplies	1,020.50	
Automobile insurance	833.74	
Rentals	620.04	
Workmen's Compensation Board	212.65	
Unemployment insurance	85.71	
Miscellaneous	2,012.17	84,019.55
Country Information		
Salaries	\$ 12,596.46	
Printing, stationery, supplies	851.49	
Rentals	816.42	
Travelling	675.30	
Automobile expense	480.20	
Telephone tolls and telegrams \$19.25		
Telephone rentals	78.00	97.25
Workmen's Compensation Board	46.44	
Unemployment insurance	16.44	15,580.00
Carried forward		\$ 6,080,716.01

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)

REVENUE (Continued)

Brought forward \$12,709,152.13

Carried forward \$12,709,152.13

ALBERTA WHEAT POOL

Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31st JULY, 1959 (Continued)

EXPENSES (Continued)

Brought forward		\$ 6,080,716.01
Publicity and Advertising		
Salaries	\$ 15,973.60	
Radio broadcasts	46,103.85	
The Budget	8,446.37	
Pamphlets, circulars, calendars	7,431.11	
Advertising	6,683.24	
Rentals	2,314.23	
Postage	1,085.50	
Printing, plates and photos	631.43	
Travelling and moving	588.65	
Printing, stationery, supplies	247.64	
Subscriptions and library	244.65	
Telephone tolls and telegrams	\$85.59	
Telephone rentals	78.00	163.59
Workmen's Compensation Board	68.35	
Unemployment insurance	31.20	90,013.41
Seed Division		
Office	\$ 95,417.13	
General expenses	67,730.43	
Cereal department	7,370.87	
Forage seed purchasing	38,606.89	
Plant operations	206,588.15	
Warehouse expense	46,841.72	
Interest, exchange and commissions	98,251.75	560,806.94
General Administration		
Employees' pension fund	\$102,086.33	
Employees' supplementary retirement allowances	22,511.10	
Directors' fees	25,341.00	
Directors' expenses	14,589.52	
Members accident insurance	35,377.52	
Annual meeting of delegates	22,212.60	
Contributions - Educational and charitable	19,048.00	
Alberta Federation of Agriculture	15,962.84	
Legal fees and expenses	13,779.20	
Junior Clubs -		
Girls Garden Clubs	\$2,481.56	
Junior Farm Clubs	1,671.33	
Farm Young Peoples Week	949.25	
Junior Farm Camps	450.00	5,552.14
Delegates country expenses	4,800.12	
Interprovincial expense	4,035.45	
Professional fees and expenses	3,567.43	
25 year service awards	1,042.00	
Printing, stationery, supplies	326.73	
Telephone rentals	156.00	
Miscellaneous	21,704.76	312,092.74
Carried forward		\$ 7,043,629.10

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)

REVENUE (Continued)

Brought forward \$12,709,152.13

Carried forward \$12,709,152.13

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)

EXPENSES (Continued)

Brought forward			\$ 7,043,629.10
Interest, Exchange, Brokerage, etc.			
Interest - Current operating	\$970,403.39		
Mortgage interest	117,500.00		
Bank exchange and payors' commission	113,478.49		
Postage, insurance, etc. on funds	1,378.07		
Brokerage	7,845.09	1,210,605.04	
<hr/>			
Rental - equivalent to capital cost allowance or depreciation—			
Country elevators, annexes, dwellings, and sheds, Seed Cleaning Plants and warehouses	10% & 20%	\$553,564.51	
Vancouver terminal	5% & 20%	159,519.21	
Port Arthur terminal	5% & 20%	35,888.62	
Calgary office building	5%	75,394.97	
Automobiles and trucks	30%	39,247.32	
Office equipment	20%	15,590.14	
Calgary warehouses	10%	625.68	
Terminal equipment	20%	453.29	
Country elevator equipment	20%	27,335.00	
		<hr/>	\$907,618.74
Special additional capital cost allowances—			
Vancouver terminal Structures and equipment	10%	\$33,854.01	
Country elevators and annexes— Structures	10% & 30%		
Equipment	10% & 20%	204,850.79	238,704.80
			1,146,323.54
Net Operating Earnings			3,308,594.45

\$12,709,152.13

ALBERTA WHEAT POOL
Calgary, Alberta

STATEMENT OF OPERATIONS FOR THE YEAR
ENDED 31st JULY, 1959 (Continued)

REVENUE (Continued)

Brought forward \$12,709,152.13

\$12,709,152.13

**ALBERTA WHEAT POOL
AND ALBERTA POOL ELEVATORS LIMITED**
Calgary, Alberta

**CONSOLIDATED BALANCE SHEET AS AT 31st JULY,
1959 AND COMPARISON WITH 31st JULY, 1958**

ASSETS		
Current—	31st July, 1959	31st July, 1958
Cash in banks, on hand and in transit	\$ 586,896.27	\$ 477,907.64
Stocks of grain, seed, sacks and coal	42,403,202.72	39,388,044.91
Advances on grain	11,793.04	10,373.85
Accounts receivable	1,044,955.39	1,033,606.93
Accrued items receivable	88,136.56	71,320.91
Prepaid expenses	386,876.50	352,037.91
Total Current Assets	\$44,521,860.48	\$41,333,292.15
Deferred—		
Accounts receivable	\$ 68,571.07	\$ 43,762.64
Fixed Assets—		
Buildings, sites and operating machinery	\$26,858,192.89	\$24,618,767.64
Less Accumulated capital cost allowances	18,864,402.05	17,874,511.41
	\$ 7,993,790.84	\$ 6,744,256.23
Elevator and office equipment, autos and trucks and miscellaneous equipment	\$ 612,104.35	\$ 600,166.77
Less Accumulated capital cost allowances	347,013.47	322,750.33
	\$ 265,090.88	\$ 277,416.44
Uncompleted construction (see contra) —		
Country elevators, annexes and dwellings	\$ 209,635.94	\$ 124,756.08
Calgary office building	908,503.43	2,275,181.00
	\$ 1,118,139.37	\$ 2,399,937.08
Net Capital Assets	\$ 9,377,021.09	\$ 9,421,609.75
Investments—		
Shares—Pool Insurance Company	\$ 102,000.00	\$ 102,000.00
—Canadian Pool Agencies Limited	6,670.00	6,670.00
—Seed cleaning plants and associations	550.00	400.00
Grain Exchange memberships	9,302.00	9,302.00
	\$ 118,522.00	\$ 118,372.00
	<u>\$54,085,974.64</u>	<u>\$50,917,036.54</u>

**ALBERTA WHEAT POOL
AND ALBERTA POOL ELEVATORS LIMITED**
Calgary, Alberta

**CONSOLIDATED BALANCE SHEET AS AT 31st JULY,
1959 AND COMPARISON WITH 31st JULY, 1958**

LIABILITIES		
Current—	31st July, 1959	31st July, 1958
Outstanding cheques, cash tickets and orders	\$ 6,615,881.05	\$ 5,544,951.30
Bank grain loans	21,805,000.00	18,978,000.00
Call loans	2,267,562.25	3,388,123.60
Members loans	234,490.27	68,113.33
Mortgage debenture - payment due 1st February, 1960	416,666.67	
Construction commitments (see contra)	1,118,139.37	2,399,937.08
Accounts payable	882,425.03	776,491.97
Accrued items payable	312,665.24	274,876.89
Growers - Outstanding payments	266,961.00	217,473.57
Provisional advances on seed sales	17,600.00	
Earnings - Current period	3,308,594.45	2,365,604.19
Less Prepaid income tax	(56,000.00)	(54,000.00)
Total Current Liabilities	\$37,189,985.33	\$33,959,571.93
Deferred—		
Mortgage debenture 4½%	\$ 2,083,333.33	\$ 3,500,000.00
Reserves	\$11,516,431.69	\$10,280,036.12
Surplus—		
Retained from earnings, prior years	\$ 2,847,628.12	\$ 2,765,591.07
Accrued from properties	448,596.17	411,837.42
	\$ 3,296,224.29	\$ 3,177,428.49
	\$54,085,974.64	\$50,917,036.54

Calgary, Alberta, 23rd October, 1959.

Certified to be a consolidation of the balance sheets of Alberta Wheat Pool and Alberta Pool Elevators Limited as at 31st July, 1959, showing a comparison with the position as at 31st July, 1958, subject to our reports in connection therewith.

HARVEY, MORRISON & CO.,
Chartered Accountants.

HARVEY, MORRISON & CO.
CHARTERED ACCOUNTANTS

The Shareholders,
Alberta Pool Elevators Limited,
Calgary, Alberta.

Lougheed Building,
Calgary, Alberta
15th September, 1959.

Dear Sirs:

We have completed our audit of the books of account of your company for the year ended 31st July, 1959 and submit herewith the balance sheet as at that date which is in accordance with the books.

As in past years, the elevator facilities of your company were leased to the Alberta Wheat Pool for a rental equivalent to the capital cost allowance or depreciation claimed on the various assets as follows:

<u>Asset</u>	<u>Rate</u>	<u>Amount</u>	
Terminal—Vancouver			
Structures	Normal 5%)		
Machinery & Equipment	Normal 20%)	\$159,519.21	
Structures	Special 10%)		
Equipment	Special 10%)	33,854.01	\$ 193,373.22
Terminal—Port Arthur			
Structures	Normal 5%	\$ 28,240.99	
Equipment	Normal 20%	7,647.63	35,888.62
Country Elevators, Annexes, Seed Cleaning Plants and Warehouses			
Structures	Normal 10%)		
Machinery	Normal 20%)	\$438,427.38	
Structures	Special 10% and 30%)		
Machinery	Special 10% and 20%)	204,850.79	643,278.17
Dwellings, Sheds and Warehouses			
.....	Normal 10%		115,762.81
Country and Terminal Elevator Equipment and Office Furniture and Equipment			
.....	Normal 20%		43,378.43
Automobiles and Trucks			
.....	Normal 30%		39,247.32
Calgary Office Building			
.....	Normal 5%		75,394.97
Total—Normal allowance		\$907,618.74	
—Special allowance		238,704.80	
Total Allowance			<u>\$1,146,323.54</u>

The above rates are the maximum allowable under income tax regulations.

The total allowance claimed is approximately \$237,000.00 lower than that claimed in 1958. The main reason for the reduction being that the amounts subject to special allowance are substantially reduced.

Property changes during the year will be summarized in the analysis to be submitted to your delegates.

Capital expenditure during the year excluding uncompleted construction of \$1,118,139.37 amounted to \$2,451,654.71 as follows:

Country properties	\$ 783,944.02
Vancouver Terminal	41,403.44
Port Arthur Terminal	30,973.86
Calgary office building	1,431,449.38
Seed Plants, warehouses and sites	28,007.50
Automobiles and trucks	77,519.31
Office equipment	10,326.87
Miscellaneous equipment	20,583.37
Parking lot	27,446.96
	<u>\$2,451,654.71</u>

Capital surplus reflects an increase of \$36,758.75 resulting from property disposals and fire loss adjustments.

AUDITORS' CERTIFICATE

We have examined the balance sheet of Alberta Pool Elevators Limited as at 31st July, 1959 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st July, 1959, according to the best of our information and the explanations given to us and as shown by the books of the company.

Yours faithfully,

HARVEY, MORRISON & CO.
Chartered Accountants.

