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ANNUAL REPORT

1949-1950



CALGARY, ALBERTA

ISSUED BY
ALBERTA WHEAT POOL

DECEMBER, 1950

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ALBERTA WHEAT POOL

Annual Report

1949-1950



ISSUED BY
ALBERTA WHEAT POOL
CALGARY, ALBERTA DECEMBER, 1950

BOARD OF DIRECTORS

Ben S. Plumer, Chairman	Bassano
A. T. Baker, Vice-Chairman	Nemiscam
G. G. Coote	Nanton
Lew Hutchinson	Duhamel
W. J. Blair	Naco
G. L. Harrold	Lamont
W. R. Mueller	Spirit River



DELEGATES

LETHBRIDGE—District A.

A 1. (ra) Reynar, T. A.	18913	Foremost
A 2. (a) xBlackmer, Russell	46434	Coutts
A 3. (e) Oliver, W. A.	60602	Warner
A 4. (nn) Redd, Paul H.	18734	Raymond
A 5. (re) Lee, Lester W.	12947	Woolford
A 6. (e) Davidson, Edwin N.	61209	Coaldale
A 7. (a) - xNyhof, Gerrit	61000	Monarch
A 8. (e) xMalm, Nelson	31976	Vauxhall
A 9. (ra) Birney, Cecil W.	44087	Whitla
A 10. (ra) Montgomerie, T. S.	50655	Hilda

CALGARY—District B.

B 1. (re) Van Weiden, A.	23577	Macleod
B 2. (ra) Walker, Gordon B.	73156	Claresholm
B 3. (ra) Montgomery, Homer I.	53825	Nanton
B 4. (re) Morrison, W. S.	54846	High River
B 5. (a) Keer, Ian J.	60851	Cheadle
B 6. (e) xReumiller, A.	18904	Keoma
B 7. (nn) Bell, R. C.	1588	Carstairs
B 8. (e) xThompson, S. E.	22811	Carmangay
B 9. (nn) Fox, S. H.	7109	Herronton
B 10. (ra) Bertrand, V. J.	1810	Milo

DRUMHELLER—District C.

C 1. (e) Frey, Jake	7263	Arneson
C 2. (e) xPearce, J. M.	27078	Carolside
C 3. (ra) Graham, James H.	8129	Rainier
C 4. (nn) Petersen, T. A.	29309	Rosedale
C 5. (nn) Wheatley, J. M.	24466	Chancellor
C 6. (ra) Cammaert, Emile	35501	Rockyford
C 7. (ra) Van Wart, E. H.	35439	Grainer
C 8. (ra) Notland, Theo	16819	Morrin
C 9. (ra) Kaechele, David	11490	Ghost Pine Crk.
C 10. (re) Taggart, H. L.	56363	Olds

RED DEER—District D.

D 1. (e) - x	Anderson, Ezekiel	436	Excel
D 2. (ra)	Massam, R. R.	14139	Sedalia
D 3. (ra)	Falconer, W. S.	6508	Big Stone
D 4. (ra)	Nelson, Edward	16454	Craigmyle
D 5. (re)	Green, A. W.	67088	Byemoor
D 6. (re)	Judd, S. S.	11486	Stettler
D 7. (re)	Domoney, Fred	5566	Penhold
D 8. (re)	Armstrong, Mark	709	Lacombe
D 9. (e) - x	Nielsen, O. W.	16673	Eckville
D 10. (ra)	Haarstad, Alfred B.	30752	Bentley

CAMROSE—District E.

E 1. (ra)	Fawcett, C. A.	6585	Consort
E 2. (ra)	Smith, George F.	61111	Provost
E 3. (ra)	Hallett, John	8662	Fleet
E 4. (nn)	Wallsten, Gustav A.	63804	Amisk
E 5. (ra)	Oberg, Gerald	16900	Forestburg
E 6. (ra)	Hayes, Charles P.	9290	Strome
E 7. (ra)	Baird, James A.	26580	Red Willow
E 8. (ra)	Johnson, Arne	62168	Camrose
E 9. (e)	Johnson, Charles A.	69802	Ponoka
E 10. (ra)	Howes, T. H.	10280	Millet

VEGREVILLE—District F.

F 1. (ra)	Murray, John T.	63264	Chauvin
F 2. (a)	xDobson, Parke	60982	Paradise Valley
F 3. (ra)	Davies, George H.	62999	Lloydminster
F 4. (ra)	Peterson, Herman S.	17937	Viking
F 5. (ra)	Bennett, George	1655	Manville
F 6. (re)	Kokotailo, Tom	12152	Willingdon
F 7. (ra)	Moen, E. A.	14776	Tofield
F 8. (re)	Ziegler, George	44725	Vegreville
F 9. (e)	Alton, Willmot	40992	Ft. Saskatchewan
F 10. (nn)	Letourneau, Alfred	13079	St. Paul

EDMONTON—District G.

G 1. (re)	Romanchuk, Steve S.	60410	Smoky Lake
G 2. (re)	Alexander, Sydney	196	Boyle
G 3. (re)	Antonson, Carl	657	Pibroch
G 4. (a)	xRigney, W. Frank	79476	Gibbons
G 5. (nn)	Lewis, E. R.	60357	Winterburn
G 6. (re)	Paterson, Charles P.	68926	Mayerthorpe
G 7. (ra)	Powell, Uri	18284	Sexsmith
G 8. (e)	xHadland, Arthur R.	59388	Baldonnel, B.C.
G 9. (e) - x	White, Frank	68571	Spirit River
G 10. (re)	McAuley, W. H.	15512	Fairview

(a) Elected by Acclamation.

(ra) Re-elected by Acclamation.

(e) Elected.

(re) Re-elected.

(nn) No Nomination.

(-) By-election.

(x) Delegates elected in 1950 who did not serve in that capacity in 1949.

REPORT OF BOARD OF DIRECTORS

ALBERTA WHEAT POOL

— to —

TWENTY-EIGHTH ANNUAL MEETING OF DELEGATES

NOVEMBER 28th, 1950

Gentlemen:—

The crop produced in 1949, which, in the main, provided the business handled by our Association in the fiscal year 1949-50, was produced under the usual erratic conditions which characterize Alberta weather during the crop growing season. It will be recalled that the spring of 1949 was dry and work on the land commenced early. By May 25th most of the wheat seeding was completed and coarse grains seeding was finished early in June. While, during the second week of May and again in early June, rains fell in the general area south and east of Lethbridge and lighter precipitation in the southeast, west central and Peace River areas, soil moisture throughout the Province remained dangerously below normal level. By June 15th the situation had reached the critical stage. Wheat was heading out at a height of six to eight inches. A number of fields of grain were plowed down, while others were used as pasture, because grass growth was insufficient to carry the livestock which depended on it.

However, during the last few days of June good rains fell throughout the central and eastern areas of the province where it was most needed, offering relief to late sown crops and partially relieving the tight feed situation. Throughout July light rains and scattered showers prevented further deterioration and brought an improvement in crop prospects—but only the south west corner of the province and the Peace River district held prospects of normal or better than long term average crops.

In the southern part of the province harvesting commenced about August 10th, and by the end of the first week in October, despite repeated interruptions by scattered showers and intermittent rains, the bulk of the crop was harvested.

CROP HAZARDS

Drought in the spring and early summer contributed most to the reduction in yields per acre. Damage to the crop by insect pests was negligible. During the month of May a heavy infestation of grasshoppers occurred in the east central area of the province but was effectively dealt with by the exercise of chemical control measures. In the extreme southern part of the province where the heaviest outbreaks had been expected, the infestations were reduced by the occurrence of heavy rains during the hatching season. Damage by cutworms and wire worms was comparatively nil.

Hail damage was not widespread, being confined largely to crop districts numbers 6, 8, 11 and 12.

Frosts which occurred in May, and again in September, adversely affected both yield and grades (especially of oats and barley) but such damage was confined to central and west central areas of the province.

The percentage of the sown area which was later plowed under, hauled out, converted to pasture, cut for fodder, or otherwise abandoned as a source of threshed grain, with comparative figures for the previous year, is shown in the following table:—

Grain	1949	1948
Wheat	9%	4%
Oats	19%	12%
Barley	12%	5%
Rye	23%	2%
Flax	6%	1%

ACREAGE AND YIELDS

The acreage, yield per acre, and production of Alberta grain crops in 1948 and 1949, as calculated by the Dominion Bureau of Statistics, is shown in the following table:—

	— 1949 —			— 1948 —		
	Area Acres	Yield per Acre-bus.	Production bus.	Area Acres	Yield per Acre-bus.	Production Bus.
Wheat	7,586,000	12.8	97,000,000	6,259,000	18.4	115,000,000
Oats	2,255,000	23.0	52,000,000	2,392,000	31.4	75,000,000
Barley	2,118,000	17.0	36,000,000	2,226,000	24.7	55,000,000
Rye	325,000	7.4	2,400,000	612,000	16.2	9,900,000
Flax	37,500	8.0	300,000	250,000	12.2	3,050,000

The percentage contributed by Alberta to Canada's total 1949 cereal crops is shown in the following table, together with comparative figures for 1948:—

	— 1949 —			— 1948 —		
	Canadian Crop bus.	Alberta Crop bus.	%	Canadian Crop bus.	Alberta Crop bus.	%
Wheat	367,406,000	97,000,000	26.4	393,345,000	115,000,000	29.2
Oats	317,916,000	52,000,000	16.4	358,807,000	75,000,000	20.9
Barley	120,408,000	36,000,000	29.9	155,018,000	55,000,000	35.5
Rye	10,011,000	2,400,000	24.0	25,340,000	9,900,000	39.0
Flax	2,262,000	300,000	13.3	17,683,000	3,050,000	17.2

QUALITY OF WHEAT

Through the courtesy of the Board of Grain Commissioners we have been supplied with the following data concerning the quality of the crop produced and delivered in the cereal year 1949-50 insofar as that quality is determined by grades and protein content.

The percentage of deliveries in Alberta which fell into the respective grades listed below, as compared with a similar table for the previous year, was as follows:—

<u>Grade</u>	<u>1949 Percentage</u>	<u>Grade</u>	<u>1948 Percentage</u>
1 Hard	Nil	1 Hard .....	.008
1 Northern	24.33	1 Northern	39.310
2 Northern	32.51	2 Northern	20.600
3 Northern	17.71	3 Northern	10.525
4 Northern	8.64	4 Northern	5.315
Other Grades, including "Toughs"	16.81	Other Grades, including "Toughs"	24.242
	<u>100.00</u>		<u>100.00</u>

The protein content of the various top grades of wheat, as determined from tests made from a large number of representative samples taken from deliveries of these grades during the year under review, is shown below:—

**Percentage of Protein Content
1949 Crop**

	Manitoba	Saskat- chewan	Alberta	Western Canada
1 Northern	12.4	14.2	12.8	13.6
2 Northern	12.8	14.0	12.9	13.6
3 Northern	13.0	13.8	12.7	13.2
4 Northern	12.6	13.9	12.5	12.8
2 C.W. Garnet .....	.....	12.6	12.9	12.8
3 C.W. Garnet .....	.....	12.6	12.9	12.9
Average of all Grades	12.8	14.0	12.8	13.5

CONTROL OF DELIVERIES TO COUNTRY ELEVATORS

RYE AND FLAXSEED.

No quotas were established on deliveries of rye or flaxseed during the year under review. It was permissible under Canadian Wheat Board Regulations for the grower to deliver rye and/or flaxseed at any delivery point without entry in his delivery permit book.

WHEAT, OATS AND BARLEY.

Three hundred and sixty-six delivery points within Alberta and in areas of British Columbia where we have elevator facilities, were left on an "open delivery" basis throughout the year. At all other delivery points quotas of ten bushels per seeded acre were established on deliveries of wheat and oats, effective August 12th, 1949. Quotas at these last mentioned points were gradually increased until October 7th, 1949, when "open delivery" quotas on wheat, oats and barley were authorized at all delivery points in Alberta except those located in the Peace River district. On the same date, and for the remainder of the cereal year (to July 31st, 1950) producers were permitted to deliver grain at any elevator at any "open delivery" point where space was available. On October 22nd, 1949 all delivery points in the Peace River territory and in the Peace River block of British Columbia, were also placed on an "open delivery" basis, and for the remainder of the cereal year producers were permitted to deliver their grain at any delivery point where space was available, but all such deliveries were required to be recorded in the grower's permit book.

MARKETING POLICIES, 1949-50

WORLD SUPPLY AND DEMAND.

Inasmuch as the volume of wheat produced in the world in any given year, and the proportion thereof which is produced in each country of the world, exerts a vital influence on market conditions in surplus wheat producing countries, the following synopsis of world supply and demand is supplied as a prelude to a review of the policy followed by Canada in marketing our 1949 crop.

World production of wheat in 1949 was estimated by the United States Department of Agriculture to be 6,270,000,000 bushels. This figure is somewhat less than the exceptionally good crop harvested the year before, but considerably better than the pre-war (1935-1939) average. The table below shows production by continents in millions of bushels for 1949, 1948 and the 1935-1939 average:—

	1949 Millions of Bushels	1948 Millions of Bushels	Average 1935-1939 Millions of Bushels
North America	1,531	1,719	1,086
Europe	1,505	1,455	1,599
Soviet Union	1,100	1,025	1,240
Asia	1,475	1,600	1,498
Africa	158	150	143
South America	279	273	281
Oceania	222	197	177
 Totals	 6,270	 6,420	 6,024

It will be seen in the above table that while production in North America has increased greatly above pre-war levels, largely as a result of the tremendous increase in the United States, there has been little change in most other regions. Wheat production in Europe has almost recovered from the substantial decrease which occurred during the war years.

The figures indicate that wheat production is almost as great as before the war but it should not be forgotten that the world population is increasing rapidly, calculated to be at the rate of One Percent (or over twenty million) a year; hence it will be seen that wheat production is not keeping pace with the increase in the world's population.