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

BALANCE SHEET AS AT 31st JULY, 1959

ASSETS

PROPERTY—

Buildings, Sites and Operating Machinery (Cost)

Country elevators	\$11,197,242.14		
Annexes	3,901,405.73		
	<u>\$15,098,647.87</u>		
Flour Sheds	9,083.00		
Coal Sheds	10,255.35		
Dwellings and sites	2,348,128.93		
Seed cleaning plants, warehouses and sites	339,532.70		
	<u>\$17,805,647.85</u>		
Less Capital cost allowances	<u>13,610,915.42</u>	\$4,194,732.43	
Vancouver Terminal	\$ 6,233,148.48		
Less Capital cost allowances	<u>4,715,435.08</u>	1,517,713.40	
Port Arthur Terminal	\$ 1,016,657.08		
Less Capital cost allowances	<u>449,487.74</u>	567,169.34	
Calgary Warehouses	\$ 18,800.00		
Less Capital cost allowances	<u>13,168.84</u>	5,631.16	
Office Bldg.—structure	\$ 1,507,899.38		
Less Capital cost allowance	<u>75,394.97</u>		
	<u>\$1,432,504.41</u>		
Office Building—site	232,166.39	1,664,670.80	
Parking lot—site	\$ 25,000.00		
—improvements	2,446.96	27,446.96	
Equity in Wheat Pool Building— Winnipeg		16,426.75	
Uncompleted construction—see contra Country elevators, annexes and dwellings	\$ 209,635.94		
Office building	908,503.43	1,118,139.37	\$9,111,930.21
Equipment (Cost)			
Office furniture and equipment	\$ 256,707.74		
Less Capital cost allowances	<u>194,347.12</u>	\$ 62,360.62	
Automobiles and trucks	\$ 216,775.45		
Less Capital cost allowances	<u>125,198.37</u>	91,577.08	
Terminal equipment	\$ 18,382.15		
Less Capital cost allowances	<u>16,569.00</u>	1,813.15	
Portable cleaners and loaders	\$ 11,313.15		
Less Capital cost allowances	<u>10,898.98</u>	414.17	
Elevator maintenance and sundry equipment—net value		108,925.86	265,090.88
			<u>\$9,377,021.09</u>

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

BALANCE SHEET AS AT 31st JULY, 1959

LIABILITIES

CURRENT—

Serial debenture instalment due 1st February, 1960	\$ 416,666.67	
Construction commitments — see contra	1,118,139.37	\$1,534,806.04

INTERNAL—

Due to Alberta Wheat Pool	460,285.55
---------------------------------	------------

DEFERRED—

First Mortgage serial debentures 4½ % due 1st February, 1965. Payable in equal annual instalments commencing 1st February 1961	2,083,333.33
---	--------------

CAPITAL AND SURPLUS—

Capital

Authorized — 500,000 shares of \$10.00 each	\$5,000,000.00	
Issued — 485,000 shares fully paid	\$4,850,000.00	
Capital surplus	448,596.17	5,298,596.17

Approved on behalf of the Board:

G. L. HARROLD, Director.

W. J. BLAIR, Director.

CALGARY, Alberta,
15th September, 1959.

This is the balance sheet referred to in our attached report of
even date.

HARVEY MORRISON & CO.
CHARTERED ACCOUNTANTS

\$9,377,021.09

MEMORANDA



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ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959

EXPLANATORY NOTE:

Your Organization, referred to as the Alberta Wheat Pool, is divided into two sections, namely Alberta Wheat Pool, which is incorporated under a private charter, and Alberta Pool Elevators Limited, which is incorporated under the Companies Act of the Province of Alberta. The elevator system, comprising the country and terminal elevators, together with the flour sheds, coal sheds, dwellings, etc. is owned by Alberta Pool Elevators Limited, and, under agreement, is leased to Alberta Wheat Pool, on the basis that the Pool keeps the system in repair, provides for all operating expenses, and by mutual arrangement, provides for rental of the facilities in an amount which is equivalent to capital cost allowance or depreciation on the assets of the Company. The active operations are carried on by Alberta Wheat Pool, and Alberta Pool Elevators Limited may be regarded, for the present, as merely a holding company.

The balance sheet which you are now considering is that of Alberta Wheat Pool, with a separate analysis being prepared for Alberta Pool Elevators Limited.

ASSETS

CURRENT \$44,521,860.48

Cash \$ 586,896.27

In banks \$471,657.64

On hand and in transit 114,248.63

Consisting mainly of monies returned by agents and payors at the end of the season, together with certain amounts received from grain settlements and accounts receivable. Since the end of July this has all been deposited.

Petty Cash 990.00

Representing the amounts on hand at Calgary and Edmonton for purposes of making sundry disbursements.

\$586,896.27

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

CURRENT (Cont'd)

Stocks of Grain, Seed, Sacks and Coal .. \$42,403,202.72

Representing grain, seed,
sacks and coal on hand in
country and terminal eleva-
tors and in transit as at 31st
July, 1959, as follows:

Wheat	29,417,852 bus.	\$33,541,439.32
Oats	2,777,421 bus.	1,210,733.83
Barley	7,091,919 bus.	5,117,948.71
Flax	398,108 bus.	1,219,415.70
Rye	206,682 bus.	194,634.23
Mixed		
feed oats	14,719 bus.	7,359.60
Screenings	1,092 tons	10,619.90
Freight paid on		
grain in store		298.17
Coal		2,737.45
Fertilizer		1,064.52

Seed Division—

Forage		
stocks	6,198,172 lbs.	901,432.52
Cereals	77,635 bus.	133,789.45
Sangudo farm		
supplies stocks		278.44
Sacks		61,450.88
		<u>\$42,403,202.72</u>

Advances on Grain .. 11,793.04

Advances secured by grain in store.

Accounts Receivable .. 1,044,955.39

Accounts owing to the Pool
as at 31st July, 1959 as fol-
lows:

Canadian Wheat Board re	
carrying charges	\$536,970.74
Manitoba Pool Elevators Ltd.	
re Port Arthur Terminal	
operations	170,468.50
General accounts	151,865.63
Bond and insurance claims	93,286.50
Railway and manifest charges	
collectible at Vancouver	58,875.74

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

CURRENT (Cont'd)

Accounts Receivable (Cont'd)

Group Life and Health Insurance premiums recoverable from employees	\$ 20,246.70
Growers accounts - current	10,688.68
Receiver General of Canada re Unemployment Insurance Commission	1,475.00
Public utilities deposits	1,026.90
Rentals receivable	51.00
	<u>\$1,044,955.39</u>

Accrued Items Receivable \$ 88,136.56

Amounts due as at 31st July, 1959 but not collectible until later:

Country Elevator Department—

Storage and elevation charges on outstanding storage tickets	\$ 15,232.60
Charges on cars in store, not delivered	3,496.19

Interest—

On staff bond purchases ..	668.83
On advances on grain	408.32

Charges on cars shipped—

Handling and commission ..	355.83
Prepaid storage on interior terminal stocks	717.66

Terminal Department—

Elevation charges	48,803.19
Diversion premiums	4,537.83
Storage charges	979.13

Seed Division—

Accrued charges on open sales - Storage and interest	12,936.98
	<u>\$ 88,136.56</u>

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

CURRENT (Cont'd)

Prepaid Expenses	\$ 386,876.50
Expenses applicable to 1959-60 season—	
Country elevators	\$208,270.63
Seed division	23,859.81
Vancouver	69,440.57
Materials inventories	73,922.10
Stationery and supplies	7,344.11
Payroll stamps	3,052.27
Postage stamps	987.01
	<u>\$386,876.50</u>

TOTAL CURRENT ASSETS \$44,521,860.48

ALBERTA POOL ELEVATORS LIMITED \$ 460,285.55
Advances in respect of construction commitments.

DEFERRED ACCOUNTS RECEIVABLE 68,571.07
Co-operative Fire and Casualty Company - loan \$ 66,000.00
Patronage dividends—
Co-operative Press Ltd. 1,911.49
Co-operative Wholesale Association Ltd. 659.58
\$ 68,571.07

SHARES AND INVESTMENTS \$4,959,220.00
Alberta Pool Elevators Limited \$4,850,000.00

For the years 1924 to 1928 deductions of 2c per bushel were made by your organization on all deliveries to the Pool. The purpose of these deductions was to obtain funds to build up the elevator system and the total accumulation of such reserves was \$6,033,655.39. Of this amount the sum of \$4,850,000.00 has been invested in shares of Alberta Pool Elevators Ltd. and represents all of the issued shares of the company. The balance, together with additional reserves, has been used for the purpose of building elevators. Further reference to these reserves is made later in this analysis.

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

SHARES AND INVESTMENTS (Cont'd)

Shares in Pool Insurance Company \$ 102,000.00

Your organization has subscribed for shares in this company to a par value of \$75,000.00. As at 31st July, 1959 74% of this amount has been called up, plus a premium of \$62.00 per share, thus bringing the amount paid in respect of these shares to the above-mentioned figure of \$102,000.00. Your Pool participates in the earnings of this company on the basis of business contributed.

Shares in Canadian Pool Agencies Limited 6,670.00

This company is a subsidiary of the three Provincial Pools, and supervises insurance matters of your Organization. In order to provide working capital, the above amount has been invested in shares of this company. Your Pool participates in the distribution of the earnings on the basis of business contributed.

Seed Cleaning Plants and Associations 550.00

\$ 4,959,220.00

FIXED ASSETS \$ 9,302.00

Grain Exchange memberships as follows:

Winnipeg Grain Exchange
 - two seats \$ 5,300.00

Winnipeg Grain and Produce Exchange Clearing
 House - five shares 3,500.00

Vancouver Merchants' Exchange—
 Two seats 500.00
 Two shares 2.00

\$ 9,302.00

TOTAL ASSETS OF ALBERTA WHEAT POOL \$50,019,239.10

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

LIABILITIES

CURRENT		\$35,655,179.29
Outstanding Cheques, Cash Tickets and Orders		
Cheques, cash tickets and orders issued prior to 31st July, 1959 but not presented for payment, as follows:		
Cheques and vouchers	\$ 1,664,416.99	
Cash tickets and orders	4,951,464.06	
	<u>\$ 6,615,881.05</u>	
Bank Grain Loans		21,805,000.00
Bank of Montreal	\$10,903,000.00	
Bank of Nova Scotia	5,451,000.00	
The Royal Bank of Canada	5,451,000.00	
	<u>\$21,805,000.00</u>	
Call Loans		2,267,562.25
Temporary loans by various companies and individuals.		
Members' Loans		234,490.27
Loans from members on a temporary basis.		
Accounts Payable		882,425.03
General accounts	\$384,315.29	
Staff savings accounts	274,522.22	
Receiver General of Canada re Prairie Farm Assistance Act Levies	107,925.85	
re Terminal weighing	13,456.37	
Canadian Wheat Board—re grain operations	87,144.28	
Freight and terminal charges on cars of grain in storage	14,753.02	
Membership applications deposits	250.00	
Rentals in advance	58.00	
	<u>\$882,425.03</u>	
Accrued Items Payable		312,665.24
Representing provision for expenses accrued to 31st July, 1959 but payable later, as follows:		

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

LIABILITIES (Cont'd)

CURRENT (Cont'd)

Accrued Items Payable (Cont'd)

Taxes on properties	\$187,818.27
Interest on mortgage debenture due 1st August, 1959 ..	56,250.00
Grain insurance - July	24,081.17
Interest on Alberta Seed Growers Co-op agreement	9,922.50
Power accounts	8,639.48
Off-site storage rentals	2,894.94
Exchange on cash tickets ..	3,275.46
Interprovincial Pool expense - July	505.92
Winnipeg office expense ..	335.13
Salary guarantee funds	9,724.80
Provision for rebate of storage to Canadian Wheat Board re cars in transit and in store terminals	2,654.38
Interior terminal charges ..	6,250.45
Refunds on insurance accounts	9.85
Registration and cancellation fees	302.89
	<u>\$312,665.24</u>

Growers' Outstanding Payments \$ 266,961.00

Reserve purchases	\$131,368.52
Unclaimed patronage dividend cheques	1,011.50
Final payments on Seed Pools	134,580.98
	<u>\$266,961.00</u>

Provisional Advances on Seed Sales 17,600.00

Net Earnings - Season 1958-59 3,252,594.45

Balance of net earnings for the year ended 31st July, 1959 after payment of \$56,000.00 on account of income tax. This is being carried as a liability pending decision of delegates as to distribution.

TOTAL CURRENT LIABILITIES \$35,655,179.29

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

LIABILITIES (Cont'd)

RESERVES AND SURPLUS		\$14,364,059.81
Members' Reserves		\$11,516,431.69
By its Act of Incorporation as amended, the Pool is authorized to issue reserves to members by way of patronage dividends in the amount of \$15,000,000.00.		
Movement in these reserves during the year is summarized below:		
Reserves issued as at 31st July, 1958		\$10,280,036.12
Deduct Purchases during the year	400,324.96	
		\$ 9,879,711.16
Add Distributed as patronage dividend 1957-58	1,636,498.09	
Adjustment of prior years	222.44	
Reserves issued as at 31st July, 1959		\$11,516,431.69
Surplus		2,847,628.12
Representing the balance of earnings undistributed up to 31st July, 1959, as follows:		
Balance as at 31st July, 1958		\$2,765,591.07
Add Transfer from 1957-58 operations	82,379.44	
		\$2,847,970.51
Less Sundry adjustments re prior years	342.39	
		\$2,847,628.12
		\$14,364,059.81
TOTAL LIABILITIES OF ALBERTA WHEAT POOL		\$50,019,239.10

CALGARY, Alberta.
27th October, 1959.

HARVEY, MORRISON & CO.
Chartered Accountants.