Supplies of grain in the four principal exporting Countries at the beginning of their 1949 crop year were estimated as follows:—

	Carryover at beginning of Crop Year	Production	Total Supplies
			(Millions of Bushels)
xUnited States	307.7	1,146.5	1,452.2
xxCanada	102.4	367.4	469.8
xxxAustralia	19.0	218.0	237.0
xxxArgentina	44.0	198	242.0

x—at June 30th, 1949.
xx—at July 31st, 1949.
xxx—at November 30th, 1949.

As shown above, Canada's total wheat supplies in the 1949-50 crop year were 469.8 million bushels, being made up of a carryover from the previous year of 102.4 million bushels and the 1949 crop of 367.4 million bushels. Supplies in 1948-49 were slightly less (464.3 million bushels), and in 1947-48 they totalled 428.1 million bushels.

Disposition of the 469.8 million bushels in supply in the year under review (1949-50) was as follows:—

	(Million Bushels)
Domestic Disappearance	
Human consumption, feed, seed, industrial purposes	131.9
Export	
As whole wheat	179.5
As flour	45.2
	224.7
Carryover at year's end	113.2

Although up 2.3 million bushels from the year before, domestic disappearance was well below the average quantity used annually at home (153.6 million bushels) during the period, 1939 to 1948 (inclusive). Exports (amounting to 224.7 million

bushels) were slightly below the 232.3 million bushels exported in 1948-49, but well above the 195 million bushels shipped out in the 1947-48 crop year.

Canada's carryover at the close of the 1949-50 crop year totalling 113.2 million bushels, was the largest since July 31st, 1945. At the end of the previous year (1948-49) carryover was 102.4 million bushels.

INTERNATIONAL WHEAT AGREEMENTS.

The year under review marked the last of the four years covered by the Canada-U.K. Wheat Agreement entered into by these two Countries on June 24th, 1946. Under the terms of that Agreement the United Kingdom undertook to buy (in the cereal year 1949-50) and Canada undertook to sell, 140,000,000 bushels of wheat at a price of not less than \$1.00 per bushel Canadian funds, basis Fort William, Port Arthur or Churchill, with the important proviso that in determining the prices for the crop years 1948-49 and 1949-50, the United Kingdom Government would "have regard to" any difference between the prices paid under this Agreement in the 1946-47 and 1947-48 crop year and the world prices for wheat in the 1946-47 and 1947-48 crop years.

The last Clause of the Agreement provided that "having in mind the general purposes which this Agreement is designed to serve, the two Governments have agreed that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any International Agreements or arrangements hereafter entered into to which both Governments are parties."

In the meantime, the organized wheat producers of Canada and the United States were working together closely in urging the Governments of their respective Countries to lend active support to the International Wheat Council in its efforts to bring about an agreement between the wheat exporting Countries and the wheat importing Countries of the world, which, over a term of years, would provide the producers of wheat exporting countries a stabilized market for their product and the consumers of wheat importing countries a guaranteed supply of wheat at fair prices. It was an epoch marking achievement when, on March 23rd, 1949, in Washington, D.C., representatives of forty-two countries reached common ground on the terms of an International Wheat Agreement covering the four year period 1949-50 to 1952-53 inclusive.

The list of signatories to the Agreement included the important wheat importing nations and the principal exporting nations except Argentina and the Union of Soviet Socialist Republic. Among the more important features of the Agreement are:—

(1) Its purpose is to overcome by international co-operation the serious handicap caused to producers and consumers by burdensome surpluses and critical shortages of wheat;

(2) It is a four year Agreement which fixes a maximum price of \$1.80 per bushel for each of the four years. The minimum price for the first year (1949-50) was \$1.50 per bushel, for the second year \$1.40 per bushel, for the third year \$1.30 per bushel, and for the fourth year \$1.20 per bushel, all basis One Northern in store Fort William, Port Arthur or Vancouver. Maximum and minimum prices under the International Wheat Agreement are expressed in Canadian currency at the parity of the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1st, 1949;

(3) Additional transactions outside the agreed range of prices will be entirely free, but will not count toward the fulfilment of the obligations assumed by the signatory countries;

(4) The guaranteed annual quota of sales originally allotted to each of the five wheat exporting countries which were signatories to the Agreement, was as follows:—

	<u>Million Bushels</u>
Canada	203.1
United States	168.1
Australia	80.0
France	3.3
Uruguay	1.8
	<hr/>
	456.3

While the representatives of forty-two countries signed the International Wheat Agreement, four countries, including one exporting country (Uruguay), failed to ratify the Agreement within the time allowed. However, during the crop year 1949-50 the following countries acceded to the Agreement:—Haiti, The Phillipines, Costa Rica, Western Germany and Liberia. Spain acceded early in 1950-51. In addition to these accessions, the following countries applied for, and were granted, increased import quotas:—Ceylon, Israel, Portugal, Venezuela, Mexico, Egypt, Ecuador and The Netherlands. As a result of these changes, a total of forty-four countries (four exporting and forty importing countries) are now participating in the International Wheat Agreement.

The following table shows the final export quantities for 1949-50, together with export quantities for the duration of the International Wheat Agreement:

	1949-50	1950-51	1951-52	1952-53
(Millions of Bushels)				
Australia	80.8	86.1	86.1	86.1
Canada	205.1	218.9	226.9	228.9
France	3.3	3.9	3.9	3.9
U.S.A.	235.9	229.1	221.1	219.1
TOTAL	525.1	538.0	538.0	538.0

(5) So long as the respective Governments take the necessary steps to see that their obligations under the Agreement are carried out, it is open to them to conduct their trade in whatever manner they wish—by private trade or by government institutions.

SALES TO THE UNITED KINGDOM.

The United Kingdom was the largest single purchaser of Canadian wheat during the year, taking about 134 million bushels of wheat, or wheat in the form of flour. Canadian sales of wheat to the United Kingdom were largely recorded under the International Wheat Agreement but were all priced (in accordance with the terms of the Canada-U.K. Wheat Agreement) at \$2.00 per bushel, basis One Northern in store Fort William, Port Arthur, Vancouver or Churchill, plus an agreed upon carrying charge. From August 1st, 1949 to September 30th, 1949, the carrying charge was 5c per bushel, and on and after October 1st, 1949 6c per bushel.

SALES TO OTHER COUNTRIES.

Sales of wheat made during the year by the Canadian Wheat Board to other countries which were signatories to the International Wheat Agreement were priced at the maximum figure established in that Agreement, namely, \$1.80 per bushel, Canadian funds (at the parity for the Canadian dollar, as determined for the purposes of the International Monetary Fund as at March 1st, 1949), basis One Northern in store Fort William or Port Arthur, plus a carrying charge of 5c per bushel. When, on September 19th, 1949, the Canadian Government devalued our dollar by 10%, this price was automatically increased to \$1.98 per bushel Canadian funds (plus 5c per bushel carrying charge) or a total of \$2.03 per bushel. On December 14th, 1949, the carrying charge was discontinued and the

price thereafter to the end of the cereal year (July 31st, 1950) was \$1.98 per bushel.

SALES OF "CLASS 2" WHEAT.

That portion of the volume marketed by the Canadian Wheat Board as "Class 2" wheat (i.e. sales made outside of either the Canada-U.K. Wheat Agreement or the International Wheat Agreement) was sold at prices which ranged from a low of \$2.04 per bushel to a high of \$2.41 per bushel.

WHEAT SOLD FOR DOMESTIC CONSUMPTION.

Wheat sold by the Canadian Wheat Board for domestic consumption (either feed or seed) was priced at \$2.00 per bushel, basis One Northern in store Fort William, Port Arthur or Vancouver, plus a carrying charge of 5c per bushel, which on October 1st, 1949, was increased to 6c per bushel, bringing the domestic price to \$2.06. No subsidy was paid by the Government to Canadian bread consumers during the year. Even while the baking industry of Canada was under investigation by a Royal Commission for alleged offences under "The Combines Investigation Act", the price of bread (in Calgary) was recently increased by 1c per 20-oz. loaf.

INITIAL PAYMENT TO PRODUCERS.

The initial payment on wheat, effective August 1st, 1949, was fixed at \$1.75 per bushel, basis One Northern in store Fort William, Port Arthur or Vancouver, with appropriate spreads on lower grades, and remained at that figure throughout the year. Any further payments accruing to producers from the sale of wheat delivered by them in 1949-50 will be merged into the final payment accruing on the five year pool, which closed on July 31st, 1950.

OATS AND BARLEY.

On July 20th, 1949, the Government, through the Minister of Trade and Commerce, Rt. Hon. C. D. Howe, announced that effective August 1st, 1949, oats and barley produced in the three prairie provinces would be marketed through an oats and barley pool operated by the Canadian Wheat Board, with initial payments thereon based on the support prices announced by the Government on March 15th, 1949, namely, 61½c per bushel for No. 1 Feed Oats in store Fort William or Port Arthur, and 90c per bushel for No. 1 Feed Barley in store Fort William or Port Arthur, less an allowance of 1½c per bushel on oats and 3c per bushel on barley to provide a reserve against country carrying charges and the cost of operating the coarse grains pool. The net initial payments, therefore, were 60c per bushel for No. 1 Feed Oats and 87c per bushel for No. 1 Feed Barley, with established spreads on other grades, the initial payment on No. 2 C.W. Oats being 65c per bushel and on No. 2 C.W. 6-Row Barley 95c per bushel.

In announcing its policy early in August of 1949 in regard to the marketing of coarse grains, the Canadian Wheat Board stated that it intended to sell oats and barley freely and to the best advantage, using the methods which suited these purposes, that it would sell oats and barley to dealers or others for distribution to users of these grains, and that it would use the sales procedures which it considered desirable and advantageous, including the use of the "futures market" and the outright sale of oats and barley in store at the Lakehead where buyers wished to purchase on that basis.

FINAL PAYMENT ON COARSE GRAINS.

On October 14th, 1950, the Canadian Wheat Board announced that the sum of \$42,190,295.72 was available as final payments on deliveries of coarse grains to the 1949-50 pool and (commencing October 16th, 1950) this amount would be

distributed to producers in the three prairie provinces as follows:—

On barley	\$26,643,973.33
On oats	15,546,322.39

Of the total final payment on barley, approximately 42% went to barley producers in Manitoba, 34% to barley producers in Saskatchewan, and 24% to barley producers in Alberta. Of the total final payment on oats, approximately 23% was paid to Manitoba oat producers, 52% to oat producers in Saskatchewan and 25% to oat producers in Alberta.

The final payments on the various grades of oats varied from a low of 18.750c per bushel (on 3 C.W.) to a high of 34.187c per bushel (on Smutty Oats). On No. 1 Feed Oats the payment was 19.577c per bushel, which, when added to the initial payment of 60c per bushel, brought the total payment on that grade to 79.577c per bushel basis in store Fort William/Port Arthur.

The final payment on the various grades of barley varied from a low of 36.962c per bushel (on Damp No. 3 Feed) to a high of 62.543c per bushel (on Damp 3 C.W. 6-Row). On No. 1 Feed Barley the final payment was 44.877c per bushel, which, when added to the initial payment referred to above, of 87c per bushel, brought the total payment on that grade to 131.877c per bushel.

FLAXSEED.

It will be noted from figures quoted earlier in this report that the production of flaxseed in Canada in 1949 was only 10% of the amount produced in 1948. On July 31st, 1949, the floor price of \$4.00 per bushel, basis 1 C.W. in store Fort William/Port Arthur, which supported flax prices during 1948-49, was removed and in its place the Government provided the producers of flaxseed with the option of marketing their product through a voluntary pool operated by the Canadian Wheat Board, with an initial payment of \$2.50 per bushel, basis No. 1 C.W. in store Fort William/Port Arthur, or of selling it on the "open market". On August 29th, 1949, trading in flax futures was resumed on the Winnipeg Grain Exchange.

Inasmuch as throughout the year the "open market" price remained well above the initial payment, deliveries to the Board were small, amounting to only 24,219 bushels. In the selling of that volume the Board realized a net surplus of \$29,631.54, which on August 17th, 1950 was distributed to 272 producers who delivered flaxseed to the 1949-50 pool. On No. 1 C.W. flaxseed the final payment was \$1.243 per bushel, being the difference between the initial payment of \$2.50 per bushel and the net amount per bushel (\$3.743) realized by the Canadian Wheat Board from the sale thereof.

RYE.

The marketing of rye was left "open" during the year. Prices on the Winnipeg Grain Exchange fluctuated from a low of 127 1/4 per bushel on August 17th, 1949 to a high of 163 1/2 per bushel (basis 2 C.W. in store Fort William/Port Arthur) on July 26th, 1950. As will be noted in a previous paragraph of this report, production of rye in Canada in 1949 was only 40% of that of the previous year.

FINAL PAYMENT ON FIVE-YEAR POOL.

At our annual meeting last year the delegates passed a resolution asking that the Government of Canada make a final payment on the five-year pool conducted by the Canadian Wheat Board, which included deliveries from the 1945 to 1949 crops (both inclusive) of the sum of 25c per bushel to bring payment up to \$2.00 per bushel basis One Northern at the Terminal. This resolution was based on the fact that wheat had been sold by the Board for domestic consumption for a number

of years at a very low price, and also because of the low prices for wheat which prevailed during the war years.

In taking action on this resolution, your Board made direct representations to the Federal Government in support of a 25c per bushel final payment and also made representations toward the same objective to The Canadian Federation of Agriculture. Continuous publicity has been directed toward acquainting the people of this province and elsewhere with the justice of this claim.

Between March 1st, 1945 and February 17th, 1947, wheat was sold by the Wheat Board for domestic consumption at the low price of \$1.25 per bushel, while the average export price in that period was approximately \$1.55 per bushel. It is believed that 160 million bushels of wheat were thus disposed of and domestic consumers were bonused to the extent of 30c per bushel in the process, or a total sum of \$48,000,000.00. It is our belief that the Government should compensate the wheat growers to that extent.

Furthermore, we believe that compensation should be forthcoming either from the United Kingdom or from the Government of Canada, or from both, to implement the "have regard to" clause of the Canada-U.K. Wheat Agreement, which clause provided that wheat prices for the last two years of the Agreement would be based on a level which had regard to prices obtained by Canada for wheat sold to other countries during the first two years of the Agreement.

Your Board is of the opinion that the wheat growers of Western Canada have a sound argument in asking for a final payment of 25c per bushel on wheat delivered to the five-year pool.