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959

EXPLANATORY NOTE—Your Organization referred to as Alberta Wheat Pool, is divided into two sections, namely Alberta Wheat Pool, which is incorporated under a private charter, and Alberta Pool Elevators Limited, which is incorporated under the Companies Act of the Province of Alberta. The elevator system comprising the country and terminal elevators, together with the flour sheds, coal sheds, dwellings, etc. is owned by Alberta Pool Elevators Limited, and, under agreement, is leased to Alberta Wheat Pool, on the basis that the Pool keeps the system in repair, provides for all operating expenses, and by mutual arrangement, provides for rental of the facilities in the amount which is equivalent to the capital cost allowance or depreciation on the assets of the Company. The active operations are carried on by Alberta Wheat Pool, and Alberta Pool Elevators Limited may be regarded, for the present, as merely a holding company.

The balance sheet now under consideration is that of Alberta Pool Elevators Limited, a separate and distinct analysis being prepared for Alberta Wheat Pool.

ASSETS

PROPERTY **\$9,111,930.21**

Consisting of Country Elevator system,
Terminal Elevators at Vancouver and
Port Arthur and Seed Cleaning Plants
and Warehouses.

Net Undepreciated Cost, per Balance Sheet—

Country property	\$4,194,732.43
Vancouver terminal	1,517,713.40
Port Arthur terminal	567,169.34
Calgary warehouses	5,631.16
Office building	1,664,670.80
Parking lot	27,446.96
Equity in Wheat Pool Building— Winnipeg	16,426.75
Uncompleted construction	1,118,139.37
Total Undepreciated Cost	<u>\$9,111,930.21</u>

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

PROPERTY (Cont'd)

Property changes during the year were as follows:

Elevators—

31st July, 1958 532

Add Botha, Fort St. John, Irma,
 Lomond, Milk River No. 1, Spruce
 Grove, Lac La Biche-built 7

Deduct Botha, Venice-wrecked,
 Eilerslie-sold, Hobbema - burned,
 Irma, Milk River No. 1 - to twin .. (6)

Total 31st July, 1959 533

Annexes—Cribbed

31st July, 1958 108

Add Fort St. John, Hythe, Mc-
 Laughlin, Swalwell Vulcan No. 3-
 built, Heath No. 2, from twin 6

Total 31st July, 1959 114

Annexes—Twin

31st July, 1958 26

Add Irma, Milk River No. 1 2

Deduct Heath No. 2 — transferred
 to Cribbed (1)

27

Annexes—Permanent Balloon

No change 101

Annexes—Temporary Balloon

31st July, 1958 232

Deduct Milk River No. 1, Swalwell-
 wrecked, Hobbema-burned, Lan-
 fine No. 2-sold (4)

228

Annexes—Loxtave

31st July, 1958 80

Add Crowfoot—from Crossfield .. 1

Deduct Irma 2—to be rebuilt at
 Royal Park; Crossfield (3)

78

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

PROPERTY (Cont'd)

Sheds—for storage	
31st July, 1958	11
Add Buffalo, Duhamel, Hazeldine, Jarrow, Menaik (previously off-site storage)	5
	<u>16</u>
Steel Tanks—No change	2
Total Annexes — 31st July, 1959 ..	<u>566</u>
 Flour Sheds	
31st July, 1958	21
Deduct Transferred to sheds— storage	(10)
Ellerslie, Magrath-sold	(2)
	<u>9</u>
 Coal Sheds	
31st July, 1958	25
Deduct Transferred to sheds for storage	(1)
Byemoor, Midnapore-sold, Buffalo, Duhamel, Hazeldine, Jarrow, Men- aik - to sheds for storage	(7)
	<u>17</u>
 Dwellings	
31st July, 1958	404
Add Brownvale, Eaglesham, Fort St. John, Galahad, Kathyryn, May- erthorpe, Monarch, Strathmore, Vermilion	9
Deduct Acheson, Benalto, Boyle, Brownvale, Burdett, Cayley, Courtts, Galahad, Mayerthorpe, Monarch, Naco, Strathmore, Ven- ice, Vermilion-sold	(14)
	<u>399</u>

ALBERTA POOL ELEVATORS LIMITED

Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

ASSETS (Cont'd)

EQUIPMENT

Net undepreciated cost per balance sheet		\$ 265,090.88
Office furniture and equipment	\$ 62,360.62	
37 automobiles, 31 trucks and 2 Vac- U-Vators	91,577.08	
Terminal equipment	1,813.15	
Portable cleaners and loaders	414.17	
Miscellaneous equipment	108,925.86	
Total Undepreciated Cost	\$ 265,090.88	

Office Furniture and Equipment

This equipment is in use at head office and at branch offices in Vancouver, Winnipeg and Edmonton.

Automobiles and Trucks

There was one less automobile and one less truck than a year ago.

Terminal Equipment

Represents movable equipment in use at the terminals.

Portable Cleaners and Loaders

Represents portable cleaners and loaders at various points in the province.

Elevator Maintenance and Sundry Equipment

Consisting of loose tools which are easily mislaid or lost; maintenance equipment having a relatively short life; elevator telephone equipment; motion picture and radio equipment. The investment is reduced each year by the annual allowance for capital cost.

Financing of Property and Equipment

The property and equipment enumerated above had a total cost of \$28,588,436.61 and has been financed as follows:

Reserve payments	\$ 4,850,000.00
Accumulated capital cost allowances	19,211,415.52
Gain on capital realization	448,596.17
Debentures	2,500,000.00
Construction commitments	1,118,139.37
Due to Alberta Wheat Pool	460,285.55
	\$28,588,436.61

TOTAL ASSETS OF ALBERTA POOL ELEVATORS LIMITED

\$ 9,377,021.09

ALBERTA POOL ELEVATORS LIMITED
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1959 (Cont'd)

LIABILITIES

CURRENT \$ 1,534,806.04

Serial debenture instalment due 1st
February, 1960 \$ 416,666.67
Representing first instalment on de-
bentures referred to below.
Construction commitments 1,118,139.37
Estimated liability for uncompleted
construction as at 31st July, 1959.

\$ 1,534,806.04

DUE TO ALBERTA WHEAT POOL \$ 460,285.55

Temporary borrowings from Alberta
Wheat Pool for construction purposes.

DEFERRED \$ 2,083,333.33

Debentures in the amount of \$3,500,
000.00 due to the Bank of Montreal as
of 1st February, 1959 were duly re-
deemed. Subsequently a further sum
of \$2,500,000.00 was borrowed from
the bank bearing interest at 4½% and
repayable over a six year period. De-
bentures were issued for the amount
borrowed and the above figure repre-
sents that portion of the total payable
in 1961 and subsequent years.

CAPITAL AND SURPLUS \$ 5,298,596.17

Capital \$ 4,850,000.00

This represents the issue of 485,000
shares of the authorized capital of your
company (500,000 shares) at \$10.00 per
share. These shares are owned by
Alberta Wheat Pool and have been
paid for with funds contributed by
members of the Pool through elevator
reserve deductions.

Capital Surplus \$ 448,596.17

Representing amounts in excess of
book value received in respect of sales
of property, fire losses, etc.

\$ 5,298,596.17

**TOTAL LIABILITIES OF ALBERTA POOL
ELEVATORS LIMITED** \$ 9,377,021.09

CALGARY, Alberta.

20th October, 1959.

HARVEY, MORRISON & CO.
Chartered Accountants.

MEMORANDA



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CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

DIRECTORS' REPORT 1958-1959

October 1st, 1959

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

Gentlemen:

We submit for your consideration the thirty-fifth annual report of the directors of Canadian Co-operative Wheat Producers Limited. For the most part this report covers the crop year 1958-59, but more particularly the actions of your board cover the period since our last report.

We preface our report by brief reference to outstanding events of the year—many of which are treated at greater length in the body of the report.

It was a year of significant events which concerned farmers in western Canada and Canadians at large. The population contained a steady rate of increase and the figures indicating business activity reached new highs. There was some improvement in agricultural income due largely to greater returns from livestock production. The cereal crop harvested in 1958 in western Canada exceeded expectations, withstanding a period of drought extremely well, and produced a crop of relatively high quality. The yield of wheat was approximately 100,000,000 bushels below the average for the previous ten years.

Policies designed to improve the economic and social position of the western grain grower can only be formulated against the background of national and international affairs. Your board fully realizes that agriculture cannot isolate itself from the country's economy; we repeat our assertion that farmers should share in the prosperity being enjoyed by our nation.

An historical event of the year was the effort of members of all farm organizations in the three prairie provinces to bring to the attention of the people of Canada the economic plight of the western grain grower and the request to the Federal Government for deficiency payments on grain marketed in previous years.

The expanding economy of Canada is illustrated by the use of figures showing the Gross National Product. The indicated rate of the Gross National Product in 1958 is given by the Dominion Bureau of Statistics at \$32,184 million, compared with \$31,406 million for the previous year. The growth of the economy continued into 1959, when the Gross National Product for the first quarter is shown at the seasonally adjusted annual rate of \$33.3 billion and the second quarter at \$34.7 billion.

The economic position of the Canadian farmer can best be indicated by the use of figures showing his cash income. Cash income from the sale of farm products and supplementary payments totalled \$2,847 million in 1958, about 8% more than the \$2,577 million realized in 1957. New legislation affecting Canadian farmers was passed by the federal and provincial governments. Of particular interest are the statutes dealing with price supports, farm credit and crop insurance.

It is impossible to calculate the impact the changing temperature the cold war will leave upon the many thousands of grain producers which our organization represents. The very fact that President Eisenhower of the United States of America, and Premier Khrushchev

of the Union of Soviet Socialist Republics, leaders of the two most powerful nations in history, have met, gives us hope that this meeting and the discussions held may lead to an understanding which will be the basis for peace and co-operation.

CENTRAL BOARD

The board of directors of Canadian Co-operative Wheat Producers Limited represents the three western Wheat Pools who each nominate three directors to the board. The shareholders of Canadian Co-operative Wheat Producers Limited are the three member Pools and the nine elected directors. The organization is not an operating company; its purpose is that of a liaison organization. It provides the means through which the three member Pools consider programs and policies common to each of the members and the many thousands of grain producers in the three prairie provinces.

We report one change in the personnel of the directorate. Thomas H. Wilson, vice-president of Manitoba Pool Elevators, did not qualify for election because he resigned from the board of directors of Manitoba Pool Elevators. To fill the vacancy caused by Mr. Wilson's resignation we were pleased to appoint G. G. Jamieson, a director and vice-president of Manitoba Pool Elevators.

During the year the board of directors met three times and dealt with many items affecting the member organizations and in the wider field of national agricultural policy. Through the Central Board the three Pools agreed on the approach which should be made to the Federal Cabinet for implementation of proposals made on April 30, 1958, for deficiency payments on western grown wheat, oats and barley delivered in the crop years 1955-56 and 1956-57. Following full discussion the three Pools agreed to join with other farm organizations to circulate a petition among grain producers of the three prairie provinces and to participate fully in the presentation of the petition to the government by a large delegation. The meeting was a successful effort to provide joint action and a united front by the three pooling organizations. We have set out salient features of subsequent action and we report on the presentation of the petition by a large delegation to the Federal Government in a separate section.

Your board applied for membership in the Canadian Council on 4-H Clubs. We are pleased to report that the application of Canadian Co-operative Wheat Producers was accepted. Steps were taken to establish special committees which are studying the feasibility of establishing a co-operative bank and also to consider joint action in the field of radio and television and motion pictures. Your board commended the Prime Minister for the statement he made to parliament on January 19, 1959, when in commenting on the Crow's Nest rates being regarded as western rights, he said "Those rights shall not be interfered with to the detriment in any way of western agriculture or western people in general."

The Central Board accepted a brief prepared by A. R. Stevens, assistant secretary of the Saskatchewan Wheat Pool, in which argument was presented against the imposition of tolls on grain moving on the St. Lawrence Seaway. Copies of the brief were forwarded to the Minister of Transport and distribution made to all members of the Cabinet. This procedure was deemed an acceptable alternative to that of presenting our case at public hearings held by the St. Lawrence Seaway Authority in Ottawa.

INTERPROVINCIAL POOL MEETINGS

The full boards of directors of the three provincial Pools have met on two occasions since our last report—on January 21-22 and on August 21-22, 1959.

At the January meeting the directors considered again the request they had made to the Federal Cabinet for deficiency payments. They accepted the report on plans being formulated for a delegation to Ottawa in the week commencing March 9th. A draft of the brief which had been prepared for submission to the Cabinet at the time the petition requesting deficiency payments is presented was studied. Minor amendments to the brief were suggested.

At this meeting consideration was given to a renewal of the International Wheat Agreement. The presidents of the three member Pools were leaving immediately for Geneva to attend a conference to seek a new wheat agreement. For the benefit of the executive members the meeting offered suggestions as to the range of prices, the duration of the agreement and quantities to be offered under a new wheat agreement.