ADMINISTRATION

TARIFF OF HANDLING CHARGES.

At the beginning of the year under review the Board of Grain Commissioners established the following maximum rates to be charged by all licensed elevators in the Western Inspection Division:—

Elevation Charges	Country Elevators (per bushel)	Terminal Elevators (per bushel)
Wheat	2½c	2c
Oats	2c	2c
Barley	2½c	2c
Rye	2½c	2½c
Flax	4½c	3½c

Storage Charges

Country Elevators—1/25th of 1c per bushel per day
after the first 15 days.

Terminal Elevators—1/25th of 1c per bushel per day
after the first 10 days.

Shrinkage Allowances—Country Elevators

All dry grain except Flax	¼ of 1%
All tough and damp grain except flax	¾ of 1%
All damp grain except flax	1%
Straight grades of flax	1%
Tough and damp flax	2%

COUNTRY ELEVATOR HANDLINGS.

The volume of each kind of grain which was delivered during the 1949-50 fiscal year to country elevators in Alberta and in districts in British Columbia and Saskatchewan tributary to our facilities, and the percentage thereof which was handled through Alberta Pool Elevators, is shown in the following table, with comparative figures for the previous year:—

— 1949-50 —

— 1948-49 —

	Total Deliveries	Pool Receipts	Pool Percent-age	Total Deliveries	Pool Receipts	Pool Percent-age
Wheat	102,958,016	37,148,940	36.08	95,759,065	34,376,356	35.90
Oats	20,279,875	6,226,520	30.70	25,977,645	7,913,764	30.46
Barley	14,117,850	4,854,845	34.39	23,233,880	7,566,436	32.57
Flax	208,651	78,208	37.48	2,750,447	1,035,845	37.66
Rye	3,054,616	1,071,665	35.08	8,075,981	2,683,194	33.22
TOTAL	140,619,008	49,380,178	35.12	155,797,018	53,575,595	34.39

It will be noted from these figures that we registered a gain of .73% in the proportion of the total volume of deliveries which went through our facilities, as compared with that of the previous year.

TERMINAL ELEVATOR HANDLINGS.

Of a total of 37,569,851 bushels of grain shipped by our Association to Terminal Elevators during the year, 8,726,664 bushels were consigned to Port Arthur under our Agreement with Manitoba Pool Elevators, and 28,843,187 bushels were shipped to our Terminal (No. 1) at Vancouver.

COAL.

A total of 3,815 tons of coal were sold through our facilities during the year, as compared with 3,899 tons the previous year.

OPERATING RESULTS.

The net surplus for the year, after providing for bond interest and rental of facilities equivalent to depreciation on buildings and equipment, amounted to \$1,314,669.61, as compared with a net surplus of \$1,622,476.31 the previous year. The disposition which will be made of this surplus is one of the major matters to be determined by the delegates at this meeting.

PLANT AND EQUIPMENT.

Increased costs of building material and labour have been a restraining factor in our building program, and the end of this upward trend is not yet in sight. Details of properties purchased or sold, and the extent of new construction undertaken during the past year, will be dealt with in detail in the report of our Manager.

DISPOSITION OF SURPLUSES OF 1948-49.

It will be recalled by the delegates in attendance at our annual meeting last year that, in determining what disposition would be made of the surplus of \$1,622,476.31 which resulted from our operations in 1948-49, it was decided to distribute approximately \$402,500.00 in cash to member patrons of that year as a patronage dividend, to transfer approximately \$803,400.00 to Reserve Credits, to use approximately \$162,000.00 in payment of income and corporation taxes, and to transfer the remaining portion of the surplus (amounting to approximately \$254,275.00) to members' earnings undistributed.

In carrying out that policy the following disposition was made:—

In payment of cash patronage dividends to member patrons	\$ 406,631.58
In payment of income and corporation taxes	147,152.63
In transfer of Credits in Reserves	813,263.16
In transfers to Members' Earnings Undistributed	255,428.94

\$1,622,476.31

Cheques covering the distribution of patronage dividends were released to our elevator agents for distribution to members on June 16th, 1950.

PURCHASE OF RESERVES.

Pursuant to the authority of the resolution passed by the delegates at our 1949 annual meeting, \$450,003.63 was used in the purchase of Reserves, as follows:—

(a) From 310 members 75 years of age on or before July 31st, 1950	\$ 64,870.55
(b) From 597 members, 70 to 74 years of age on or before July 31st, 1950	144,430.12
(c) From 1072 members, 60 years of age or over on July 31st, 1950 and who had ceased to farm or hold land producing grain	141,373.60
(d) From 704 estates of members who died on or before July 31st, 1950	99,329.36
	<hr/>
	\$ 450,003.63

Under the regulations established by your Board governing these purchases, a Reserve holder who participated in the payment made under classifications (a), (b) and (c) was required to submit a formal application for the amount accruing to him, which application contained information as to his membership number and sub-district, date of birth, whether or not he was engaged in farming, and whether or not he was possessed of land producing grain. For the convenience of such members, forms for the purpose were made available at all Pool elevators. Such applications were required to be completed and filed with head office not later than March 31st, 1950.

It is important to note that the purchases of reserves so made were restricted to reserves accumulated by deductions under the First and Second Series Contracts (1923 to 1928 inclusive) and did not include reserves subsequently accumulated by members by way of credits from patronage dividends, as such purchases are not permissible under Section 46 of our Act of Incorporation until all of the reserves accumulated by members through deductions under their several Marketing Agreements (First and Second Series) and reserves credited to members in lieu of the final payment on wheat delivered by them to the 1928-29 Pool, have been purchased.

Of the so-called "original" reserves, i.e., those which were accumulated by members by way of deductions made under the First and/or Second Series Contracts, and those credited to members in lieu of the final payment accruing to them from deliveries made to the 1928-29 Pool (amounting in total to \$8,467,830.71), reserves to a par value of \$5,276,899.84, representing more than 62% thereof, have been purchased, leaving only \$3,190,930.87 still in the hands of the original holders or their assignees.

Since (and including the year 1940-41) reserves in the amount of \$4,335,846.39 have been credited to members in the distribution of patronage dividends, so that in the aggregate \$7,526,777.26 is standing on our records representing the equities of our members in reserves. In addition, \$941,053.45 in un-allocated reserves is held by Alberta Wheat Pool, bringing the total to the original figure of \$8,467,830.71.

PROMOTIONAL ACTIVITIES

In line with policies followed in previous year, we continued throughout the year to give support, both financial and physical, to various activities calculated to promote the welfare of our agricultural industry and the people engaged in it.

As requested by the delegates at our last annual meeting, the amount contributed to each of the institutions concerned is shown in a supplementary report.

PUBLICITY

The work of the Publicity Department has continued in much the same pattern as in previous years. The main reliance for the distribution of publicity

material is on radio, the Wheat Pool News being broadcast over CFCN, Calgary three times a day, and over CJCA, Edmonton and CFGP, Grande Prairie at 10 o'clock every evening. The Wheat Pool delegates in the Peace River section of District "G" gave a series of radio talks during the winter, as has been the custom in recent years. The delegates in District "D" in the vicinity of Red Deer also gave a series of Wheat Pool talks over radio station CKRD, Red Deer. These radio talks by delegates appear to be well received.

A few weeks ago arrangements were made to give livestock market quotations over CFCN, Calgary after the noon Wheat Pool News, five days a week, Monday through Friday; also over the Wheat Pool News on CFGP, Grande Prairie every evening for five days a week. This entails no extra cost either to the Alberta Wheat Pool or the Alberta Livestock Co-operative.

A certain amount of advertising is done in the weekly and daily newspapers, but mostly in the farm papers.

The Alberta Wheat Pool Budget circulation is approximately 3400. This publication is sent to members on request.

A total of 6400 School Calendars were printed and distributed. This calendar is popular in country and town schools. There has also been a steady demand for "The Story of Wheat" from school teachers and students. The soil conservation pamphlet entitled "Save Our Soil" was produced during the year and 10,000 copies have been distributed. There has been a good demand for this pamphlet.

MEMBERSHIP

ENROLMENT OF MEMBERS.

During the year 2674 new members were enrolled. This brings the total number of producers who have joined our Association since March 31st, 1939 (when, by an amendment to our Act of Incorporation, the way was opened for producers to join on application under Section 6 thereof) to 24,958.

CANCELLATION OF MEMBERSHIPS.

A total of 1173 memberships were cancelled by resolution of the Board under Section 47 of our Act of Incorporation, and the memberships of 368 deceased members were terminated.

The total number of memberships now cancelled or terminated is 23,236.

COUNTRY MEETINGS

Two hundred and forty-seven meetings were held throughout the province during the year, as compared with three hundred and thirty-two meetings held the previous year. Attendance at these 247 meetings totalled 15,997, or an average per meeting of 64.

FIELD SERVICE

On February 28th last, Mr. J. E. Alcock resigned from our Field Service Staff on account of illness. The personnel of the Field force was thereby reduced to six.

On May 1st, 1950, Mr. J. E. Ness of Carmangay, who was then delegate for sub-district "B-8", was added to our Field Staff, and on June 19th last, Mr. J. N. Rhyason, who was then Agent in charge of our elevator at New Norway, was transferred to our Field Service, thereby bringing the personnel up to eight.

BOARD OF DIRECTORS

At a special meeting of the Board held on December 2nd, 1949, immediately following the close of our last annual meeting, Mr. Ben S. Plumer and Mr. E. H. Keith were re-elected as Chairman and Vice-Chairman, respectively, of the Board, and those two, together with Mr. W. J. Blair, were re-elected as the representatives of Alberta Wheat Pool on the Board of each of the three subsidiary Interprovincial Companies, namely, Canadian Co-operative Wheat Producers, Limited, Canadian

Pool Agencies, Limited, and Pool Insurance Company. The other four members of the Board served throughout the year on various standing committees, the personnel of which remained unchanged from that of the previous year.

On April 17th last, your Board and our entire Organization, sustained a major loss in the death of Mr. E. H. Keith following a lengthy illness. The vacancy on the Board created thereby was subsequently filled by the election of Mr. W. R. Mueller of Spirit River (then delegate for sub-district "G-9") as Director for District "G". At a subsequent meeting of the Board, Mr. A. T. Baker was elected as Vice-Chairman of the Board, and later elected to fill the vacancies created by the death of Mr. Keith on the Board of Canadian Co-operative Wheat Producers, Limited, Canadian Pool Agencies, Limited, and Pool Insurance Company, respectively.

Twelve regular meetings and two special meetings of the Board were held during the year.

ELECTION OF DELEGATES

EVEN-NUMBERED SUB-DISTRICTS.

In the general election held in the even-numbered Sub-districts last summer, the members in each of four sub-districts (namely, "A-4", "C-4", "E-4" and "F-10") failed to submit any Nominations and the sitting delegate therein continued to hold office.

In each of seventeen other sub-districts, only one candidate was nominated, and in each case the candidate so nominated was elected by acclamation.

In each of the remaining fourteen even-numbered sub-districts, more than one candidate was nominated and an election held. Complete reports on the results thereof were furnished promptly to each candidate concerned and to all delegates. A postcard was also sent to each member in each of the thirty-five even-numbered sub-districts, advising him or her of the name and address of the delegate who then represented the members in his or her respective sub-district.

BY-ELECTIONS.

Four by-elections were held since our last annual meeting.

Sub-district "D-1". On March 27th, 1950, Mr. Warren J. Byler, who, as delegate for the previous twelve years, had represented the members in sub-district "D-1", resigned from that office because he no longer resided in that sub-district. His resignation was accepted by the Board on March 31st. That office was declared vacant and a by-election proclaimed. Two candidates were nominated and Mr. Ezekiel Anderson of Excel was elected.

Sub-district "G-9". On May 1st, 1950, Mr. W. R. Mueller of Spirit River, who was then delegate for sub-district "G-9", was elected by his fellow delegates in District "G" as a Director to fill the vacancy caused by the untimely death of Mr. E. H. Keith. Inasmuch as our constitution provides that "the Board shall forthwith declare the office of delegate to be vacant when a delegate becomes a Director", the necessary resolution was passed by the Board on May 16th and a by-election called to fill the vacancy. Three candidates were nominated, and of these, Mr. Frank White of Spirit River was elected.

Sub-district "A-7". Early in May, Mr. Paul W. Hinds, then sitting delegate for sub-district "A-7", resigned from that office for the reason that he had sold his farm at Iron Springs and had discontinued farming. On June 20th, his resignation was accepted by the Board and a by-election proclaimed. Mr. Gerrit Nyhof of Monarch was the only candidate nominated and was accordingly elected by acclamation.

Sub-district "D-9". Owing to the sudden and untimely death of Mr. John E. Lundberg on Wednesday, September 13th last, the office of delegate for sub-district "D-9" was made vacant, and on September 19th the Board proclaimed a by-election therein to fill the vacancy, in order that the members of that sub-district might have representation at this meeting. Two candidates were nominated. In the election which followed, Mr. O. W. Nielsen of Eckville was elected.

IN MEMORIAM

The year which has elapsed since we last met in annual meeting took a heavy toll of pioneer co-operators from among our farming population. Among those who were more closely associated with our organization and whose deaths have been recorded with us, are:—

On March 14th, 1950, Mr. Garfield D. Sloan of Cayley, who served as delegate for sub-district "B-8" during the years 1927 and 1928, died in the hospital at High River.

Mr. E. H. Keith of Sexsmith, whose death occurred in the Misericordia Hospital, Edmonton, on April 17th last following a major surgical operation, was born on a farm in New Brunswick in 1887 and educated at Fredericton High School and Acadia University. He came to Alberta in 1911, where he taught school first at Millet and later in the Peace River district. In 1919 he purchased a farm at Sexsmith and became active in U.F.A. work. In 1925 he was elected as an Alberta Wheat Pool delegate, in which capacity he served until 1937, when he was elected to our Board of Directors in succession to Dr. H. W. Wood, who had retired. During his term of office as a member of our Board, Mr. Keith served as Vice-Chairman thereof, and was also a member of the respective Boards of Alberta Pool Elevators, Limited, Canadian Co-operative Wheat Producers, Limited, Canadian Pool Agencies, Limited, Pool Insurance Company, the Alberta Federation of Agriculture, The Canadian Federation of Agriculture, and Alberta Livestock Co-operative, Limited.