The January meeting also studied several resolutions which were on the agenda of the Western Agricultural Conference of the Canadian Federation of Agriculture; this conference immediately followed the Interprovincial Pool meeting. The resolutions would be supported by any director who would attend the Western Agricultural Conference as a delegate from his own province. These resolutions dealt with:

- The western grain producers need for more revenue;
- Obtaining the acceptance by the government of the principle of deficiency payments applied to wheat, oats and barley;
- Policies designed to move surplus grain;
- The expansion of the Colombo Plan in all ways possible;
- Renewal of the International Wheat Agreement;
- A program of crop insurance to be instituted by the Federal Government;
- The establishment of a price for wheat for domestic consumption at the levels in line with Canadian living standards;
- Payment of storage on all grain in commercial storage by the Treasury of Canada;
- The maintenance of adequate floor prices for agricultural commodities other than grains marketed through the Canadian Wheat Board through the use of price stabilization legislation;
- The maintenance of support prices for hogs at present price levels to December 31, 1959;
- The freight rate on rapeseed and an effort to bring this into line with the rate on flaxseed;
- Request that the federal and provincial governments institute a scheme of financial assistance to non-veteran farmers similar to that operated under the Veterans' Land Act;
- The support to IFAP in its efforts to secure a food bank by the governments of surplus producing countries;
- The treatment of all seed grain with chemicals with one bright color to enable elevator agents to detect this treated grain;
- The subsidy paid to Canadian millers on export flour, which subsidy should be paid by the Federal Government rather than by the Canadian Wheat Board;
- Flax and rye being marketed by the Canadian Wheat Board;
- The Hudson Bay Route Association in seeking more adequate storage and handling facilities at Churchill.

At the August meeting the three prairie Wheat Pools agreed that they would request the Board of Grain Commissioners to retain grain handling tariffs in both country and terminal elevators for the crop year 1959-60 at the same rates prevailing during the previous year.

The meeting also studied the basis for a submission which the three Pools might make to the Royal Commission on Railway Transportation. Consideration was given to alternative approaches: each Pool to act separately; the three Pools and the United Grain Growers Limited to act in unison, or the Pools to join forces with their respective provincial governments.

WESTERN AGRICULTURAL CONFERENCE

The 1959 Western Agricultural Conference of the Canadian Federation of Agriculture was held in Saskatoon on January 22-23, 1959. It was attended by nineteen official delegates and forty-one other persons representing affiliated organizations in the three prairie provinces. It is to be noted that the British Columbia Federation of Agriculture did not participate in the Western Agricultural Conference this year. T. G. Bobier, first vice-president of the Saskatchewan Wheat Pool and president of the Saskatchewan Federation of Agriculture, was chairman of the Conference.

A total of 63 resolutions were dealt with by the Conference. These resolutions had originated in the provincial Federations of Agriculture and their member organizations: many of them in one or other of the three Wheat Pools. The purpose of the Western Agricultural Conference is to approve, amend or reject these resolutions in a refining process before they reach the conference of the Canadian Federation of Agriculture.

J. M. Bentley, of Alberta, was elected president for the ensuing year by acclamation. The vice-presidents elected were S. E. Ransom, of Manitoba, and O. Turnbull, of Saskatchewan. Mrs. N. R. Jasper, of Hartney, Manitoba, was elected western women's representative to the Canadian Federation of Agriculture.

CANADIAN FEDERATION OF AGRICULTURE

The twenty-third annual meeting of the Canadian Federation of Agriculture was held in Saskatoon, Saskatchewan, January 27-29, 1959. Under the amended constitution provision has been made for a broader base by delegate representation. Seventy-one delegates attended. Following the annual meeting a delegation numbering eighteen represented the CFA and made its annual submission to the Prime Minister and other members of the Cabinet on February 12, 1959.

It is impossible for your board to comment on all the matters which received attention by this nation-wide farm organization. Of particular interest to the grain producers was the support given by the annual meeting to their request for some measure of alleviation from their difficult economic position. The following quotation from the submission made by the CFA to the Federal Cabinet best illustrates the support given grain producers by other branches of the Canadian agricultural industry:

We wish to refer now to the requests of western Canadian producers of wheat, oats and barley for a policy of making deficiency payments on crops for which the return is altogether inadequate, as has been the case with these grains for some years. We would say first of all that the Canadian Federation of Agriculture fully endorses the urgent need for such a policy to be established. The degree to which the incomes of western grain producers are below a reasonable parity with other producing sectors of our working force makes the provision of such payments altogether necessary.

The economic position of the western grain producer has deteriorated drastically, for reasons that are largely, if not entirely, out of his control. He is not seriously overproducing in relation to the markets he supplies. He is moving his pro-

duct to market in an orderly way. But he is faced with a world surplus situation, largely the result of U.S. grain accumulation, that holds out little hope for early price improvement. A recent study of Public Law 480 by John W. Davis puts the minimum period of continued U.S. surplus disposal operations at 5 years. All commercial U.S. sales are heavily subsidized and will continue to be so. Yet costs continue to rise. The situation facing the western grain producer is therefore far from being a temporary setback—a bump in the road. It is a problem that has endured for a considerable time already and promises to continue for a considerable further time. Our submission is that in these circumstances, in which further production adjustment by the western grain producer is unnecessary, and certain to be ineffective in bringing price improvement, and in which the actions of other countries are the direct cause of the trouble, a national policy of assistance to meet these circumstances is not only needed but is clearly indicated. Canada is a highly efficient grain producer. It does not intend to go out of the grain business. Surely meeting the cost of these present internationally created disabilities is a national responsibility, and not one that rests on the grain producer.

This government is to be commended for the leadership it is giving in the efforts to renew the International Wheat Agreement on as satisfactory a basis as is possible. Such an agreement is essential if world trade in wheat is to be continued in a reasonably orderly way.

Three other measures of assistance to western grain growers have been proposed in the past and are repeated by us again at this time. We believe all are logical, and if implemented would to that extent, of course, modify though not remove the need for the making of deficiency payments. These measures are the sale of wheat in Canada for domestic human consumption at a parity level; the payment by the Federal Treasury of all storage charges on grain held by the Canadian Wheat Board, and the assumption by the Federal Government, instead of by the farmer, of the flour subvention now applied by the Canadian Wheat Board to permit Canadian competition in world markets against similarly subsidized flour.

H. H. Hannam was re-elected as president, and the vice-presidents are J. M. Bentley, of Alberta, and J. B. Lemoine, of Quebec. Three of our directors—Messrs. Parker, Harrold and Bobier—are members of the executive committee of the CFA. W. J. Parker, president of Manitoba Pool Elevators, declined a nomination for vice-president. He had served in this capacity since 1944. Your board is happy to acknowledge the outstanding contribution made during this period by Mr. Parker.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

The tenth general conference of the International Federation of Agricultural Producers opened in Brussels, Belgium, on October 4, 1958. We stated in our last year's report that two of our directors—G. L. Harrold and T. G. Bobier—were included in Canada's delegation to this conference. We are happy that our associates were able to attend the conference since the matter of wheat and surplus disposal programs were top items on the agenda. Mr. Bobier was named to the group studying wheat. The essence of the wheat problem according to the IFAP Brussels' conference is that "In the present marketing year (1958-59) the exporting countries of the world will have more than twice as much wheat available for export as the wheat importing countries will be prepared to buy commercially." The delegates

learned that at the end of the current marketing year the carryover of wheat in the main exporting countries may reach more than 2,000 million bushels.

Against this background the conference searched for remedies. The IFAP is reported to have agreed that if this extreme lack of balance in the world's wheat economy is not to become chronic, there will have to be either (a) a drastic reduction in production, or (b) successful efforts will have to be made by governments to dispose of wheat on concessional terms in the heavily-populated, economically under-developed countries, or (c) large quantities will have to be disposed of in the domestic markets of the surplus-holding countries for non-food uses, or (d) a combination of these methods.

In the next few years, however, IFAP said, in order to make a significant contribution to the reduction of surplus stocks, reliance will have to be placed largely on special sales at reduced prices, or on liberal credit terms, or on sales for local currencies. If there is to be a maximum realization of the potentialities of such utilization of surpluses, these concessions will have to be substantial. Since such concessional sales pose a serious threat to the stability of the commercial market, there should be more effective international consultation on them.

The general conference resolved that an International Wheat Agreement to replace the one expiring on July 31, 1959, is urgently required in order to assure a substantial international trade in wheat at reasonably stable prices at a reasonable level for the benefit of both exporting and importing countries. It is important in this connection that all major wheat importing as well as exporting countries participate in the new agreement.

Surplus utilization and international trade were items which received searching attention by the conference.

Two new farm organizations were accepted into membership by the IFAP. They are the United Ghana Farmers Council and the National Farmers' Association of Ireland. James G. Patton, president of the National Farmers Union of the United States, was elected IFAP president. Dr. H. H. Hannam, president and managing director of the Canadian Federation of Agriculture, remains a member of the IFAP executive committee. On March 23, 1959, the American Farm Bureau Federation withdrew from membership in the IFAP.

The farm organizations in North America which hold membership in the IFAP met in March 1959 at Ensenada, Mexico. Ten delegates representing the Canadian Federation of Agriculture attended. These included Gordon Harrold of Alberta, T. G. Bobier of Saskatchewan and G. G. Jamieson of Manitoba. Again the problem of wheat was placed prominently on the agenda, as was the subject of vertical integration. "The meeting came to the conclusion that there is a need for effective co-operation between producer organizations, aided by governments, to retain control of the production of farm products and to try to bring this production more in line with demand. It was also felt that there is a great need for a detailed factual study of the developments in vertical integration and contract farming in both Canada and the United States." (CFA Bulletin, April 1959).

The IFAP has announced that its eleventh general conference will be held in New Delhi, India, on November 27 - December 5, 1959.

GOVERNMENT POLICY FOR AGRICULTURE

The economy of Canada and indeed of every other highly industrialized nation, is very complex, which makes it necessary for governments, federal and provincial, to take an ever-widening role in business. This role of governments may be permissive, regulatory, or direct control. Because of the complexity of modern business any

one segment is unable to arrange its own affairs because its affairs are influenced to a great degree by factors outside its own business sphere. This is particularly true of the grain industry of western Canada. Events in foreign markets, trade relations between nations, tariffs, foreign exchange—these and many other factors affect the business of the grain grower yet they are beyond his control. Recognizing the need for a proper balance between agriculture and other segments of the Canadian economy your board has endeavored to keep in close touch with governmental action as this affects our members and upon occasion to make direct requests to the Federal Government at Ottawa.

Deficiency Payments

On April 30, 1958, the three prairie Wheat Pools met the Wheat Committee of the Federal Cabinet and placed before them detailed proposals for making deficiency payments on western grown wheat, oats and barley. The government did not accede to our request but did recognize the economic position of the grain growers of the prairies when it authorized an acreage payment to western grain growers of \$1.00 per acre to a maximum of 200 acres per farm. This payment, amounting to \$40 million, was distributed a year ago, i.e., in the fall of 1958.

The request for deficiency payments on western grown grain was not stilled by the payment of \$40 million; in fact, the request became more urgent. Unanimity was demonstrated by the fact that the Federations of Agriculture and the Farm Unions in each province, the three western Wheat Pools and the United Grain Growers all joined forces to make their request known to the government. Liaison of these organizations was established through a central committee. This committee circulated petitions which were signed by 302,200 persons in the three provinces. This vast number of petitioners represented not only grain growers but other businessmen and others whose welfare is directly connected with that of agriculture.

On March 10, 1959, a delegation of 1,020 western Canadian farmers presented the petitions and made a submission to the Federal Cabinet at Ottawa. The delegation was led by J. H. Wesson, our President. He was spokesman for the delegation, which met the Federal Government in the Chateau Laurier. The response to this petition on the part of the Prime Minister and the government has been disappointing and frustrating. No announcement of the government's intention has been made, yet the government was asked in the House of Commons if the government had reached a decision. On July 18 the Prime Minister was asked if parliament would be given an opportunity of knowing the answer the government makes to this very important delegation of over one thousand farmers from western Canada. The Prime Minister replied: "Mr. Speaker, I can only say that if parliament is sitting at the time the decision is made the announcement will be made in the house."

Parliament adjourned without an announcement as to the intention of the government relative to our request for deficiency payments.