On April 19th, Mr. Stephen S. Lunn of Pincher Creek died at his farm home after a long illness. Few men did more to promote the Alberta Wheat Pool than did Mr. Lunn. In 1923 he served as Vice-Chairman of the Provisional Committee, and later on the Board of Trustees, the personnel of which body was responsible for the administration of our organization from its inception in August of 1923, to November 21st, 1923, on which date the first Board of Directors (as elected at the meeting of delegates held November 13th and 14th, 1923) took office.

Early in June last we received word of the death of Mr. Nat Bryant, who, during the years 1929, 1932, 1933 and 1934 served as delegate for sub-district "C-4". Mr. Bryant formerly lived at Hussar, and at the time of his death was seventy-three years of age.

On July 21st last, Mr. David A. Pope of Hayter, who served as delegate for sub-district "F-2" during the period, 1938 to 1944, died in Edmonton at the age of 78 years.

On September 13th last, Mr. John E. Lundberg, who, as delegate for the past five years represented our members in sub-district "D-9", died suddenly at his home in Eckville at the age of 67. Born in Gothenberg, Sweden, Mr. Lundberg emigrated to the United States in the early part of the century. He came to Alberta in 1905 and homesteaded in the Eckville district. In tribute to his contribution to the upbuilding of our co-operative way of life, the Canadian Broadcasting Corporation, last July, featured a special broadcast depicting his life story, emphasizing his devotion to his fellow men and his sublime faith in the co-operative movement as a way of life.

"On Thursday last (November 21st) Mr. Hans Lausen died at his home in Calgary at the age of 87 years. Mr. Lausen was a member of the Board of Trustees of our Organization appointed on August 17th, 1923, and which functioned until the first Board of Directors was elected on November 14th of that year."

For the contribution which each of these men has made to the welfare of humanity in general and of agriculture in particular, our gratitude is hereby recorded.

INTERPROVINCIAL AND NATIONAL RELATIONSHIPS

The administration of our Organization during the year involved a number of matters which required close co-operation with the officials of the sister Pools in Saskatchewan and Manitoba. A comprehensive outline of the various matters with which our three Provincial Wheat Pools concerned themselves jointly is contained in the respective Reports of Canadian Co-operative Wheat Producers, Limited, Canadian Pool Agencies, Limited, and Pool Insurance Company, each of

which will be placed before you during this meeting and therefore need only be referred to herein.

Through the Alberta Federation of Agriculture we have continued our affiliation with, and financial support of, The Canadian Federation of Agriculture. It is through that organization that the problems of agriculture and the solution thereof, as recommended by the various organized units of The Canadian Federation of Agriculture, are channelled to the Government of Canada. Not only has The Canadian Federation of Agriculture earned the confidence and respect of the members of the Canadian Cabinet, but has won high recognition in the International Federation of Agricultural Producers, as evidenced by the fact that the President of our Canadian Organization, Dr. H. H. Hannam, at the meeting of the International Federation of Agricultural Producers held in Saltsjobaden, Sweden, last May and June, was re-elected for the second consecutive year as President of that world-wide agrarian Organization. As guest speaker at our Annual Banquet, Dr. Hannam will report on the work being carried on by each of these two Organizations.

STAFF

Our employees in all Departments now number 789. Of that number, 714 are men and 75 are women. The happy relationship which, over the years, has existed between your Board and Management and between the Management and Staff, marked the year's operations—for all of which our hearty appreciation is herein recorded.

OUR MASTER FARMERS

This Report would be incomplete without some reference to the high recognition recently won by five Alberta farm families in receiving awards as "Master Farm Families"—the Emile J. Cammaert family of Rockyford, the Charles J. Kallal family of Tofield, the Roy Ballhorn family of Wetaskiwin, the E. S. Parson family of Boyle, and the Fred Labrecque family of Spirit River.

Our congratulations are extended to each of these families. Their example will be an inspiration to many others to increase the efficiency of their farming operations.

It is of more than passing interest to note that each of these five families, and each of the five families who won the awards last year, are represented on the membership of the Alberta Wheat Pool.

IN CONCLUSION

Uncertainty marks the trend of agricultural prosperity in the immediate future and in the years ahead. Prices for farm products appear to be less stable than they were a year ago, while the prices of many of the things which enter into farm costs are still soaring. Whatever the future may hold for our farm people, we know that our best form of protection from exploitation lies in building up our co-operative associations and those other organizations previously referred to in this report, which are now so ably representing our industry at provincial and national levels.

Respectfully submitted,

BEN. S. PLUMER,
A. T. BAKER,
LEW HUTCHINSON,
G. G. COOTE,
W. J. BLAIR,
G. L. HARROLD,
W. R. MUELLER.

REPORT OF THE MANAGER

— to the —
TWENTY-EIGHTH ANNUAL MEETING OF DELEGATES
November 28th, 1950

To the Chairman and Delegates,

Alberta Wheat Pool.

Gentlemen:

Re: Operations Alberta Wheat Pool, 1949-50 Season

COUNTRY ELEVATORS

At the commencement of the 1949 crop season we owned 485 country elevators which were available for the handling of the 1949 crop. Owing to a small volume of handlings in prospect at certain points, six of these elevators were not opened and six were closed for a period of one month or more.

Total receipts of grain through country elevators and over the platform during the 1949-50 season consisted of various grains as follows:

	Through Country Elevators	Platform Shipments	Total
	— bushels —		
Wheat	37,100,715	48,225	37,148,940
Oats	6,211,493	15,027	6,226,520
Barley	4,853,577	1,268	4,854,845
Flax	78,208	.....	78,208
Rye	1,068,184	3,481	1,071,665
	<u>49,312,177</u>	<u>68,001</u>	<u>49,380,178</u>

In the previous season receipts of all grain from primary producers through our elevators and over the platform totalled 53,575,595 bushels. Alberta's crop in 1949 produced a much smaller volume than 1948 but the closing of the Five Year Pool brought out large quantities of wheat from previous crops which had been stored on farms and as a result, the handlings through our elevators in the 1949-50 season were greater than would have been normally available from grain produced in 1949.

Last year it was reported that our organization handled 34.39% of all the grain delivered in Alberta which, up to that time, was the highest percentage of deliveries to our elevators since we commenced the handling of grain on the present basis in 1931. We are pleased to report that the deliveries of our members and new patrons in 1949-50 resulted in our handlings being increased still further to 35.12% of the total grain marketed in the province.

Net receipts of all grains through country elevators which were available for the handling of grain during the past season without taking into consideration those closed, resulted in an average handling of 101,675 bushels per elevator compared with an average of 110,582 bushels in the previous year.

As a result of the necessity to extend some leeway to our agents at certain points in order to protect our interests, substantial grade losses were incurred with respect to our operations of last season. However, over-grading as a general competitive factor was not as serious in 1949-50, with the result that our grading losses were reduced considerably as compared to 1948-49 season.

Weather conditions during 1949 were more favourable to the development of weed growth and this, together with the ruling of the Board of Grain Commissioners lowering the tolerance of cracked wheat in 1 Northern wheat resulted in the dockage content of grain shipments being considerably higher than in any previous year in the history of our organization.

We are satisfied that the weighing of grain by our agents, with certain exceptions, has been well in line with our established weighing policy. However, the results of weigh-ups completed at all but thirty of our country elevators show an overall shortage in weights which we consider is due primarily to the reduction of the shrinkage allowance on grains received in country elevators which was made effective by the Board of Grain Commissioners August 1st, 1948.

The Board of Grain Commissioners, after investigations, have made an upward revision of the shrinkage allowance as from August 1st, 1950. The allowance for invisible loss and shrinkage on straight grades of wheat has been increased from $\frac{1}{4}$ of 1% to $\frac{3}{8}$ of 1%. Increased allowances were also made with respect to rye and flax but no change has been made in the shrinkage allowances on oats and barley and on tough and damp wheat.

PROPERTIES

As mentioned in the last report, a new elevator was constructed at Vulcan early in the 1949-50 season. Since our last annual meeting Alberta Pool Elevators has constructed five country elevators located at Boyle, Dapp, Drumheller, Stewart and Tangent. The old elevators at Boyle and Dapp were converted to twin annexes and the No. 2 elevator at Sibbald was demolished in order to make use of the salvage material for new construction elsewhere. These additions give us ownership of 488 country elevators as at July 31st, 1950.

During the year cribbed annexes were constructed at thirteen points where storage capacity was considered insufficient to handle the volume of grain available to us. We also constructed ten permanent balloon annexes and moved two loxtaves to other points. The total number of country annexes as at July 31st, 1950 was 449. All country storage facilities for the season 1950-51 have a licensed capacity of 32,133,150 bushels.

Since July 31st last, three additional permanent balloon annexes have been constructed at Dawson Creek No. 2, Grimshaw No. 2, and Whitelaw, which are now available for the handling of 1950 crop.

Since the last report we have purchased or constructed fourteen dwellings at various points and have sold three which were not considered suitable for our purposes. One dwelling was wrecked and material used at another point. Our properties exclusive of grain handling facilities at July 31st, 1950, consisted of 374 dwellings, twenty-five flour sheds, thirty-two coal sheds and two Calgary warehouses.

In line with our policy over the years of installing electric power in our country elevators as soon as such was made available at local points, we have completed 31 electric power installations since August 1st, 1949 and this fall 267 of our elevators are being operated by electric power.

Proper maintenance of our elevator properties, terminal and country, has continued to receive our attention and in a general way we have been able to take care of essential repairs and replacements. During the year the painting of 73 elevators, 32 dwellings and 29 other buildings was completed which, along with our general repair program, has maintained our elevator properties in a very satisfactory condition.

ELEVATOR SUPERINTENDENTS

One of our Divisional Superintendents, Mr. H. L. McDonald and two of our Travelling Superintendents, Mr. J. S. Johnston and Mr. H. M. Forbes, all of whom had a long period of satisfactory service with this association, retired on pension last July. These men were among the earliest superintendents of our country elevator organization and during their period of service contributed materially to its development.

Mr. McDonald, who was Divisional Superintendent in charge of the southern portion of the province, has been succeeded by Mr. C. L. Nowlin, formerly Divisional Superintendent of elevators in the central section. Mr. F. D. Paterson, formerly a Travelling Superintendent, was appointed to succeed Mr. Nowlin as Divisional Superintendent for the central district.

As a result of these retirements it was necessary to appoint three new Travelling Superintendents from our staff of elevator agents. Those appointed were Mr. H. N. Merrick of Tofield, Mr. O. McCurdy of Grande Prairie and Mr. H. Hawley of Morrin. The total number of Travelling Superintendents remains at nineteen.

FIELD SERVICE

The services of our Fieldmen have been utilized to a considerable extent in holding country meetings and, during the summer and fall months, in connection with the work of the Junior Wheat Clubs, Junior Forage Crop Clubs, and Girls' Garden Clubs. Considerable work was done also by our field staff in an effort to improve our volume of business at certain shipping points.

On December 31st, 1950, Mr. W. F. Grafton, having reached the retirement age under our staff pension plan, terminates his period of service with this organization. Mr. Grafton was one of the first Field Service men employed and has done valuable work for us in various sections of the province, particularly in the Camrose district during more than twenty-two years of service. Mr. J. E. Alcock who was appointed to our Field Service staff May 25th, 1948, resigned his position on February 28th, 1950, on account of ill health.

During the closing months of the year under review, we engaged the services of Mr. J. E. Ness for field work. Mr. Ness was formerly delegate for sub-district B-8 and is located in Drumheller. Mr. J. N. Rhyason, formerly agent at New Norway was transferred to the Field Service work with headquarters at Red Deer. Our Field Service staff numbered eight at the date of this report.

TERMINALS

Pool-owned terminal facilities consist of one terminal at Vancouver with a registered capacity of 5,150,000 bushels and one at Port Arthur of approximately 2,000,000 bushels storage capacity.

The volume of grain handled at the Vancouver terminal was slightly higher than in the previous year. Receipts of grain at that terminal for the 1949-50 season totalled 28,843,187 bushels of grain of which 27,402,894 bushels was wheat and 1,440,293 bushels was coarse grains. The Vancouver terminal also received 23,048 tons of screenings. The volume handled during the previous season was 26,555,889 bushels of wheat and coarse grains and 12,980 tons of screenings.

During the past year the province of British Columbia, pursuant to the provisions of the Workmen's Compensation Act, has adopted regulations for terminal grain elevators effective as from September 1st, 1950, which require very drastic changes with respect to ventilation, equipment, as well as dust control installations in terminal elevators located in the province, and along somewhat similar lines to that enacted five years ago by the province of Ontario. Insofar as our Pool Terminal No. 1 at Vancouver is concerned, even though such is regarded as being of the most modern construction of Pacific Coast terminals, it is evident we are going to be required to undertake important changes involving the expenditure of a substantial sum of money over the next three years.

Our terminal at Port Arthur has continued to be operated by Manitoba Pool Elevators along with their own three terminals and terminal No. 6, which was leased from the Canadian National Railways. The earnings realized by our association from the operations of these terminals under a joint profit-sharing agreement between the Alberta and Manitoba Pool organizations have again been very satisfactory.

During the 1949-50 season approximately 10,413,000 bushels of all grain were shipped East by our Association as compared with approximately 17,530,000 bushels in the previous year. In accordance with our joint terminal agreement with Manitoba Pool Elevators, shipments to Fort William and Port Arthur were directed to terminals controlled and operated by them or, in the alternative, to mills or terminals of Line Companies with which an agreement existed for the payment of a diversion premium. In the past season a total of 48,372,398 bushels

of all grains were unloaded into these five terminals at the Lakehead, of which Manitoba Pool Elevators directed approximately 35,153,000 bushels and our association approximately 8,616,000 bushels. In addition, 4,603,000 bushels were diverted by other interests to these terminals. The volume of grain handled by Manitoba Pool Terminals has continued to justify the leasing of No. 6 terminal with storage capacity of approximately 7,000,000 bushels from the Canadian National Railways which lease has now been renewed for a ten year period as from August 1st, 1950.

SALES DEPARTMENT

Our sales offices at Vancouver, Winnipeg and Calgary handled a total of 49,738,000 bushels of grain with respect to our 1949-50 operations as compared with 53,764,000 bushels in the 1948-49 season. The volume of direct sales was considerably reduced due to the Canadian Wheat Board handling of oats and barley during the past year in addition to wheat. Under these circumstances, our sales were restricted mostly to feeders and feed dealers with the exception of flax and rye and amounted to only 5,369,000 bushels as compared with sales of 20,173,000 bushels of all grain during the previous crop year. Deliveries of grain to the Canadian Wheat Board through our sales offices under our Agreement with the Board, covering the handling of wheat, oats, barley and flax, totalled 44,369,000 bushels in 1949-50 as compared with approximately 33,591,000 bushels of wheat and flax in the previous year.

OPERATING RESULTS

Net operating earnings from our elevator system for the 1949-50 season amounted to \$2,064,211.71 from which deduction must be made for rental to Alberta Pool Elevators Limited consisting of depreciation on elevator properties and equipment totalling \$728,292.10, as well as interest of \$21,250 in connection with the 1929 Pool Overpayment loan. The net surplus for the year was \$1,314,699.61, which is subject to any income tax payable. The disposition of this surplus will depend upon the decision of the delegates at the annual meeting after giving due consideration to capital expenditures required in respect of our 1951 program.

Operating results for the 1949-50 season before providing for depreciation and bond interest were approximately \$138,000 less than in the 1948-49 season. Improved prices for terminal by-products made possible increased revenue from that source. The greater volume of grain carried in store in our Vancouver terminal throughout the season resulted in some additional earnings from storage charges. However, reduced earnings in the country, due chiefly to a smaller handling, offset increases in revenue from other sources. Depreciation for the year was adjusted to maximum rates allowed by the Income Tax Department in accordance with the new depreciation regulations. This resulted in an increased charge for depreciation of approximately \$177,000. The cost of operations including salaries and maintenance charges continued to rise with the result that our expenses, exclusive of interest and depreciation were approximately \$218,000 higher than 1948-49. Under these circumstances, we regard the results of our operations for the 1949-50 season as extremely satisfactory.

GENERAL REMARKS

During the past season, as a result of the decision of our delegates in annual meeting November 1949, we completed the purchase of elevator and commercial reserves from estates as well as from members over sixty years of age who no longer had an interest in the marketing of grain, and including members who had attained the age of seventy years even though still having an interest in the sale of grain, all of which involved a total distribution of \$450,003.63.

The distribution of patronage dividends from the 1948-49 earnings along the lines authorized by the delegates at the 1949 annual meeting resulted in a distribution of \$406,631.58 in cash and \$813,263.16 in reserve credits.

Production of grain in 1950 has exceeded that of 1949, but a considerable quantity of wheat held in store on farms from previous crops was marketed in 1949-50 season prior to the closing of the Five Year Pool and which volume to the same extent will not be available for delivery in 1950-51 season. It is also probable that a considerable percentage of the grain crop in Alberta will not be threshed this fall arising out of continued unfavourable weather conditions and with the likelihood of a further important loss in bushels as well as damage in quality as compared to earlier prospects.

At the commencement of the 1950-51 season, the Canadian Wheat Board approached the country elevator companies with a request for lower storage rates as well as reduced handling charges, and as a result of negotiations the storage rate for the season was set at 1/30 of 1c per bushel per day instead of 1/25 of 1c which was in effect last year. The Alberta Wheat Pool readily agreed that in view of the prospect of large quantities of grain being carried in store in country elevators during the current season, some reduction was warranted and, in fact, we were willing to accept a somewhat greater reduction in storage rates than was ultimately agreed upon.

In view of the uncertainty of several important factors entering into our operations for the coming season, including the cost of operations, it is difficult to forecast prospective earnings, but unless something unforeseen occurs it is anticipated that the net earnings for the year will be somewhat lower than in the past year.

Two years ago our Board of Directors undertook to extend recognition to employees in respect to long service and approved of the presentation of gold watches to those of our employees who have served our association for a period of twenty-five years. Up to this date twenty-five of our staff have qualified for this recognition.

Before closing this report I desire to take the opportunity of expressing once again the sincere appreciation of the Management concerning the efficient manner in which employees of all departments, including our elevator agents, travelling superintendents, and field staff, have contributed of their services through the past season toward the extremely satisfactory results reflected in the Statement of Operations now being presented for your consideration.

Respectfully submitted,



Manager.

HARVEY, MORRISON & CO.

CHARTERED ACCOUNTANTS

KENNETH J. MORRISON, F. C. A.
W. HERBERT NIELD, C. A.
J. STUART SIMPSON, C. A.

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

Lougheed Building,
Calgary, Alberta,
14th October, 1950.

Dear Sirs:—

We have audited the books of account of your Association for the year ended 31st July, 1950, and submit herewith the following statements which we have verified with the books:

1. Balance Sheet as at 31st July, 1950.
2. Statement of Operations for the year ended 31st July, 1950.
3. Consolidated Comparative Balance Sheet of Alberta Wheat Pool and Alberta Pool Elevators Limited as at 31st July, 1950 and 31st July, 1949.

Operations.

The operations for the year under review have resulted in a net earning of \$1,314,669.61, as summarized hereunder:

Total Operating Revenue	\$6,012,259.45
Total Operating Expenses	3,948,047.74

Earnings, before providing for Bond Interest
and for Rental equivalent to Depreciation \$2,064,211.71

Deduct—

Interest in respect of 1929 Pool Overpayment	\$ 21,250.00
Rental Equivalent to Depre- ciation on Buildings and Equipment	728,292.10
	749,542.10

Net Operating Earnings \$1,314,669.61

The interest in respect of the 1929 Pool Overpayment, in the amount of \$21,250.00 as shown above, represents the interest on the Bonds held by the Bank and outstanding at 31st July, 1950, in the amount of \$600,000.00. This interest charge replaces the interest previously paid to the Alberta Provincial Government in connection with the 1929 Pool Overpayment.

The rental which is equivalent to depreciation on the assets of Alberta Pool Elevators Limited is in terms of an annual agreement between your Association and Alberta Pool Elevators Limited.

The rental for the year under review amounts to \$728,292.10, compared with the sum of \$551,283.46 for the year ended 31st July, 1949. The increase of approximately \$177,000.00 in the current year compared with a year ago is, in the main, caused by a revision of income tax regulations regarding depreciation. Another factor, of course, is the additional depreciation on the amount of capital expenditures made during the year, amounting to \$777,145.46.

The previous method of calculating depreciation was to take a percentage on the original cost of the assets. The new regulations require the calculation to be made on the cost of the assets less the depreciation which has been taken up to the date of the accounts. To offset the difference between actual cost and depreciated value, the rates of depreciation have been substantially increased. The depreciation which is being taken is the maximum amount allowable under the Act resulting in increasing the amount which can be taken for depreciation to the sum of \$728,292.10.

The rates which have been used in the preparation of the accounts are still subject to approval by the Department of National Revenue and representations in this regard have been made by a committee of the Grain Trade and the Wheat Pools, but no final approval has yet been received. It is also possible that certain other adjustments may still have to be made in respect of the depreciation reserves, but your Management and Board of Directors have agreed that for the accounts presented herewith the maximum allowances under the present regulations should be taken.

It will be recalled that in certain prior years depreciation on your terminals was taken at the rate of 5% per annum. When your Organization became taxable, the Income Tax Department ruled that depreciation on terminals should not exceed 3%, and to comply with this regulation an adjustment in the terminal depreciation reserves has been made. The result of the adjustment to the terminal depreciation reserves meant a lowering of the depreciation reserves by the sum of \$1,132,757.33, and this amount has been added to the earned surplus account.

Details of the operating revenues and expenses are shown in the attached Operating Statement, and we have examined the supporting material in connection with the various items. Additional details in connection with the revenues and expenses are supplied to the delegates by way of supplementary reports.

Balance Sheet.

Inventories of Grain on Hand—\$9,772,975.89.

Inventories of grain on hand at the close of the fiscal period are shown at the book figure of \$9,772,975.89, compared with inventories on hand at the end of the previous year amounting to

\$5,809,457.34. The value of the inventories on hand at the close of the fiscal year represent a very considerable amount of grain and every precaution has been taken to ensure the accuracy of this amount. It will be appreciated that it is not practicable to have an official weigh-up at all points as at 31st July, the end of the fiscal year. The inventory of grain in the majority of your country elevators, however, has been weighed-up once during the year under review and the records have been adjusted in accordance with these weigh-ups. The grain on hand at the Vancouver Terminal has been weighed-up since the close of the fiscal period and the adjustments made in these stocks for the year end closing were found to be adequate. We are therefore of the opinion that all reasonable precautions have been taken to ensure the accuracy of the amount of the grain on hand, and we are satisfied that the basis of valuation has been properly and consistently applied.

Elevator and Commercial Reserves Purchased—\$941,053.45.

Carrying out the instructions of the delegates, your Association has, from time to time, purchased elevator and commercial reserves, which purchases, up to 31st July, 1950, amounted to \$5,276,899.84. In satisfaction of patronage dividends which have been authorized by your delegates, these reserves have been re-issued to the extent of \$4,335,846.49. At 31st July, 1950, therefore, your Association has on hand undistributed reserves of \$941,053.45, which are carried as an asset pending final disposition either by re-issue or cancellation. In the Consolidated Balance Sheet, which is issued for the information of the delegates, these reserves on hand have been deducted from the total reserves and the net amount of the reserves issued only is shown.

Income Tax.

The income tax liability to 31st July, 1949 has been fully paid, subject only to the final approval of Ottawa of the assessment for the year ended 31st July, 1949.

The liability for the year under review can only be ascertained after the decision as to the distribution of earnings has been made at this annual meeting of delegates. The net earnings of the year under consideration, amounting to \$1,314,669.61, are shown on the Balance Sheet as a current liability and the segregation of the payment to growers and the Income Tax Department will be finally determined after the decision of the delegates in respect of distribution.

Earned Surplus—\$1,703,285.50.

The earned surplus as at 31st July, 1949 was reported in the amount of \$318,202.51, compared with the present figure of \$1,703,285.50. As previously reported, the main increase is attri-

butable to the adjustment of depreciation on the terminals, amounting to \$1,132,757.33. The remainder of the increase is represented by the balance of the earnings for the season 1948/1949 not distributed to growers and amounting to a net figure of approximately \$255,000.00.

For the information of the delegates, an analysis is supplied giving detailed particulars with respect to the assets and liabilities of your Association at the close of the fiscal period.

Yours faithfully,

HARVEY, MORRISON & CO.,

Chartered Accountants

ALBERTA WHEAT POOL
CALGARY, ALBERTA

BALANCE SHEET AS AT 31st JULY, 1950

ASSETS

Current—

Cash in Banks, On Hand and in Transit	\$ 152,207.56
Bonds—Dominion of Canada Victory Bonds—Par Value \$2,250,000.00—Cost	2,351,250.00
Stocks of Grain and Coal	9,772,975.89
Advances on Grain	3,900.00
Accounts Receivable	494,343.33
Alberta Pool Elevators Limited	312,707.92
Accrued Items Receivable	84,168.63
	<u>\$13,171,553.33</u>

Deferred Charges—

Staff Pension Plan, Supplementary Annuities	\$ 50,454.00
Accounts Applicable to 1950-1951 Season	215,869.16
	<u>266,323.16</u>

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 \$12.00 per share)	64,500.00
Canadian Pool Agencies Limited (Fully Paid)	6,670.00
Elevator and Commercial Reserves—Purchased	\$5,276,899.84
Less Re-distributed to Member Patrons	4,335,846.39
	<u>941,053.45</u>
	<u>5,862,223.45</u>

Fixed Assets—

Grain Exchange Memberships	9,302.00
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\$19,309,401.94

CALGARY, Alberta, 14th October, 1950.

We have audited the books of account of the Alberta Wheat Pool for the year ended 31st July, 1950, and have received all the information and explanations we have required. Subject to our attached Report of this date, we certify that the above Balance Sheet is, in our

ALBERTA WHEAT POOL
CALGARY, ALBERTA

BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES

Current—

Outstanding Cheques, Cash Tickets and Orders	\$3,197,749.29
Bank Loans	3,490,000.00
Accounts Payable	279,718.13
Accrued Items Payable	110,655.48
Provisional Advances on Grain	4,500.00
Growers—Outstanding Payments	140,993.22
Net Earnings—Season 1949-1950	1,314,669.61
	<u>\$8,538,285.73</u>

Deferred—

Bank of Montreal—First Mortgage Bonds	600,000.00
Maturing at the rate of \$300,000.00 annually due 1st June, 1951 and 1st June, 1952.	

Reserves and Surplus—

Elevator Reserves	\$6,033,655.39
Commercial Reserves	2,434,175.32
	<u>\$8,467,830.71</u>
Earned Surplus	1,703,285.50
	<u>10,171,116.21</u>

Contingent Liability—

Guarantee re Alberta Livestock Co-operative Limited, in an amount
up to \$5,000.00—Expires 8th January, 1951.

\$19,309,401.94

opinion, properly drawn up so as to exhibit a true and correct view of the financial position
of the Alberta Wheat Pool as at 31st July, 1950, according to the information and explanations
given to us and as shown by the books.

HARVEY, MORRISON & CO.,
Chartered Accountants.