Bracken Commission

The Report of the Inquiry into the Distribution of Railway Box Cars was presented to the Minister of Trade and Commerce on December 10, 1958. It was late in April, 1959, when this report received wide distribution. Generally the recommendations of the Commission were in keeping with the requests made by the grain producers of western Canada and their organizations. The report says:

With respect to the distribution of box cars among elevators at individual shipping points, it is recommended that the procedures be such as will preserve as far as practicable,

- (i) for all producers, the right to do their elevator business where they choose;
- (ii) for farmer-owners of elevators, the right to use their own facilities for all their elevator business if they so desire; and
- (iii) for each elevator at such a point, the right to have sufficient cars to keep it in fair competition with others at the same point, providing it has the kinds and grades of grain required from time to time by the Wheat Board.

It recommends that the Wheat Board accept responsibility for the procedures relating to the distribution of box cars at individual shipping points and for the supervision of these procedures.

The Canadian Wheat Board, under date of July 30, 1959, issued instructions to the trade covering the subject "Out-of-Order Box Cars for Relief of Congested Elevators" and "Allocation of Shipping Orders." These instructions are designed to implement the recommendations of the Inquiry Commission.

Royal Commission on Price Spreads

The Royal Commission on Price Spreads was appointed on December 10, 1957. Our member organizations made submissions to this body because the subject and scope of the inquiry is one of vital concern to the thousands of producers they represent. We learn that the report of this Royal Commission may be forthcoming in the near future.

Royal Commission on Transportation

On May 13, 1959, the Prime Minister announced to the House of Commons that a Royal Commission had been appointed to inquire into problems relating to railway transportation and the alleviation of inequities in the freight rate structure. In setting out the terms of reference, we cite excerpts from Hansard: "The Commission is empowered to inquire into and report upon the problems relating to railway transportation in Canada and the causes thereof and to recommend solutions thereto; and in particular, without restricting the generality of the foregoing, the Commission shall consider and report upon:

- "(a) inequities in the freight rate structure, their incidence upon the various regions of Canada, and the legislative and other changes that can and should be made in furtherance of national economic policy to remove or alleviate such inequities;
- (b) the obligations and limitations imposed upon the railways by law for reasons of public policy, and what can and should be done to ensure a more equitable distribution of any burden which may be found to result therefrom;
- (c) the possibilities of achieving more economical and efficient railway transportation;
- (d) whether and to what extent the Railway Act should specify what assets and earnings of railway companies in businesses and investments other than railways should be taken into account in establishing freight rates; and
- (e) such other related matters as the commissioners consider pertinent or relevant to the specific or general scope of the inquiry.

"The Commission will consist of the following: Hon. Charles P. McTague, Q.C., LL.D., chairman; Herbert Anscombe of Victoria; Archibald H. Balch, Ottawa; Rene Gobeil, Quebec City; M. A. MacPherson, Sr., Q.C., of Regina; Howard Mann of Moncton and Arnold Platt of Lethbridge. We think those recommended have the necessary qualifications. Mr. McTague, Mr. MacPherson and Mr. Anscombe are, of

course, widely known. Mr. Balch is chairman of the national legislative committee of the national railway brotherhoods. Mr. Gobeil is a consulting engineer. Mr. Howard Mann of Moncton is secretary of the maritime transportation commission, and Mr. Arnold Platt is a farmer and immediate past president of the Alberta Farmers Union." (i.e. Farmers Union of Alberta).

The Prime Minister in making the announcement also said: When the Minister of Public Works as acting prime minister announced the government's intention to arrange for this review he assured the western farmers that such review would not mean that they would have to pay more freight on the shipment of grain for export. I wish to take this occasion to confirm this, in regard particularly to the action that may be taken as a result of the work of the royal commission. To make it clear beyond question, the Crowsnest Pass rates are part of a bargain that was made between the railways and the government on the one hand and the settlers who went west on the other hand. We intend, in so far as this government is concerned, to see to it that that contract shall not be broken.

Your board recognizes that this commission is authorized to inquire into one of the most important elements in the business life of Canada and that transportation facilities and the rate structure have a direct bearing on the welfare of agriculture and particularly the growers of grain in western Canada. The three western Wheat Pools, with the United Grain Growers Limited, have accepted their responsibility of presenting the case for western Canada's grain growers to this Royal Commission.

Agricultural Stabilization Act

We reported last year that legislation had been passed establishing an Agricultural Stabilization Board and that this legislation replaced the Agricultural Prices Support Act. As a matter of interest we record the total net cost of operations of the Agricultural Prices Support Board from the start in 1946 to March 31, 1958, was \$100,073,260. This cost was divided among various commodities as follows:

Products	Net Cost of Program
1. Potatoes	\$ 2,521,240
2. Apples	6,889,902
3. Dried White Beans	194,419
4. Extracted Honey	177,066
5. Dry Skimmed Milk	1,771,768
6. Cheddar Cheese	155,348
7. Creamery Butter	15,966,199
8. Shell Eggs	2,211,322
9. Fowl	154,081
10. Hogs	36,673,894
11. Cattle	33,358,015

Your board desires to comment on the fact that of the \$100,000,000 expended by the Agricultural Prices Support Board \$70 million was used to support prices of hogs and cattle during the outbreak of foot-and-mouth disease in 1952.

New regulations have been issued under the Agricultural Stabilization Act which institute a system whereby the prices of eggs and hogs are allowed to find their level in the market and the government's assistance takes the form of deficiency payments. In both hogs and eggs the Agricultural Stabilization Board proposes to pay producers the difference between the national average market price, calculated on an annual basis, and the established level of support.

The deficiency payment plan for stabilizing the price of eggs went into effect on October 1, 1959. The Minister of Agriculture has not yet determined when the new plan will go into effect for hogs.

Crop Insurance

The Crop Insurance Act was passed by the House of Commons on July 8, 1959. The purpose of the legislation is to authorize contributions and loans to assist in financing provincial schemes for crop insurance. Perhaps the most significant feature of the legislation is that dealing with contributions and loans. This section of the Act is as follows:

Contributions—

4. (1) The contribution payable to a province under an agreement shall be paid in respect of each year and shall be the total of
 - (a) fifty per cent of the expenses incurred by the province in that year in the administration of the insurance scheme; and
 - (b) if the province has by the agreement undertaken to pay a share of the premiums, the lesser of
 - (i) the amount required to re-imburse the province for the share of the premiums paid by it in that year, or
 - (ii) twenty percent of the premiums paid in respect of policies of insurance in that year.

Loans—

- (2) The loans that may be made to a province under an agreement shall not exceed in any year seventy-five per cent of the amount by which the indemnities required to be paid under policies of insurance exceed the aggregate of
 - (a) the premium receipts for that year
 - (b) the reserve for the payment of indemnities, and
 - (c) two hundred thousand dollars.

The Crop Insurance Act has not met with wholehearted support from farm organizations.

The Farm Credit Act

The Farm Credit Act was passed by the House of Commons on July 13, 1959. Its purpose is to establish a system of long term mortgage credit to farmers. The new legislation incorporates the older Canadian Farm Loans Act and also provides for supervised farm mortgage credit. The Act establishes the Farm Credit Corporation, consisting of five members, each appointed for a term not exceeding ten years. The Farm Credit Corporation became the successor to the Canadian Farm Loan Board. The capital of the corporation is to be provided by the Minister of Finance in an amount not exceeding \$8 million. It is also provided that the Minister of Finance will provide monies which the Corporation may use to make loans and the aggregate amount of the loans outstanding shall not at any time exceed twenty-five times the capital of the Corporation.

Other credit facilities for farmers have been made available by the governments of Manitoba, Saskatchewan and Alberta. These provincial schemes are of particular interest to the people of their respective provinces.

Inflation

On February 25, 1959, the following motion was presented to the Senate: "That the Standing Committee on Finance be instructed to study the threat of inflation in Canada, that the Committee have the authority to send for persons, papers and records and to report from time to time." Debate in the Senate continued intermittently until April 28 when the motion was carried on division, forty senators voting for the motion and fourteen dissenting.

The three western Wheat Pools responded to an invitation to present a submission to the standing Committee and to make special

reference to the impact of inflation on agriculture. We are pleased to report that submissions were made by our member organizations and by the Canadian Federation of Agriculture and deem the submissions worthy of study by the farmer-members they represent.

The St. Lawrence Seaway

The St. Lawrence Seaway was officially opened on June 26, 1959, by Her Majesty the Queen and the President of the United States of America. It was an event which created nation-wide interest, one that holds great promise for Canada. This more direct route should prove to be an asset by making lower freight charges possible on goods both exported and imported. One immediate benefit was the upward adjustment in the price of wheat which reflected lower freight costs resulting from the Seaway. The following statement on the change in pricing policy for wheat was made on February 6, 1959, by the Hon. Gordon Churchill:

Due to the fact that with the opening of the St. Lawrence Seaway the largest lake vessels will be able to carry wheat directly from the lakehead to St. Lawrence ports, with a consequent saving in transportation costs, the Canadian Wheat Board has introduced a change in its pricing policy.

The Board announced that effective January 30, 1959, there would be an increase in the lakehead price of wheat of 5½ cents per bushel, exclusive of a ¼ cent exchange adjustment in price due to a decline in the premium on the Canadian dollar that day. As wheat is usually purchased by the buyers, and ocean freight arranged several weeks ahead of the intended date of shipment, the Canadian Wheat Board found it necessary to announce these changes in selling prices at this time, even though the Seaway will not be open to navigation until late April of this year.

The laid-down prices of wheat in the United Kingdom, European and other markets from these ports have not been affected by the increase in lakehead prices.

Dollar-Sterling Trade Council

During the year your board authorized a financial contribution to the Dollar-Sterling Trade Council in Canada. Chas. W. Gibbings, one of our directors, continues in the appointment of regional director of the Winnipeg region of this Trade Council. For the purpose of emphasis the main function of this Council should be re-stated: it is to encourage the development of the British share in Canada's total imports and provide more opportunities for the export of Canadian products to Great Britain and other sterling areas.

Our member organizations have repeatedly emphasized the need for a reduction in tariffs as a means to stimulate freer trade. Free trade has been the policy of farm organizations in western Canada for over fifty years. We are confident that our farmer members are aware that developments in the United States and Canada are tending towards higher protection for many of their industries, while in Europe the tendency is towards lowering tariffs and freeing trade. This trend is evidenced when seven countries, namely, Britain, Sweden, Denmark, Norway, Austria, Portugal and Switzerland, now known as the "Stockholm Group" are moving into a European Free Trade Association. The first object is to create a single market of nearly 90 million people by abolishing tariffs and other barriers to trade between these seven countries and ultimately to join with the European Economic Community, which is comprised of six nations, namely, France, West Germany, Italy, Belgium, Luxembourg and The Netherlands. The ultimate object then is to bring these thirteen nations into one free trade association.

It is among these nations that Canada finds the largest markets for her agricultural products. In self-interest Canadian farmers should do everything possible to promote policies designed to increase reciprocal trade between our country and prospective buyers.

Prairie Farm Assistance Act.

There are no amendments to the Prairie Farm Assistance Act to record. The levy paid by grain producers in the three prairie provinces in the crop year 1958-59 exceeded \$6½ million; approximately \$500,000 more than that paid in the previous year of which \$460,000 came from levy on flaxseed and rapeseed. The payments made for the period August 1, 1958, to July 31, 1959, totalled \$23,103,463, and covered 82,497 awards.

We set out below the amount of the levy, number of awards and the amounts paid under PFAA for the four western provinces. This detail is shown not only for the last crop year but for the period since 1939 when the Prairie Farm Assistance Act became effective.

1958-59 Crop Year			
	1% Levy	Awards	Payments
Manitoba	\$1,009,011.92	6,022	\$ 1,167,341.00
Saskatchewan	3,803,745.72	48,032	14,999,630.00
Alberta & Peace River Block	1,861,242.56	28,443	6,936,492.25
Totals	\$6,674,001.20	82,497	\$23,103,463.25

1939-40 to 1958-59			
	1% Levy	Awards	Payments
Manitoba	\$ 17,040,597.44	98,670	\$ 15,114,446.02
Saskatchewan	64,636,295.19	641,936	153,764,052.33
Alberta & Peace River Block	32,288,151.22	296,361	58,665,048.30
Totals	\$113,985,191.11	1,036,967	\$227,543,546.65

INTERNATIONAL WHEAT AGREEMENT

Your board is deeply gratified that a new wheat agreement has been completed and that the three members of our executive committee attended the conference in Geneva as members of an advisory committee to the Canadian delegation. The new Agreement was ratified by the House of Commons on July 14, 1959.

We are confident that several features of this new Agreement will meet with wholehearted approval from the grain producers of western Canada. The most outstanding perhaps is the fact that the United Kingdom is a signatory to the new Agreement. Twenty-nine importing countries and nine exporting countries are members.