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950

EXPENSES

Elevator Operating Expenses—

Salaries and Wages	\$1,151,347.72
Cost of Living Bonus	149,013.30
Helpers' Wages	61,890.07

Repairs—

Country Elevators—

By Maintenance Department	\$202,309.05
By Agents	3,737.65

Dwellings—

By Maintenance Department	\$ 67,663.39
By Agents	3,793.43

Elevator Approaches

Terminals	78,788.69
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Maintenance Department—Overhead—

Salaries	\$ 46,443.93
Cost of Living Bonus	6,856.50
Travelling and Sustenance	13,070.60
Auto and Truck Expenses	11,207.53
Warehouse Stocks Expenses	1,744.18
Holidays with Pay Stamps	1,447.67
Warehouse Expenses	1,444.87
Small Parts and Supplies	1,267.50
Workmen's Compensation Board	1,144.82
Equipment Maintenance	991.88
Auto and Truck Insurance	917.04
Freight, Express and Cartage	289.56

86,826.08

452,290.11

231,281.43

Taxes—Municipal and School

Insurance—

Grain	\$ 87,734.98
Buildings	68,880.73
Fidelity Bonds	6,948.24
Public Liability	573.65

164,137.60

72,166.20

48,661.61

28,717.51

Power—Electric and Natural Gas

Tools, Supplies and Repair Parts

Heat, Light and Water

Telephone Rentals

Telephone Tolls

\$ 16,719.45

3,664.82

20,384.27

20,099.71

18,510.25

16,522.55

15,744.63

11,156.10

8,561.51

8,232.80

6,854.75

6,211.35

Terminal Rentals

Gasoline and Kerosene

Workmen's Compensation Board

Stevedoring Charges

Postage and Box Rentals

Site Rentals

Travelling and Moving

Railway Car Repairs and Liners

Stationery

Carried Forward

\$2,491,783.47

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950

REVENUE

Gross Revenue from Trading and Grain Operations	\$2,414,307.18
Country Carrying Charges	1,941,477.57
Vancouver Terminal Elevation Charges	574,743.73
Storage Charges	399,138.86
Port Arthur Terminal Earnings	253,361.28
Diversion Premiums	145,687.58
Cleaning and Separation Charges	112,982.35
Rentals—Agents' Dwellings, etc.	72,920.15
Terminal Sacking Charges	70,319.37
Coal Operations	2,474.77
Drying Charges	1,620.88
Rentals—Portable Cleaners	1,065.75
Miscellaneous Revenue	22,159.98

Carried Forward

\$6,012,259.45

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

EXPENSES

Elevator Operating Expenses (Continued)—

Brought Forward	\$2,491,783.47
Receiving Grain Prices	5,200.67
Boiler, Scales and Air Tank Inspections	4,428.25
Licenses and Bond Premiums	4,259.84
Lubricating Oils and Greases	3,618.23
Rural Electrification Costs	3,176.48
Mail Allowances	2,929.50
Freight, Express and Cartage	2,600.57
Agents Meeting Expenses	2,009.80
Terminal Registration Fees	1,167.42
Portable Cleaner Parts and Repairs	360.57
Government Inspection and Weighing—Overtime	329.55
Miscellaneous	3,310.55
	<hr/>
	\$2,525,174.90

Office and General Expenses—

Salaries and Wages	\$387,051.61
Cost of Living Bonus	50,560.89
Rentals	35,990.95
Printing, Stationery and Supplies	21,183.39
Telephone Rentals	\$ 5,679.75
Telegrams and Telephone Tolls	11,597.28
	<hr/>
Postage and Meter Rentals	17,277.03
Business Taxes	12,383.75
Audit Fees and Expenses	12,230.44
Repairs and Alterations	9,943.60
Broadcasting Grain Prices	7,245.19
Travelling and Moving	5,902.10
Workmen's Compensation Board	4,221.78
Insurance and Maintenance of Office Equipment	4,184.29
Light and Power	3,925.31
Automobile Expenses	2,351.51
Freight, Express and Cartage	1,667.51
Licenses and Bonds	1,360.92
Legal Fees and Expenses	1,323.39
Membership Fees	1,274.44
Checking Inspections at Winnipeg	1,002.50
Fidelity Bonds	493.20
Miscellaneous	303.26
	<hr/>
	4,868.43
	<hr/>
	586,745.49

Elevator Superintendence—

Salaries	\$ 82,072.00
Cost of Living Bonus	7,801.86
Travelling and Sustenance	14,411.11
Automobile Expenses	13,198.14
Automobile Insurance	1,461.55
Workmen's Compensation Board	782.50
Supplies	91.92
	<hr/>
	119,819.08
Carried Forward	<hr/>
	\$3,231,739.47

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

REVENUE

Brought Forward \$6,012,259.45

Carried Forward \$6,012,259.45

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

EXPENSES

Brought Forward	\$3,231,739.47
Publicity and Advertising—	
Salaries	\$ 10,890.00
Cost of Living Bonus	1,008.06
Radio Broadcasts	30,081.25
Advertising	7,992.62
Circulars, Pamphlets and Calendars	6,319.47
The Budget	4,089.94
Travelling and Sustenance	807.45
Subscriptions and Library	516.25
Printing Plates and Photos	430.66
Postage	224.54
Miscellaneous	110.25
	<hr/>
	62,470.49
Field Service—	
Salaries	\$ 23,906.00
Cost of Living Bonus	2,310.15
Automobile Expenses	4,266.01
Travelling and Sustenance	3,633.40
Motion Picture Expenses	2,214.69
Automobile Insurance	483.64
Telephone Tolls	241.64
Workmen's Compensation Board	240.29
	<hr/>
	37,295.82
General Administration—	
Employees' Pension Fund	\$ 66,223.69
Directors' Fees	13,332.33
Directors' Expenses	8,784.00
Contributions—Educational and Charitable	19,413.00
Legal Fees and Expenses	15,293.48
Unemployment Insurance	15,032.94
Annual Meeting of Delegates	12,929.73
Special Meeting of Delegates	412.90
Junior Farm Clubs	5,840.56
Girls' Garden Clubs	1,557.41
Farm Young People's Week	890.17
Junior Farm Camps	700.00
Alberta Federation of Agriculture	8,297.00
Proportion of Central Expenses	7,795.43
Membership Lists and Ballots	2,698.38
Delegates' Country Expenses	2,575.40
Country Meetings—Hall Rents, etc.	812.38
Trustees' Fees	200.00
Miscellaneous	3,431.50
	<hr/>
	186,220.30
Interest, Exchange, Brokerage, etc.	
Interest—Current	\$272,087.28
Mortgage Interest	28,593.79
Bank Exchange and Payors' Commissions	129,167.86
Excise Tax	11,687.42
Brokerage on Grain	8,068.32
Postage, Insurance, etc. on Funds	1,966.99
	<hr/>
	451,571.66
Carried Forward	\$3,969,297.74

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

REVENUE

Brought Forward \$6,012,259.45

Carried Forward \$6,012,259.45

**ALBERTA WHEAT POOL
CALGARY, ALBERTA**

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

EXPENSES

Brought Forward	\$3,969,297.74
Rental—Equivalent to Depreciation—	
Country Elevators—15%	\$298,939.30
Annexes, Dwellings and Sheds—10%	193,290.43
Country Elevator Equipment—20%	4,194.22
	<hr/>
	\$496,423.95
Vancouver Terminal—	
Structure—5%	\$ 45,430.20
Machinery and Equipment—20%	95,263.47
	<hr/>
	140,693.67
Port Arthur Terminal—	
Structure—5%	\$ 17,371.31
Machinery and Equipment—20%	36,701.60
	<hr/>
	54,072.91
Automobiles and Trucks—30%	
Office Equipment—20%	23,055.15
Calgary Warehouses—10%	12,431.42
	<hr/>
	1,615.00
Net Operating Earnings	
	728,292.10
	1,314,669.61

\$6,012,259.45

ALBERTA WHEAT POOL
CALGARY, ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED
31st JULY, 1950 (Continued)

REVENUE

Brought Forward \$6,012,259.45

\$6,012,259.45

ALBERTA WHEAT POOL AND ALBERTA POOL ELEVATORS
LIMITED
CALGARY, ALBERTA

CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1950, AND
COMPARISON WITH 31st JULY, 1949

ASSETS

	<u>31st July, 1949</u>	<u>31st July, 1950</u>
Current—		
Cash in Banks, On Hand and In Transit	\$ 1,127,648.90	\$ 152,207.56
Bonds—Dominion of Canada—Cost	2,351,250.00	2,351,250.00
Stocks of Grain and Coal	5,809,457.34	9,772,975.89
Advances on Grain	20,412.49	3,900.00
Accounts Receivable	586,029.22	494,343.33
Accrued Items Receivable	67,068.22	84,168.63
	<u>\$ 9,961,866.17</u>	<u>\$12,858,845.41</u>
Deferred Charges—		
Staff Pensions—Supplementary Annuities	\$ 75,681.00	\$ 50,454.00
Applicable to Ensuing Seasons	187,451.53	215,869.16
	<u>\$ 263,132.53</u>	<u>\$ 266,323.16</u>
Fixed Assets—		
Buildings and Operating Machinery	\$13,860,562.26	\$14,622,549.77
Less Depreciation Reserves	9,840,326.54	9,382,825.32
	<u>\$ 4,020,235.72</u>	<u>\$ 5,239,724.45</u>
Elevator and Office Equipment, Autos, etc.	\$ 281,958.20	\$ 297,116.15
Less Depreciation Reserves	158,681.83	172,793.04
	<u>\$ 123,276.37</u>	<u>\$ 124,323.11</u>
Grain Exchange Memberships	\$ 9,302.00	\$ 9,302.00
Shares—Pool Insurance Company	64,500.00	64,500.00
Canadian Pool Agencies Limited	6,670.00	6,670.00
	<u>\$ 80,472.00</u>	<u>\$ 80,472.00</u>
	<u>\$ 4,223,984.09</u>	<u>\$ 5,444,519.56</u>
	<u><u>\$14,448,982.79</u></u>	<u><u>\$18,569,688.13</u></u>

ALBERTA WHEAT POOL AND ALBERTA POOL ELEVATORS
LIMITED
CALGARY, ALBERTA

CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1950, AND
COMPARISON WITH 31st JULY, 1949

LIABILITIES

	<u>31st July, 1949</u>	<u>31st July, 1950</u>
Current—		
Bank Loans	\$ 856,000.00	\$ 3,490,000.00
Outstanding Cheques, Cash Tickets and Orders	2,886,988.47	3,197,749.29
Accounts Payable	176,911.50	279,718.13
Accrued Items Payable	94,927.07	110,655.48
Provisional Advances on Grain Sales	600.00	4,500.00
Growers—Outstanding Payments	155,877.17	140,993.22
Earnings for Current Period	1,622,476.31	1,314,669.61
	<u>\$ 5,793,780.52</u>	<u>\$ 8,538,285.73</u>
Deferred—		
Bank of Montreal—First Mortgage Bonds	\$ 900,000.00	\$ 600,000.00
Northern Grain Company Limited—Secured by Mortgages	200,000.00	100,000.00
Mortgages on Dwellings	8,639.82	9,634.32
	<u>\$ 1,108,639.82</u>	<u>\$ 709,634.32</u>
Reserves—		
Elevator and Commercial Reserves—Net	\$ 7,155,274.09	\$ 7,526,777.26
Surplus—		
Earned Surplus	\$ 318,202.51	\$ 1,703,285.50
Capital Surplus	73,085.85	91,705.32
	<u>\$ 391,288.36</u>	<u>\$ 1,794,990.82</u>
	<u><u>\$14,448,982.79</u></u>	<u><u>\$18,569,688.13</u></u>
Contingent Liabilities—		
Uncompleted Contracts	\$ 105,096.00	\$ 177,692.80
Guarantee—Alberta Livestock Co-operative Limited—up to	5,000.00	5,000.00
(Expires 8th January, 1951)		

CALGARY, Alberta, 14th October, 1950.

Certified to be a consolidation of the Balance Sheets of Alberta Wheat Pool and Alberta Pool Elevators Limited as at 31st July, 1950, showing a comparison with the position as at 31st July, 1949, subject to our Reports in connection therewith.

HARVEY, MORRISON & CO.,
Chartered Accountants.

HARVEY, MORRISON & CO.

CHARTERED ACCOUNTANTS

KENNETH J. MORRISON, F.C.A.
W. HERBERT NIELD, C.A.
J. STUART SIMPSON, C.A.

To the Shareholders,
Alberta Pool Elevators Limited,
CALGARY, Alberta.

Lougheed Building,
Calgary, Alberta,
21st September, 1950.

Dear Sirs:—

We have completed our audit of the books of account of your Company for the year ended 31st July, 1950 and submit herewith the Balance Sheet as at that date which is in agreement with the books.

As in previous years, the elevator facilities of your Company are leased to the Alberta Wheat Pool and, in accordance with the lease agreement, rental of these facilities, measured by the depreciation on the assets, has been provided in respect of the year under review at the following rates:

Terminals	5%
Country Elevators	15%
Annexes, Dwellings, Coal and Flour Sheds and Warehouses	10%
Country Elevator Equipment	20%
Terminal Elevator Equipment	20%
Office Furniture and Equipment	20%
Automobiles and Trucks	30%

Effective for the first time, during the period under review the rates permitted by the Income Tax Department for capital cost recovery have been varied from the rates previously allowed for depreciation. The annual amount of the capital cost recovery is on the net book value of the assets instead of on the original cost under the previous regulations. The above-mentioned rates are the maximum allowable under the present regulations of the Income Tax Act and the total depreciation provision for the year amounts to \$728,292.10 as compared with the \$551,283.46 for the year ended 31st July, 1949.

While the amount taken for depreciation this year is in excess of the previous year, the annual amount under the new rates will gradually diminish.

During the year under review, an adjustment was made reducing the terminal depreciation reserve by the sum of \$1,132,757.33. This adjustment was made in order to bring the accounts into agreement with Income Tax regulations. After taking this and other adjustments in respect of sales and disposals into consideration, the

total depreciation reserves as at 31st July, 1950, amounted to \$9,555,618.36 as compared with \$9,999,008.37 as at 31st July, 1949. The net reduction was \$443,390.01.

As reported a year ago, the capital surplus appearing on the Balance Sheet is made up of amounts, in excess of book value, received in respect of fire losses, sales, etc. As at 31st July, 1949, the balance of this surplus was \$73,085.85, as compared with \$91,705.32 shown on the Balance Sheet submitted herewith, the increase being the amount of \$18,619.47.

Property changes during the year are summarized hereunder:—

	<u>31st July, 1949</u>	<u>31st July, 1950</u>
Elevators	485	488
Annexes	424	449
Dwellings	364	374
Coal Sheds	32	32
Flour Sheds	27	25
Warehouses	2	2

Details of the above changes will be fully reported in the analysis submitted to the Delegates.