The new Agreement, which became effective on August 1st of this year, is for three years' duration. The basic minimum price is set at \$1.50 per bushel and the maximum is \$1.90 per bushel in Canadian currency at the parity for the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949, for No. 1 Northern wheat in storage at Fort William or Port Arthur. The Agreement stipulates that each importing member country will purchase a minimum percentage of its annual commercial wheat and flour imports from the exporting members. These minimum percentages range from 30% to 100%. The most important importers and their percentages are: United Kingdom, 80%; Federal Republic of

Germany and India, 70%; Japan and Brazil, 50%; and The Netherlands, 75%. The weighted average for all of the twenty-nine importing members is a little over 70%.

The objectives of the new Agreement are somewhat broader than those of preceding agreements. The most significant objectives which have been added state that an attempt will be made to solve the problems of burdensome surpluses and critical shortages of wheat. Another is to promote international trade in wheat and to encourage the freest possible flow of this trade, while the exporting members are to report to the International Wheat Council at specific times the estimated quantities which they will have available for export. Guided by these objectives the International Wheat Council will annually review the world wheat situation.

The volume of sales under the International Wheat Agreement for the crop year 1958-59 was 191 million bushels, approximately the same volume recorded in the previous year. It is worthy of note that of the forty-two importing countries signatory to the old Agreement, thirteen took their full quota, while sixteen took none. Canada made sales to twenty-six countries under IWA in the amount of 83,487,000 bushels, which is 16,807,000 bushels short of the guaranteed quantity.

WHEAT SURPLUS DISPOSAL PROGRAM

A year ago we expressed to you our concern the effect the large wheat surplus held in North America was having on the Canadian economy and reported in some detail on the steps taken by the United States of America to dispose of their large supplies under provisions of their Agricultural Trade Development and Assistance Act, referred to as P.L. 480. Recent legislation passed by the United States extends the Agricultural Trade Development and Assistance Act for two years—to December 31, 1961, with a total authorization of \$1.5 billion to be used each year for sales of surplus U.S. farm commodities abroad for foreign currencies. The Senate originally had voted a three-year extension, and the House a one-year extension; and the conferees compromised on two years. The Bill also provides for making foreign sales commitments for dollars of up to ten years with payments to be made over as long as twenty years and with interest rates no greater than the cost of money to the government.

Farm surplus disposals under P.L. 480 have actually cost the U.S. Treasury more than \$3,000 million over the last five years.

This figure represents loss to the Treasury. The Commodity Credit Corporation, which provides the surpluses for P.L. 480 deals, is reimbursed for its loss by appropriation by Congress. Appropriations of \$3,084 million have been made to reimburse the CCC for program costs since 1954.

This net cost figure breaks down on a yearly basis as follows: fiscal year 1955, 67.5 million; fiscal year 1956, \$637 million; fiscal year 1957, \$1,290.8 million; fiscal year 1958, \$1,089 million; and a request for reimbursement of \$1,100 million for fiscal year 1959 program costs was in this year's budget.

Canadians in general will readily concede that under its program the United States is serving a double purpose. Not only is that country finding outlets for commodities which they have in surplus but they are being extremely generous in helping less fortunate peoples in under-developed countries and using wheat as a force in world development. Canada must, however, do everything she possibly can to see that this program does not damage her commercial markets.

In his message to Congress President Eisenhower recommended several measures to improve the existing farm programs, stressed the need for agricultural abundance in meeting food needs at home and abroad, and he reported on steps being taken with other exporting nations to explore all practical ways of using food for peace. President

Eisenhower convened a conference in Washington on May 5-6, 1959, for the purpose of consulting with other wheat exporting countries on mutual problems. Canada was represented at the conference by the Hon. Gordon Churchill, Minister of Trade and Commerce, and the Hon. D. S. Harkness, Minister of Agriculture. The governments of Argentina, Australia and France were also represented at this Food-for-Peace Conference. A standing committee of officials of the governments of the five nations represented at the conference was established to carry out the principles enunciated at this Washington conference. We have not been able to learn of any tangible benefits or recommendations by the committee.

WORLD SUPPLIES AND EXPORTS

Your board has made it a practice of summarizing salient features of the wheat industry by including statistics covering its production and distribution. We believe there is an advantage in making these statistics available in a condensed form. These statistics have been gathered from various sources, the chief of which are the Dominion Bureau of Statistics and the Board of Grain Commissioners. We are glad to acknowledge the sources of this information and are grateful for the privilege of using this data.

Supplies

The supplies of wheat in the four major wheat exporting countries which were available for export and carryover at August 1, 1959, amounted to 2,445.6 million bushels, only slightly down from that of a year earlier of 2,450.3 million. It is interesting to note that while the supplies of Canadian wheat were down by over 93 million bushels, supplies of wheat in the United States were up by nearly 34 million bushels. Supplies in Argentina show little change, while stocks carried in Australia show an increase of nearly 66 million bushels. It should be pointed out that in the estimate of wheat supplies, the new 1959 crop of the United States is included in the figure while for the other three countries the figure represents carryover only. The volume on hand at August 1, 1959, in the four major exporting countries is given as follows, stated in million bushels with comparative figures for the previous year in brackets: United States, 1,719.9 (1,686.1); Canada 546.3 (639.5); Argentina, 76.0 (87.2); Australia, 103.4 (37.5).

Exports

From these same four major wheat exporting countries 934,700,000 bushels of wheat and wheat flour were exported during the period August 1, 1958, to July 31, 1959, compared to 856,200,000 bushels in the preceding year. The larger volume exported in the year under review represents an increase of 9% over that of a year earlier. It is a matter of concern to your board that wheat exports made by Canada were lower than for the year previous, while each of the other three exporting nations increased their volume. Canada's percentage of the total stands at 31% compared to the figure of 37% for the year earlier.

Exports of Wheat and Flour in Terms of Wheat From Four Principal Exporting Nations

(Dominion Bureau of Statistics)

Crop Year	Total	Argentina	Australia	United States	Canada	Canada's % of Total
				— in million bushels —		
1950-51	838.6	94.5	127.8	375.3	241.0	28%
1951-52	939.9	24.1	93.4	466.6	355.8	37%
1952-53	854.0	38.9	107.0	322.6	385.5	45%
1953-54	640.2	110.3	63.4	211.4	255.1	39%
1954-55	761.1	134.5	94.3	280.4	251.9	33%
1955-56	884.7	108.6	107.5	359.4	309.2	35%
1956-57	1,021.7	100.2	120.2	539.5	262.8	25%
1957-58	856.2	77.6	61.9	397.0	320.3	37%
1958-59	934.7	106.2	78.1	456.3	x294.1	31%

x The figure given above for Canadian exports includes 5.3 million bushels of bagged seed wheat not shown in Board of Grain Commissioners' report.

CANADIAN GRAIN PRODUCTION

The revised estimates for the crop year 1958-59 made by the Dominion Bureau of Statistics give production of wheat, oats, barley, rye and flaxseed in Canada at 1,048.2 million bushels, an increase of some 54 million above the 994.6 million bushels produced in the previous year. It is to be noted that there has been but little variation in total production of the five main grains in the crop years 1957-58, 1958-59 and that forecast for 1959-60.

Grain Production 1958

(Dominion Bureau of Statistics Preliminary Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
		— in millions —		
Wheat	20.9	371.7	20.2	346.0
Oats	11.0	400.9	7.5	240.0
Barley	9.5	244.7	9.3	238.0
Rye .....	.5	8.0	.4	5.4
Flaxseed	2.6	22.7	2.6	22.5
Totals	44.5	1,048.0	40.0	851.9

For purposes of comparison, similar data for 1959 (as forecast by DBS on August 15) are set out in the following table:

Grain Production 1959

(Dominion Bureau of Statistics Preliminary Estimate)

	Canada		Prairie Provinces	
	Acres	Bushels	Acres	Bushels
		— in millions —		
Wheat	23.0	405.0	22.5	391.0
Oats	11.3	420.6	7.8	264.0
Barley	8.2	226.5	8.1	220.0
Rye .....	.5	8.2	.4	6.3
Flaxseed	2.3	21.5	2.3	21.3
Totals	44.9	1,081.8	41.1	902.6

The 1959 wheat crop for all Canada is forecast by the Dominion Bureau of Statistics at 405 million bushels. This volume if realized will be 9% larger than last year's crop of 371.7 million bushels and 17% below the ten-year average of 490.4 (1949-58). The prospective increase for wheat is accounted for by an increase of 10% in acreage. For the prairie provinces the wheat crop is forecast at 391 million bushels in 1959, which is 13% above last year's crop of 346 million, but 16% below the ten-year average of 465.5 million bushels.

Farmers' Marketings

The volume of wheat, oats and barley which farmers are able to market is controlled by the sales made by the Canadian Wheat Board rather than by the volume produced. However, your board believes that the most valuable statistics to our farmer members will be those covering both production and marketing, followed closely by data covering the value of the grain sold. The pattern of grain deliveries made by producers in the prairie provinces over the last four years shows a remarkable consistency, as indicated in the following table. Figures were supplied by the Board of Grain Commissioners.

Producers' Marketings

at Country elevators
at Public and semi-public terminals
at Interior private and mill elevators
and Loaded over platform

Wheat, Oats, Barley, Rye and Flaxseed

	1958-59	1957-58	1956-57	1955-56
	— in million bushels —			
Wheat	368.1	378.2	362.4	352.9
Oats	39.3	58.3	69.2	71.6
Barley	121.3	116.9	120.6	114.4
Rye	4.7	7.4	4.0	12.4
Flaxseed	17.4	15.3	29.0	15.7
Total	550.8	576.1	585.2	567.0

The Dominion Bureau of Statistics report that the export of bagged seed wheat during the 1958-59 crop year was 5.3 million bushels. This figure and those covering farm to farm sales and other outlets for grain are not included in the above table.

Canadian Grain Exports

The Board of Grain Commissioners in its preliminary review covering the export of the five principal grains from Canada during the crop year 1958-59 shows that a total of 377.8 million bushels were exported compared with 435.7 million for 1957-58, and 317.4 million, the average for the last 30 years. Detailed figures point to the fact that a smaller volume of all grains was exported with the exception of flaxseed. Wheat and wheat flour dropped 26.7 million bushels below last year's volume. Exports of oats were down 18.9 million bushels, from 25.9 million to 7 million, barley was down 10.7 million and rye 2.2 million bushels. The overseas shipment of flaxseed was 600,000 bushels over the previous year's volume. The overall decline for the five grains (including wheat flour) was 57.9 million bushels.

Total Grain and Milled Products Exported

	1958-59	1957-58	30-Year Average 1928-29 to 1957-58
	— in million bushels —		
Wheat (and flour)	288.9	315.6	252.2
Oats (meal, etc.)	7.0	25.9	25.2
Barley	64.4	75.1	30.9
Rye	3.2	5.4	5.6
Flaxseed	14.3	13.7	3.5
Totals	377.8	435.7	317.4

It is worthy of emphasis that the volume exported during the crop year was some 60 million bushels above the long term 30-year average of grain clearances from Canada and this amount of Canadian grain exported represents 36% of the 1,048 million bushels produced. In the previous year 43.9% of all the grain produced in Canada was exported.

The decline in wheat exports is chiefly accounted for by a reduction of 3.3 million bushels to the United Kingdom, 7.5 million to Russia, 13.8 million to The Netherlands and 12.4 million in export to India under the Colombo Plan. Increased purchases of wheat from Canada were made by Germany and Japan.

The lower volume of Canadian oats exported is accounted for almost entirely by the fact that the United States, which is usually the largest buyer of Canadian oats, purchased only 1.4 million bushels compared to 21.6 million bushels last year. The amount of barley exported from Canada during the crop year was 10.7 million bushels below the figure for the previous year, down from 75.1 million to 64.4 million for the crop year under review, yet this total is approximately 34 million bushels ahead of the long term 30-year average. The United Kingdom was the largest buyer of Canadian barley and increased her purchases by 4.8 million bushels, with a total of 41.5 million. The United States was the second largest buyer with 10.2 million bushels against 21.5 million in the previous year. The exports of Canadian rye stand at 30.2 million bushels, the lowest volume since the 1945-46 crop year.