The net increase in investments in properties during the year was \$777,145.46.

Yours faithfully,

HARVEY, MORRISON & CO.,

Chartered Accountants.

ALBERTA POOL ELEVATORS LIMITED
CALGARY, ALBERTA

BALANCE SHEET AS AT 31st JULY, 1950

ASSETS

PROPERTY—

Buildings and Operating Machinery (Cost)—

Country Elevators (488) and Annexes (449)		\$ 9,584,000.99
Coal Sheds (32)		11,926.49
Flour Sheds (25)		12,783.00
Dwellings (374)		1,199,257.61
		<hr/>
Less Depreciation Reserve		\$10,807,968.09
		7,369,260.36
		<hr/>
Vancouver Terminal	\$	3,063,214.43
Less Depreciation Reserve		1,769,929.15
		<hr/>
Port Arthur Terminal	\$	712,412.05
Less Depreciation Reserve		239,370.81
		<hr/>
Calgary Warehouses (2)	\$	18,800.00
Less Depreciation Reserve		4,265.00
		<hr/>
Equity in Wheat Pool Building, Winnipeg		14,535.00
		20,155.20
		<hr/>
		\$5,239,724.45

EQUIPMENT (Cost)—

Office Furniture and Equipment	\$ 160,829.18
<i>Less Depreciation Reserve</i>	<u>111,103.52</u>
	\$ 49,725.66
Automobiles	\$ 96,270.16
<i>Less Depreciation Reserve</i>	<u>42,474.81</u>
	53,795.35
Terminal Equipment	\$ 14,502.28
<i>Less Depreciation Reserve</i>	<u>10,480.04</u>
	4,022.24
Portable Cleaners and Loaders	\$ 12,017.84
<i>Less Depreciation Reserve</i>	<u>8,734.67</u>
	3,283.17
Elevator Maintenance and Sundry Equipment—Net Value	<u>13,496.69</u>
	124,323.11

CALGARY, Alberta, 21st September, 1950.

In accordance with the provisions of the Companies Act, we have to report that we have audited the books of account of Alberta Pool Elevators Limited for the year ended 31st July, 1950, and have received all the information and explanations we have required. In our opinion.

ALBERTA POOL ELEVATORS LIMITED
CALGARY, ALBERTA

BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES

CURRENT—

Alberta Wheat Pool \$ 312,707.92

DEFERRED—

Northern Grain Company Limited \$ 100,000.00
Secured by Mortgage on Properties, payable 2nd July, 1951 with
Interest at 3½%.
Mortgages on Dwellings 9,634.32

109,634.32

CAPITAL AND SURPLUS—

Authorized—

500,000 Shares of \$10.00 each \$5,000,000.00

Issued—

485,000 Shares—Fully Paid \$4,850,000.00
Capital Surplus 91,705.32

4,941,705.32

CONTINGENT LIABILITIES—

Bank of Montreal—First Mortgage Debentures \$ 600,000.00
Uncompleted Building Contracts 177,692.80

Approved on behalf of the Board.

BEN S. PLUMER, Director.

A. T. BAKER, Director.

\$5,364,047.56

the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st July, 1950, according to the best of our information and the explanations given to us and as shown by the books of the Company.

HARVEY, MORRISON & CO.,
Chartered Accountants.

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

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 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 submitted for Alberta Pool Elevators Limited.

ASSETS

CURRENT \$13,171,553.33

CASH IN BANKS, ON HAND AND IN TRANSIT \$ 152,207.56

In Banks \$ 88,535.08

On Hand and In Transit 63,158.48

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 and Appeal Funds 514.00

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

\$ 152,207.56

BONDS—DOMINION OF CANADA 2,351,250.00

Investment in Sixth and Ninth Victory Loans
 —at Cost.

STOCKS OF GRAIN AND COAL 9,772,975.89

Representing grain and coal on hand in country and terminal elevators and in transit as at 31st July, 1950, as follows:—

Wheat	5,835,482	bus.	\$8,844,228.35
Oats	484,527	"	244,086.04
Barley	457,731	"	329,769.62
Flax	5,729	"	18,811.17
Rye	145,146	"	190,758.48
Mixed Feed Oats	78,235	"	56,329.40
Screenings	2,680	tons	80,450.00
Coal	1,431,650	lbs.	6,842.41
Freight Paid on Grain in Transit			1,700.42

\$9,772,975.89

ADVANCES ON GRAIN 3,900.00

Representing advances secured by grain in store.

ALBERTA WHEAT POOL
 Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

CURRENT—(Continued)

ACCOUNTS RECEIVABLE \$ 494,343.33

Representing accounts owing to the Pool as at 31st July, 1950, as follows:—

Manitoba Pool Elevators Limited \$ 284,920.13

In respect of Port Arthur Terminal earnings for the year ended 31st July, 1950, and since collected.

The Canadian Wheat Board 102,853.63

Paid in full subsequent to 31st July, 1950.

Sundry Accounts being due from Grain Companies and Others 22,280.48

Accounts incurred in the usual course of business, the majority of which have since been paid.

Agents and Staff Accounts 2,819.80

Recoverable by deduction from Salaries.

Terminal Department Accounts 41,824.64

Amounts owing by grain and feed companies for purchases of feed grains.

Domestic Freight Collectible—Vancouver 9,722.27

Freight recoverable from Railways on grain sold at Vancouver.

Freight and Subsidies Collectible in respect of Feed Grains Sold at Vancouver 9,276.44

Recoverable from the Dominion Government re special allowances to purchasers of feed grains.

Manifest Charges Collectible in respect of Shipments of Grain 8,338.06

Growers' Accounts—Current 7,710.95

In addition to the above, the sum of \$1,183.11 is due from growers and collectible from reserves. This amount, however, has been fully reserved for and no value is shown in the attached accounts.

Great West Life Assurance Company 4,141.53

Group Life Premiums recoverable from Employees.

Public Utilities Deposits 350.90

Rentals Receivable 80.50

Deposits on Oil Drums—Vancouver 24.00

\$ 494,343.33

ALBERTA POOL ELEVATORS LIMITED \$ 312,707.92

Balance owing to Alberta Wheat Pool on current account.

ACCRUED ITEMS RECEIVABLE 84,168.63

Representing amounts due at 31st July, 1950, but not collectible until later, as follows:

ALBERTA WHEAT POOL
 Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

CURRENT—(Continued)

ACCRUED ITEMS RECEIVABLE—(Continued).

Country Elevator Department—

Interest on Victory Bonds, etc.	\$ 25,088.57
Storage and Handling Charges accrued on outstanding storage tickets	2,976.29
Storage and Commission Charges on Cars Shipped	847.98
Charges Accrued on Cars Unloaded but not delivered	1,289.15

Terminal Department—

Elevation Charges	42,877.06
Storage Charges	11,089.58
<u>\$ 84,168.63</u>	

TOTAL CURRENT ASSETS	\$ 13,171,553.33
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DEFERRED CHARGES	\$ 266,323.16
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Representing the following expenditures accruing to the benefit of the operations of future years.

Staff Pension Plan—Supplementary Annuities	\$ 50,454.00
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Represents the balance of the payments made to the Dominion Government at the inauguration of the Pension Plan for Past Services. The Income Tax Department allows the original payment to be spread over ten years and the above amount of \$50,454.00 will be written-off to operations during the next two years.

Country Elevator Department—

Proportion 1950 Taxes and Licenses	\$ 84,669.58
Unexpired Insurance and Bond Premiums	19,957.51
Gasoline and Lubricating Oils on Hand	1,775.04
Mutual Telephone Rentals Paid in Advance	246.75
Business Taxes and Licenses	1,231.09
Alberta Federation of Agriculture Dues	1,382.00
	<u>109,261.97</u>

Terminal Department—

City of Vancouver Taxes	\$ 17,413.16
Water Lot Rentals	13,895.68
Workmen's Compensation Assessments	1,125.00
Railway Siding Rental	567.00
Sundry Rentals	141.87
Licenses	25.00
	<u>33,167.71</u>
Repair Stocks	35,670.14
Stationery Stocks	10,422.62
Paint Stocks	1,567.06
Office Alterations	24,795.26

ALBERTA WHEAT POOL
 Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

DEFERRED CHARGES—(Continued).

Unemployment Insurance Stamps	791.55
Cheque Stamps	174.52
Holidays with Pay Stamps	18.33
	\$ 266,323.16

SHARES AND INVESTMENTS \$5,862,223.45

Shares in Alberta Pool Elevators Limited	\$4,850,000.00
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For the years 1924 to 1928, a deduction of 2c per bushel was made by your Organization on all deliveries to the Pool. The amount of these accumulations at 31st July, 1940 was \$4,996,101.04. The delegates, at the 1940 annual meeting, instructed that the balance of the 1928 Final Payment, amounting to \$1,037,554.35, should be added to the Elevator Reserves, and regarded as being in the same category as previous deductions. This addition brings the Elevator Reserves at 31st July, 1950 to the amount of \$6,033,655.39. The purpose of these deductions was to obtain funds to build up the elevator system, and the money so obtained has been invested in shares of Alberta Pool Elevators Limited to the extent of \$4,850,000.00, which represents all of the issued shares of that Company.

Shares in Pool Insurance Company	64,500.00
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Your Organization has subscribed for shares in this Company to a par value of \$75,000.00. As at 31st July, 1950, 74% of this amount has been called up, plus a premium of \$12.00 per share, thus bringing the amount paid in respect of these shares to the above-mentioned figure of \$64,500.00. Your Pool participates in the earnings of this Company on the basis of business contributed.

Shares in Canadian Pool Agencies Limited	6,670.00
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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.

Elevator and Commercial Reserves	941,053.45
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In conformity with the instructions of delegates in annual meetings, Elevator and Commercial Reserves have been purchased to an aggregate value of \$5,276,899.84. By author-

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

SHARES AND INVESTMENTS—(Continued).

Elevator and Commercial Reserves (Continued)—

ity of the delegates, the sum of \$4,335,846.39 has been distributed to members in respect of refunds of excess charges for the seasons 1940-1941 and 1943-1944 to 1948-1949 inclusive. The balance of reserves purchased, as shown above is still in possession of the Pool.

\$5,862,223.45

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
	<u>\$ 9,302.00</u>

TOTAL ASSETS OF ALBERTA WHEAT POOL \$19,309,401.94

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES

CURRENT		\$8,538,285.73
OUTSTANDING CHEQUES, CASH TICKETS AND ORDERS		\$3,197,749.29
Representing Cheques, Cash Tickets, etc., which were issued but not presented for payment as at 31st July, 1950, as follows:		
Outstanding Cheques	\$ 647,967.35	
Cash Tickets	2,539,626.41	
Advance Orders	9,073.05	
Wartime Salvage—Vouchers	196.16	
Pool Payments, Cheques and Money Orders	886.32	
	<u>\$3,197,749.29</u>	
BANK LOANS		3,490,000.00
Made up as follows:		
Secured by Grain	\$1,240,000.00	
Secured by Dominion of Canada Bonds	2,250,000.00	
	<u>\$3,490,000.00</u>	
ACCOUNTS PAYABLE		279,718.13
Accounts of Contractors for Buildings, Painting, etc.	\$ 182,467.45	
Sundry Current Accounts	22,790.10	
Freight and Terminal Charges on Cars of Grain in Store	24,845.11	
Staff Savings Accounts	22,275.65	
Terminal Department Contractors Accounts—Painting	10,135.00	
The Canadian Wheat Board	3,752.64	
Employees' Income Tax Deductions	6,999.55	
Terminal Weighing and Inspection Fees	5,574.05	
Coal Commissions due Agents	560.82	
Deposits pending Transfers of Membership Reserves	200.00	
Rentals Paid in Advance	100.00	
Unemployment Insurance Payable	17.76	
	<u>\$ 279,718.13</u>	
ACCRUED ITEMS PAYABLE		110,655.48
Represents Provision for Expenses which have accrued but were not actually payable as at 31st July, 1950, as follows:		
Country Elevator Department—Accrued Taxes on Property	\$ 86,016.87	
Grain Insurance—July	4,429.24	
Bank Exchange	2,832.37	
Power Accounts	1,228.05	
Telephone Rentals	770.53	
Accrued Interest on Loans	3,583.38	
Refunds Due on Insurance Accounts	17.95	

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES (Continued)

CURRENT—(Continued)

ACCRUED ITEMS PAYABLE—(Continued).

Terminal Department—

Accrued Diversion Premiums	1,019.77
Grain Insurance—July	155.23
Reserve for Staff Sickness and Accidents	5,745.95
Salary Guarantee Fund	4,856.14
	<u><u>\$ 110,655.48</u></u>

PROVISIONAL ADVANCES ON GRAIN \$ 4,500.00

Advances on Sales which are cleared when sale is completed.

GROWERS' OUTSTANDING PAYMENTS 140,993.22

For various reasons, it has not been possible to distribute the above sum to Growers. Details are as follows:

Commercial and Elevator Reserve Purchases \$ 140,161.18	
Unclaimed Patronage Dividend Cheques	832.04
	<u><u>\$ 140,993.22</u></u>

NET EARNINGS SEASON 1949-1950 1,314,669.61

Representing the net earnings for the fiscal year ended 31st July, 1950, and which are being carried as a current liability pending decision of delegates as to distribution.

TOTAL CURRENT LIABILITIES \$8,538,285.73

DEFERRED \$ 600,000.00

Representing balance owing in respect of First Mortgage Bonds, issued to the Bank of Montreal and redeemable at the rate of \$300,000.00 annually for the next two years. The money borrowed was used to pay off the Alberta Provincial Government 1929 Pool Overpayment.

RESERVES AND SURPLUS \$10,171,116.21

Previously in this Report, it has been pointed out that, under the Pooling Contracts with the Growers, certain deductions for Elevator and Commercial Reserves were authorized. While these amounts have been invested in the building-up of the elevator system, there is a liability on the part of the Pool to the Growers for the individual contributions.

ALBERTA WHEAT POOL
 Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES (Continued)

RESERVES AND SURPLUS (Continued).