Leading Buyers of Canadian Grain

Sales of Wheat, Oats, Barley, Rye and Flaxseed

	1958-59	1957-58	1956-57
	— in million bushels —		
United Kingdom	152.6	149.1	130.5
Japan	50.3	51.5	50.1
Germany	37.9	32.0	47.8
Benelux Countries			
— Belgium and Netherlands ..	22.3		
United States	11.6	53.4	51.2

Carryover of Canadian Grain

The estimate given by the Dominion Bureau of Statistics shows the total carryover stock of the five major Canadian grains at 806.8 million bushels in North American positions. This figure is 13% below last year's 928.2 million bushels and 28% above the ten-year average (1949-58) of 632.3 million bushels. The figures showing the carryover for the five principal grains for the last four crop years and the annual average for the ten-year period 1949-58 are set out in detail in the following table:

Canadian Carryover as at July 31

	1959	1958	1957	Average 1949-58
	— in million dollars —			
Wheat	546.3	639.5	729.5	408.0
Oats	119.3	154.9	226.2	116.3
Barley	127.1	118.2	142.8	90.4
Rye	7.9	10.1	14.2	13.0
Flaxseed	6.2	5.7	7.6	4.6
Total — 5 grains	806.8	928.4	1,120.3	632.3
On farms	271.9	403.4	584.4	261.9
Commercial	534.9	525.0	535.9	370.4

Farm Carryover

The estimate offered by the Dominion Bureau of Statistics showing stocks of grain held on farms at July 31, 1959, is set out in the above table. Stocks of all grain held on farms were lower than a year ago with the exception of flaxseed. It is also estimated that of this year's farm-held stocks 87% is to be found in the prairie provinces. At July 31, 1959, farm-held stocks stood at 271.9 million bushels, compared with 403.4 million a year ago and the ten-year average of 261.9 million bushels.

FARM INCOME

The financial stability of the grain producers of western Canada is a matter of deep concern to your board, as it must be to people in responsible positions in government, industry and farm organizations. It is one that is constantly before us. We can report very little improvement in their position. Returns from the sale of field crops corresponded closely with those received in 1957. The Dominion Bureau of Statistics states that the cash returns to Canadian farmers, excluding Newfoundland, from the sale of farm products and from participation payments from previous years' grain crops was estimated at a near record total of \$2,847,000,000 for the calendar year 1958. The increase in cash farm income for 1958 over 1957 is attributed to higher returns from the sale of livestock and animal products.

Returns from the sale of wheat during the calendar year ended December 31, 1958, exceeded those of the previous year by almost \$50 million, due to larger farm marketings since the average farm price for wheat was only slightly higher, attributed to the better quality. Returns from the sale of barley and rye were also slightly above those made in 1957. This also as a result of larger marketings. The returns from flax seed and oats were lower compared with 1957, due to the smaller volume marketed.

Preliminary Estimate of Farm Cash Income From the Sale of Cereal Grains and Flaxseed in the three Western Provinces

— Dominion Bureau of Statistics —

	1958	1957	1956
	— in thousand dollars —		
Wheat	\$414,097	\$357,284	\$451,169
Wheat, CWB Payments	64,258	79,314	61,987
Oats	19,770	31,254	43,885
Oats, CWB Payments	—	—	8,170
Barley	76,827	75,358	97,384
Barley, CWB Payments	7,570	24,990	15,217
Rye	4,993	3,724	14,067
Flaxseed	35,665	57,805	61,200
Total	\$623,180	\$629,729	\$753,079

During the year 1958 supplementary payments totalling \$60,128,000 were made to prairie farmers—\$20 million was paid under the Prairie Farm Assistance Act and \$40 million from the Western Grain Producers' Acreage Payment.

The net income derived by Canadian farmers from their operations in 1958 is stated by the Dominion Bureau of Statistics to be \$1,277 million, an increase of 20% from that of 1957 and approximately the same as the five-year average (1953-57).

Total Net Farm Income			
	3 Prairie Provinces	6 Other provinces	Canada ex. Newfoundland
	— in million dollars —		
1950	\$ 572.5	\$647.2	\$1,219.7
1951	1,126.4	810.5	1,936.9
1952	1,118.9	800.5	1,919.4
1953	918.8	725.5	1,644.3
1954	410.9	614.3	1,025.2
1955	634.8	655.1	1,289.9
1956	843.6	614.5	1,458.1
1957	445.4	616.1	1,061.5
1958	594.9	682.6	1,277.5

Operating expenses and depreciation charges incurred in 1958 were estimated at \$1.8 billion, up almost 6% from the estimate of \$1.7 billion in 1957. Larger outlays for building repairs, fertilizer and the operation of tractors and trucks contributed in some measure to higher prices. The estimated decline in total inventories of farm-held stocks of grain, particularly in Saskatchewan, is a factor in calculating the item net income.

The index of prices of commodities and services used by farmers is given in the Economic Annalist as 263.9 for 1958, an increase of 8 points over 1957 (1935-39=100).

CONCLUSION

The year under review has been a difficult one for the grain producers of western Canada. The volume of grain delivered from the farms of the three prairie provinces was approximately the same as that of the previous year while prices ranged slightly lower. These factors indicate that the economic position of our farmer members shows no improvement. We have reported in some detail on the efforts that have been made, in concert with all farm organizations in western Canada, to bring this position to the attention not only of the government but to every segment of our nation, believing that the financial position of the grain growing industry of Canada should be a matter of concern not only to the producers of grain but to every person in Canada. It may be trite to say that your board recognizes there is no easy remedy which will quickly lift the load off grain producers—but there is no doubt that these farmers can find some relief by making further effort to adjust their methods to fit changing techniques in production and by extending their participation in those business activities which are closely related to agriculture.

The situation is dominated by huge surpluses of grain now held in North America and by new production techniques in all countries including the U.S.S.R. and the Orient. While the immediate future offers little prospect for any improvement in the affairs of western Canada's grain growers we are confident that history will repeat itself and that stocks of grain now on hand will prove to be a national asset. It is because of this conviction that our efforts during the year have been directed to securing a measure of immediate relief.

The Canadian Wheat Pools since their inception have subscribed to the belief that food in abundance is a guarantee of peace. We endorse the efforts of the President of the United States which resulted in a conference which sought ways and means of channelling abundant food to the needy people of the world. Your board recognizes the broader coverage provided by the International Wheat Agreement. We are happy that the United Kingdom is again one of the signatories, but particularly welcome the plan under which all sales of wheat will be registered with the Wheat Council. This is a recognition of the mutual interest of all countries exporting and importing wheat, but it particularly recognizes the need for co-operative action.

Agriculture moves from crisis to crisis and policies are devised to meet each new crisis. The principle upon which the Wheat Pools are built and the link which joins the vast membership is that of self-help and co-operation. The times in which we live are extremely difficult. They challenge our organizations to provide leadership that is enlightened and sound. We are confident that the greatest role of our member Pools has yet to be played.

Respectfully submitted

John H. Wesson	}	Executive
W. J. Parker		
G. L. Harrold		
Thos. G. Bobier		
W. J. Blair		
Gregor Jamieson		
Chas. W. Gibbings		
Harold B. Sneath		
N. Malm		

MEMORANDA



A series of horizontal dashed lines for writing, spanning the width of the page.

October 2, 1959.

CANADIAN POOL AGENCIES LIMITED
DIRECTORS' REPORT

1958 - 1959

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

Gentlemen:

This Agency has completed its thirty-first year of operations, and we present herewith for your approval the Annual Report and Financial Statements for the year ended July 31, 1959.

The surplus produced was \$94,511.50 out of which the sum of \$578.64 was provided for income tax, leaving \$93,932.86 available for payment of patronage dividends. This compares with \$96,264.60 last year.

The earnings vary from year to year and to some extent depend on the price and volume of grain stored at the terminals. On business obtained by this agency and placed with various insurance companies, other than Pool Insurance Company, we receive the commissions which provide the bulk of our income. While it is important that the maximum commissions are secured and a surplus on operations produced, it must be emphasized that many services provided are not actually reflected in the year's surplus. At all times we endeavour to obtain lower premium charges for the parent organizations having in mind, of course, the stability of the company with whom we place the business. In this regard we have secured some reductions in rates this year.

We can handle all types of business except Life. The greatest income is derived from fire and explosion insurance; followed by fidelity bonds and automobile insurance. Thirteen types of insurance were handled this year.

At the present time we have no investments in bonds as any excess money can be readily taken up by the parent companies and we receive a favourable rate of interest.

The patrons' equities, in accordance with the usual practice, will be paid out within the next fiscal year as a patronage dividend to the three Provincial Pools based on the amount of business contributed. Each Pool will receive the dividends as shown on the Surplus Account, Exhibit "B".

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

BALANCE SHEET

Agency Assets and Liabilities

You will observe that the assets included under this heading represent premiums collected, or to be collected, and are offset by the amounts payable to the insurance companies for premiums on business written, and by an amount payable by the Agency Trust Funds to the general funds of the Company.

Shareholders' and Patrons' Assets

Accounts Receivable: The amount shown as "Due from Agency Funds" consists of the sum previously referred to as payable to General Funds out of Agency Trust Funds.

Pool Insurance Company Account: This Agency and Pool Insurance Company are operated by the same management and staff, and

the salaries of the office employees are split between both organizations, as are other items of expense that are not definitely applicable to either organization. The amount of \$16,901.84 is the balance due Canadian Pool Agencies Limited on the inter-office account.

Shareholders' Liabilities and Reserves

Accounts Payable: This amount represents miscellaneous accounts included in this year's expenses, but which had not actually been paid prior to the year end.

General Reserve: This sum was built up over a period of years to provide for the possibility of unusual cancellations; for investment losses and any other contingencies that may arise. The reserve has remained the same for some years as it is deemed sufficient to take care of our requirements. The amount is allocated to the various shareholders according to their contribution to the reserve.

Capital Stock

The ownership of the capital stock of the Company is held by the Provincial Pool Organizations as follows:—

	No. of Shares	Value
Alberta Wheat Pool	664	\$ 6,640.00
Manitoba Pool Elevators	663	6,630.00
Saskatchewan Wheat Pool	664	6,640.00
Directors' qualifying shares	9	90.00
	<u>2,000</u>	<u>\$20,000.00</u>

INCOME AND EXPENDITURE STATEMENT

Income

This statement sets out the commission received on the different types of insurance, less brokerage paid.

Expenses

The various expense items are clearly set out in the statement and represent net figures after charging Pool Insurance Company 50% of the expenses which are equally applicable to both companies.

The deduction from the total expenses of \$300.00 is an allowance from the three Provincial Pools for the handling of the Interprovincial Pool Account.

Respectfully submitted,

JOHN H. WESSON	} Executive
W. J. PARKER	
G. L. HARROLD	
THOS. G. BOBIER	
G. G. JAMIESON	
H. B. SNEATH	
CHARLES W. GIBBINGS	
W. J. BLAIR	
NELSON MALM	

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building — Winnipeg, Manitoba

BALANCE SHEET
As At July 31, 1959

ASSETS

AGENCY ASSETS—

Cash in Agency bank accounts	\$ 33,877.38	
Accounts receivable	155,430.51	\$189,307.89
	<u>155,430.51</u>	

SHAREHOLDERS' AND PATRONS' ASSETS—

Cash—	
In general bank account	\$ 1,516.08

Accounts Receivable—

Due from Agency Funds—	
per contra	\$112,967.71
Pool Insurance Co.	16,901.84
Miscellaneous	2,121.36
	<u>\$131,990.91</u>

Furniture and Fixtures—

Cost—less depreciation	1,394.76	134,901.75
	<u>1,394.76</u>	

\$324,209.64

AUDITOR'S REPORT—

We have audited the accounts of Canadian Pool Agencies Limited for the year ended July 31, 1959 and have received all the information and explanations we have required. Bank balances have been confirmed by certificate direct from the Company's bankers. Accounts receivable and payable have been confirmed by circularization.

We certify that, in our opinion, the above Balance Sheet and related statements are properly drawn up so as to exhibit, respectively, a true and correct view of the financial position of Canadian

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building — Winnipeg, Manitoba

BALANCE SHEET
As At July 31, 1959

LIABILITIES

AGENCY LIABILITIES—

Accounts payable	\$ 76,340.18	
Due to General Funds—		
per contra	112,967.71	\$189,307.89

SHAREHOLDERS' LIABILITIES AND RESERVES—

Miscellaneous accounts payable	\$ 790.25		
Reserved for income tax ..	178.64		
Patronage dividend payable ..	93,932.86	\$ 94,901.75	
General reserve for unearned income:			
Allocated as follows—			
Alberta Wheat Pool	\$ 5,568.12		
Manitoba Pool Elevators ..	3,146.82		
Saskatchewan Wheat Pool ..	11,285.06	20,000.00	114,901.75

CAPITAL STOCK—

Authorized, issued and fully paid	20,000.00
(2,000 shares at \$10.00 each)	

Approved on behalf of the Board:

JOHN H. WESSON }
W. J. PARKER } Directors

\$324,209.64

Pool Agencies Limited as at July 31, 1959 and the results of operating for the year ended that date, according to the best of our information, the explanations given to us, and as shown by the records of the Company. All transactions coming under our notice have been within the powers and objects of the Company to the best of our information and belief.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

Winnipeg, Manitoba,
October 2, 1959.

EXHIBIT B

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building — Winnipeg, Manitoba

SUMMARY OF SURPLUS ACCOUNT
For the Year ended July 31, 1959

	Debit	Credit
Surplus for the year ended July 31, 1959—		
Exhibit C.		\$94,511.50
Reserved for income tax	\$ 578.64	
Patronage dividend for year 1958-1959—		
Exhibit A.	93,932.86	
Allocated as follows:		
Alberta Wheat Pool	\$ 21,884.39	
Manitoba Pool Elevators ..	22,380.24	
Saskatchewan Wheat Pool ..	49,668.23	
	<u>\$ 93,932.86</u>	
	<u>\$ 94,511.50</u>	<u>\$ 94,511.50</u>

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building — Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURE
For the Year ended July 31, 1959

INCOME—**Commissions:**

Fire	\$ 50,267.39
Bonds	20,361.64
Automobile	6,584.99
Lake marine	373.08
Ocean marine	3,775.26
Accident and sickness	925.25
Liability	1,120.68
Use and occupancy	3,918.41
Robbery and burglary	586.34
Inland marine	4,158.70
Inland transportation	492.97
Steam boiler	52.80
Composite	1,555.75
Contingent	9,353.37

103,526.63

Deduct: Brokerage paid 280.25 103,246.38

Other Income:

Interest 14,325.00

Total income for the year \$117,571.38

EXPENSES—

Salaries	\$ 16,473.00
Directors' fees and expenses	325.34
Rent and light	2,354.19
Postage, telephone and telegraph	610.37
Printing and stationery	807.11
Taxes and licenses	312.98
Travelling	178.85
Legal and audit	750.00
Staff pension, group and unemployment insurance	626.21
Depreciation	348.69
Miscellaneous expense	573.14

23,359.88

Deduct: Recovery from Interprovincial Pool 300.00

Total expenses for the year 23,059.88

Balance—surplus for the year ended July 31, 1959,
 carried to Exhibit B. \$ 94,511.50

MEMORANDA



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POOL INSURANCE COMPANY

DIRECTORS' REPORT

1958

To The Shareholders,
Pool Insurance Company,
Winnipeg, Manitoba.

February 24, 1959.

Gentlemen:

We have pleasure in submitting herewith the twentieth Annual Report and Financial Statements of your insurance Company for the year ended December 31, 1958. The statements again show an improvement over the previous year. The results for the year show a surplus of \$780,027.69 as compared with \$723,017.06 last year. We had a lower loss ratio this year of 30.18% as compared with 37.31% the previous year which is the reason for the increased surplus.

After transferring \$16,000.00 to Capital Surplus Account, and setting up the usual capital stock dividend as required by the Company's Charter, together with \$3,769.61 for income tax, a balance of \$760,256.23 was left, which has been allocated to the policyholders on the basis of their contribution to the surplus.

The total premium income amounted to \$1,344,230.18 as compared with \$1,381,381.91 last year.

After placing reinsurance on all risks with the exception of dwellings, the net earned premium income was \$673,921.08 as compared with \$683,643.50 last year.

The losses amounted to \$407,184.79; the Company's share being \$203,387.34.

Three elevators and their contents were totally destroyed. Their location were as follows:

In Alberta—Woking; Spruce Grove.

In Saskatchewan—Hardy.

In addition to these total losses, thirty-one small losses were sustained at elevators; seven by fire and twenty-four by windstorm. One livestock building and feed was destroyed. Four dwellings suffered partial damage. The value of property insured decreased slightly from last year due to reduction in the value of grain insured and we list the figures hereunder.

Elevators	\$ 78,157,839.00
Grain	137,302,407.00
Dwellings	7,551,276.00
Miscellaneous	3,494,775.00
	<hr/>
	\$226,506,297.00

The total underwriting revenue shown on the Statement of Income and Expenditures is made up of the earned premiums on our percentage of the risks plus commission earned on the reinsurance, less losses. We also had interest earnings of \$23,856.98.

The greatest expense is in connection with the inspection service. This service provides inspection of each elevator approximately twice a year, in accordance with our agreements with the reinsurers. We have four full time inspectors engaged in inspecting all the property insured, and we consider this a most important feature of our operations. The parent organizations also perform an inspection of properties periodically by their superintendents, and circulars and pamphlets emphasizing the need to be aware of fire hazards are sent out by ourselves and the parent organizations. We feel that all this inspection work helps to keep the losses to a minimum and the experience has improved over the years from the efforts made along these lines.

The management and staff are employed jointly by this Company and Canadian Pool Agencies Limited and the salaries, rent, telephone and other indirect expenses are split between the two companies.

The following comments relative to the Balance Sheet are submitted for your information:

ASSETS

Cash in Bank—

Under this heading the current bank account is shown.

Accounts receivable—

Under this heading is an amount due from Canadian Pool Agencies Limited in respect to business placed with the Company through the agency plus a balance due from the agency on inter-office account; also amounts due from our reinsurers.

Investments—

During the year some of our bonds matured and we exchanged our Victory Loan Bonds for the new Government of Canada Conversion Loan and we had a capital gain on this transaction of \$6,377.93. Our investment portfolio consists entirely of Government of Canada Bonds. As there will be fluctuations over the years we take advantage of switching when there is a capital gain, and on the other hand we are in the position of being able to hold bonds until maturity when they will be redeemable at par value. You will note that we are able to invest considerably more than our capital and surplus.

Automobiles—

One new automobile was purchased during the year and after allowing depreciation on this account of \$2,121.82, the asset covering four automobiles is shown as \$4,950.90. These automobiles are used by the fire inspectors.

LIABILITIES

Current Liabilities—

Premiums due the reinsurance companies are shown. Losses in process consist of the Company's net share of losses for which adjuster's reports have not been received. The item covering taxes accrued represents premium tax, income tax and fire prevention taxes due to the Federal and Provincial Governments.

Reserve for Unearned Income—

These reserves are calculated on the basis of one hundred percent of the unearned premiums on our own retention and one hundred percent of the unearned portion of the reinsurance commissions as at December 31, 1958.

Capital Stock—

The ownership of the capital stock of Pool Insurance Company is held by the three provincial pool organizations as follows:

	<u>Shares</u>	<u>Subscribed</u>	<u>Paid Up</u>	<u>Premium Paid</u>
Alberta Wheat Pool	750	\$ 75,000.00	\$ 55,500.00	\$ 46,500.00
Manitoba Pool Elevators	500	50,000.00	37,000.00	31,000.00
Saskatchewan Wheat Pool	1,250	125,000.00	92,500.00	77,500.00
	<u>2,500</u>	<u>\$250,000.00</u>	<u>\$185,000.00</u>	<u>\$155,000.00</u>

Out of the above shares three Directors of each organization hold twenty-five shares each, in trust.

We again wish to express the thanks of the Directors for the support and co-operation given to the Company by the parent organizations, managements and staffs.

Respectfully submitted,

Executive	{	J. H. WESSON
		W. J. PARKER
		G. L. HARROLD
		H. B. SNEATH
		G. G. JAMIESON
		N. MALM
THOS. G. BOBIER		
	W. J. BLAIR	
	CHAS. W. GIBBINGS	

POOL INSURANCE COMPANY
Wheat Pool Building - Winnipeg, Manitoba

BALANCE SHEET
As at December 31, 1958

ASSETS

Cash in bank:

Bank of Montreal		\$ 731,673.23
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Accounts receivable:

Canadian Pool Agencies Limited	\$249,839.47	
Reinsurance accounts	29,635.08	279,474.55

Investments - at cost		658,233.75
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Government of Canada bonds	\$667,500.00	
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Listed Value	\$603,650.00	
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Interest thereon:

Due	\$ 243.75	
Accrued	6,332.30	6,576.05

Automobiles - cost less depreciation		4,950.90
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	<u>\$1,680,908.48</u>
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AUDITORS' CERTIFICATE

We have audited the accounts of Pool Insurance Company for the year ended December 31, 1958 and in our opinion the above balance sheet and related statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1958 and the result of its operations for the year ended on that date, according to the best of our information and the explana-

Exhibit A

POOL INSURANCE COMPANY
Wheat Pool Building - Winnipeg, Manitoba

BALANCE SHEET
As at December 31, 1958

LIABILITIES

Current liabilities:

Miscellaneous accounts payable	\$ 3,120.00	
Reinsurance accounts payable	89,383.48	
Losses in process	64,938.03	
Taxes accrued	13,759.91	
Dividends payable as per Exhibit B.	760,258.08	\$ 931,459.50

Reserve for unearned income:

Unearned premiums	\$176,501.00	
Unearned reinsurance commission	86,263.04	262,764.04

Capital stock:

Authorized - 5,000 shares at \$100.00	\$500,000.00	
Subscribed - 2,500 shares at \$100.00	\$250,000.00	
Paid thereon		185,000.00

Surplus:

Premium of 62% on capital stock	\$155,000.00	
Surplus realized on investments sold ..	18,184.94	
Transferred from Shareholders' and Patrons' Equity Account 1949-1958	128,500.00	301,684.94

Approved on behalf of the Board:

J. H. WESSON, Director.
W. J. PARKER, Director.

\$1,680,908.48

tions given to us and as shown by the books of the Company. All transactions coming within our notice were, in our opinion, within the powers and objects of the Company.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

Winnipeg, Manitoba, February 24, 1959.

MEMORANDA



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POOL INSURANCE COMPANY
Wheat Pool Building - Winnipeg, Manitoba

Exhibit B

**SUMMARY OF SHAREHOLDERS' AND PATRONS'
EQUITY ACCOUNT**
As at December 31, 1958

	Debit	Credit
Surplus for the year ended December 31, 1958 -		
Exhibit C		\$780,027.69
Transferred to surplus	\$ 16,000.00	
Provision for income tax	3,769.61	
Balance carried down	760,258.08	
	<u>\$780,027.69</u>	<u>\$780,027.69</u>
Balance brought down		\$760,258.08

Allocated as follows:

Shareholders' dividend

Alberta Wheat Pool	\$.55	
Manitoba Pool Elevators	37	
Saskatchewan Wheat Pool .....	.93	\$ 1.85

Patrons' dividend

Alberta Wheat Pool	\$132,115.08	
Alberta Pool Elevators Limited	59.79	
Alberta Wheat Pool and Alberta Pool Elevators Limited	64,994.86	
Manitoba Pool Elevators	130,606.80	
Saskatchewan Pool Elevators Limited	152,531.59	
Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited	7.90	
Saskatchewan Wheat Pool	276,660.80	
Saskatchewan Co-operative Livestock Producers Limited	2,965.80	
Modern Press Limited	313.61	760,256.23

<u>\$760,258.08</u>	<u>\$760,258.08</u>
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POOL INSURANCE COMPANY
Wheat Pool Building - Winnipeg, Manitoba

Exhibit C

STATEMENT OF INCOME AND EXPENDITURE
For the year ended December 31, 1958

Premiums on business written	\$1,344,230.18	
Less: Ceded to other companies	666,338.10	\$677,892.08
Deduct: Increase in unearned premiums		3,971.00
Premiums earned in 1958		673,921.08
Losses and adjustment expense	\$ 407,184.79	
Less: Reinsurance recoveries	203,797.45	203,387.34
Net underwriting income		470,533.74
Reinsurance commission		361,806.90
Balance, available for expenses and to Shareholders and Patrons		832,340.64

Expenses:

Taxes, licenses and association dues \$ 22,774.81

Inspection service—

Salaries	\$17,061.36	
Automobile expenses	6,373.17	
Other travelling expenses	4,654.35	
Staff pension, group and unemployment insurance	1,946.52	
Printing and stationery	562.71	
Postage, telegraph and telephone	250.22	30,848.33

Administration—

Salaries	\$16,692.14	
Rent and light	2,356.57	
Directors' fees and expenses	458.42	
Travelling expenses	624.04	
Printing and stationery	30.98	
Postage, telegraph and telephone	491.23	
Legal and audit	807.25	
Staff pension, group and unemployment insurance	593.02	
Miscellaneous expense	493.14	22,546.79
		76,169.93

Interest earned

756,170.71
23,856.98

Balance, surplus for the year 1958, carried to Exhibit B

\$780,027.69