COMMERCIAL AND ELEVATOR RESERVES \$8,467,830.71

Year	Commercial Reserves	Elevator Reserves
1923	\$ 207,898.66	\$
1924	148,455.93	442,159.89
1925	65,454.75	902,915.40
1926	590,207.63	885,599.01
1927	817,693.12	1,422,127.61
1928	604,465.23	1,343,299.13
1928 Final Payment .....	.....	1,037,554.35
	<u>\$2,434,175.32</u>	<u>\$6,033,655.39</u>

Of the above amounts, the Pool holds Reserves to the extent of \$ 941,053.45

EARNED SURPLUS \$1,703,285.50

The balance of the earned surplus account as at 31st July, 1949, amounted to \$318,202.51 and represented the undistributed balance of the earnings for the previous year 1947-1948.

The increase in this surplus to \$1,703,285.50 is accounted for by two main items. The first is an adjustment of the terminal depreciation reserves in the amount of \$1,132,757.33 and the other in the amount of approximately \$255,000.00 being the undistributed balance of the earnings for the season 1948-1949.

Prior to the time when your Organization was subject to income taxes, depreciation on terminals at Vancouver and Port Arthur was taken at the rate of 5% per annum. When the Organization became taxable, the Department of National Revenue ruled that depreciation on terminals should not exceed 3% and to comply with this regulation, an adjustment in the terminal depreciation reserve has been made. The result of this adjustment is to decrease these depreciation reserves and to increase your earned surplus account by the sum of \$1,132,757.33.

The adjustment of the \$255,000.00 which represents the balance of the earnings for the season 1948-1949 is the result of the action of the delegates last year when it was decided to hold back certain of the earnings of that season for capital expenditures.

\$10,171,116.21

TOTAL LIABILITIES OF ALBERTA WHEAT POOL \$19,309,401.94

ALBERTA WHEAT POOL
Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES (Continued)

CONTINGENT LIABILITY—

Guarantee re Alberta Livestock Co-operative Limited in an amount up to \$5,000.00.

This Guarantee was given some years ago and while it is not anticipated that there will be any payment to be made in connection with it, the actual Guarantee does not expire until 8th January, 1951.

CALGARY, Alberta,

3rd November, 1950.

HARVEY, MORRISON & CO.

Chartered Accountants.

ALBERTA POOL ELEVATORS LIMITED
 Calgary, Alberta

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

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 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	\$5,239,724.45
Consisting of Country Elevator System and Terminal Elevators at Vancouver and Port Arthur:—	
488 Country Elevators and 449 Annexes	\$9,584,000.99
374 Dwellings	1,199,257.61
32 Coal Sheds	11,926.49
25 Flour Sheds	12,783.00
	<u>\$10,807,968.09</u>
Less Depreciation Reserve	7,369,260.36
Net Value of Country Property	\$3,438,707.73
Vancouver Terminal	\$3,063,214.43
Less Depreciation Reserve	1,769,929.15
	<u>\$1,293,285.28</u>
Port Arthur Terminal	\$ 712,412.05
Less Depreciation Reserve	239,370.81
	<u>473,041.24</u>
Net Value of Terminal Property	1,766,326.52
Calgary Warehouses	\$ 18,800.00
Less Depreciation Reserve	4,265.00
	<u>14,535.00</u>
Equity in Wheat Pool Building, Winnipeg	20,155.20
Net Value of Property	<u>\$5,239,724.45</u>

Property Changes during the year were as follows:

Elevators (488)—

Number, 31st July, 1949	485
Add Vulcan No. 2, Drumheller, Boyle	
No. 1, Dapp, Sylvan Lake, Stew-	
art, Tangent—Constructed	7
Deduct Sibbald No. 2—Sold	(1)
Sylvan Lake, Boyle No. 1, Dapp	
—Old Elevators converted to	

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

PROPERTY—(Continued)

twin annexec (3)

Number, 31st July, 1950 488

Annexes—Cribbed (81)—

Number, 31st July, 1949 68

Add Champion, Clandonald, Delburne,
Hines Creek, Holden, Inland, Mor-
rin, Stewart, Streamstown, Taber,
Three Hills, Trochu, Dewberry 13

Number, 31st July, 1950 81

Annexes—Twin (24)—

Number, 31st July, 1949 21

Add Boyle No. 1, Dapp, Sylvan Lake 3

Number, 31st July, 1950 24

Annexes—Balloon (263)—

Number, 31st July, 1949 253

Add Burdett, Fitzallen, Girouxville,
Gleichen, Glenwood, High Prairie,
Judson, Monarch, Woking, Falher
No. 1 10

Number, 31st July, 1950 263

Annexes—Loxtave (81)—

Number, 31st July, 1949 81

Add Camrose, Kelsey 2

Deduct Lougheed (2)

Number, 31st July, 1950 81

Total Elevator Annexes, 31st July, 1950 449

Dwellings (374)—

Number, 31st July, 1949 364

Add Barons, Blackie, Drumheller, Ed-
monton, Queenstown, Wetaskiwin
—Purchased 6

Lacombe, Lousana, Munson, Red

Deer, Stavely, Thorhild, Warwick

—Built 7

Watts—Moved from Little Gem 1

Deduct Little Gem—Moved to Watts

Carolside, Macleod and Villen-

euve—Sold (4)

Number, 31st July, 1950 374

Coal Sheds (32)—

Balance as at 31st July, 1950—no change 32

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

PROPERTY—(Continued)

Flour Sheds, including Annexes (25)—

Number, 31st July, 1949	27
Deduct Fenn No. 2 and Lanfine—Wrecked	(2)
Number, 31st July, 1950	25

Calgary Warehouses—

Number, 31st July, 1949 and 1950	2
Used to store supplies and equipment.	

EQUIPMENT

Consisting of the following:—

Office Furniture and Equipment—Cost	\$ 160,829.18
29 Automobiles and 13 Trucks—Cost	96,270.16
Terminal Equipment—Cost	14,502.28
Portable Cleaners and Loaders—Cost	12,017.84
Elevator Maintenance and Sundry Equipment—	
Net Value	13,496.69
	\$ 297,116.15

Less Depreciation Reserves—

Office Furniture and Equipment	\$ 111,103.52
Automobiles	42,474.81
Terminal Equipment	10,480.04
Portable Cleaners	8,734.67
	172,793.04

Net Value of Equipment	\$ 124,323.11
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Office Furniture and Equipment—

This furniture and equipment is used by your Organization at the head office in Calgary and at the branch offices in Vancouver, Winnipeg and Edmonton. The fact that the major portion of the equipment has been in use for several years accounts for the substantial reserve for depreciation in respect thereof.

Automobiles and Trucks—

During the year 24 units were disposed of and 22 new units were acquired. As at 31st July, 1950, there were 29 automobiles and 13 trucks on hand.

Terminal Equipment—

Representing movable equipment in use at the Terminals.

Portable Cleaners and Loaders—

Represents portable cleaners and loaders situated at a number of elevators throughout the Province.

Elevator Maintenance and Sundry Equipment—

Consisting of loose tools which are easily mislaid or lost and maintenance equipment hav-

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

ASSETS (Continued)

EQUIPMENT—(Continued)

ing a relatively short life, elevator telephone equipment, motion picture and radio equipment. The accounts are reduced each year by the annual provision for depreciation.

Financing of Property and Equipment Purchased—

The property and equipment as enumerated above has a total cost of \$14,919,665.92 and has been financed in the following manner:—

By Elevator Reserve Payments	\$4,850,000.00
By Monies belonging to the Depreciation Fund	9,555,618.36
By Mortgages	109,634.32
By Gain on Capital Realizations	91,705.32
By Borrowing from Alberta Wheat Pool	312,707.92
	<u><u>\$14,919,665.92</u></u>

TOTAL ASSETS OF ALBERTA POOL ELEVATORS LIMITED \$5,364,047.56

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950

LIABILITIES

CURRENT \$ 312,707.92

Alberta Wheat Pool

Borrowings from Alberta Wheat Pool in respect of current expenditures on Property and Equipment.

DEFERRED 109,634.32

Northern Grain Company Limited \$ 100,000.00

Representing the balance owing in respect of properties purchased from Northern Grain Company Limited. It is secured by Mortgage and is payable on 2nd July, 1951, with interest at 3½%.

Mortgages on Dwellings 9,634.32

National Housing Act Mortgages assumed on dwellings purchased. These are being liquidated in terms of the minimum period permitted under the Act.

\$ 109,634.32

CAPITAL AND SURPLUS 4,941,705.32

Capital \$4,850,000.00

The authorized capital of your Company is 500,000 shares of \$10.00 each. There have been issued and fully paid 485,000 shares. The money to pay for these shares has been contributed by members of the Wheat Pool through Elevator Reserve deductions. All the issued shares are owned by Alberta Wheat Pool.

Capital Surplus 91,705.32

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

\$4,941,705.32

TOTAL LIABILITIES OF ALBERTA POOL ELEVATORS LIMITED .. \$5,364,047.52

ANALYSIS OF BALANCE SHEET AS AT 31st JULY, 1950
CONTINGENT LIABILITIES

The assets of your Company have been pledged as security for the First Mortgage Debentures issued by the Alberta Wheat Pool to the Bank of Montreal in the amount of \$600,000.00.

There is also a contingent liability in respect of Uncompleted Building Contracts of \$177,692.80.

CALGARY, Alberta,

16th October, 1950.

HARVEY, MORRISON & CO.,

Chartered Accountants.

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

DIRECTORS' REPORT

1949-1950

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

Gentlemen:

During the year ended 31st July, 1950, the co-operative movement made steady growth in all democratic countries, and the farm movement took decided steps toward world unity.

During the year each of our three Pools advanced its independent development by close co-operation and unified action, which brought to the service of each member the sum of our strength in the vital issues which confront our Canadian nation and all mankind.

During the year your Central Board lost a valued member in the death of Mr. E. H. Keith. Mr. A. T. Baker has been nominated by the Alberta Wheat Pool to replace Mr. Keith. Illness caused the retirement of J. T. Hull, after a lifetime of useful service. To succeed him as secretary the Board appointed E. S. Russenholt.

CENTRAL BOARD.

Your Central Board worked throughout the year to crystallize the will of Pool members into definite decisions, and to register those decisions effectively on such issues as the Wheat Board Act; extension of Wheat Board powers; marketing of coarse grains by the Wheat Board; distribution of railway cars; grading of feed grains; fair settlements under the 5-year pool and the Canada-U.K. Agreement; and railway freight rates.

Board representatives met the Dominion Cabinet, with the C.F.A. executive, on 8th February, 1950. They stressed agriculture's aim to "hold the line" of 1949, until industry and labor take parallel positions.

A joint Pool brief to the Royal Commission on Transportation was printed and widely distributed.

In executive meetings with the Minister of Trade and Commerce on 24th March and 29th June, 1950, and in persistent correspondence, your Board urged:

1. A settlement of the 5-year pool which shall include:
 - (a) an adjusting payment on some 160 million bushels of wheat sold for domestic consumption from 1st March, 1945, to 17th February, 1947 —representing the amount by which grain producers subsidized the Canadian public during that period;
 - (b) settlement of the obligation under the "will have regard to" clause in the Canada-U.K. Agreement.
2. A fixed price of \$1.98 per bushel for wheat used for domestic flour during the 1950-51 crop year.
3. Wheat Board initial payment of \$1.60 per bushel for the 1950-51 crop year.
4. Reformation of the Wheat Board Advisory Committee.
5. Increasing the Canadian Wheat Board from three to five members.
6. Extension of the powers of the Canadian Wheat Board to market all western Canadian grains.

INTERPROVINCIAL POOL MEETINGS.

The Directors of our three Wheat Pools assembled in Interprovincial meetings on 23-24th January and 17-18th July, 1950.

The January meeting resolved that the Dominion Government should be pressed to: (1) make the Wheat Board sole marketing agency for Canadian grain; (2) make a fair final settlement on the 5-year wheat pool; and (3) fix the price of domestic wheat sales at \$1.98 per bushel for the 1950-51 crop year.

The meeting also recommended that quotas be established as permanent policy; that any Advisory Committee to the Wheat Board be composed of producers; and that the number of Wheat Board members be increased. It was also agreed that each Pool appoint representatives to the re-organized Canadian Barley and Oil Seeds Committee and that study continue on increased tolerances of wheat in feed grades of oats and barley.

The Interprovincial meeting of 17-18th July discussed handling agreements with the Wheat Board and agreed upon the tariffs which the individual Pools proposed to file with the Board of Grain Commissioners for the current crop year.

After considering the report of the central executive on their meetings with the Minister of Trade and Commerce on 24th March and 29th June, 1950, and the Minister's statement that government policy is that wheat for domestic use shall be sold at the same price as for export, the Interprovincial Pool meeting again recommended that the price of wheat for domestic use should be fixed at the International Wheat Agreement ceiling price (\$1.98) for the 1950-51 crop year.

WESTERN AGRICULTURAL CONFERENCE.

The farm people of our Canadian West are working out a mechanism of organization in which they come together in their community and provincial co-operatives and agricultural federations; work out decisions in their interprovincial co-operatives and the Western Agricultural Conference; register these decisions at the national level through the Co-operative Union and the Canadian Federation of Agriculture; and shake hands with the farm people of the world in the International Federation of Agricultural Producers.

The Western Agricultural Conference at Winnipeg on 25-27th January, 1950, brought together representatives of the farm organizations of British Columbia, Alberta, Saskatchewan and Manitoba. Salient resolutions called upon the Dominion Government: to extend the powers of the Canadian Wheat Board as sole marketing agency for wheat and coarse grains; to make a substantial final payment to producers on the 5-year wheat pool; to increase 1950-51 initial prices to 71½c for oats and \$1.00 for barley, basis No. 1 feed grades; and to retain Crow's Nest freight rates under government jurisdiction.

CANADIAN FEDERATION OF AGRICULTURE.

Representatives of Canadian farm organizations, from sea to sea, assembled in the 14th annual meeting of the Canadian Federation of Agriculture on 30th January, 1950, at Niagara.

Decisions reached were submitted to the Dominion Government and to the Canadian people in precise, persistent and logical presentations. Issues advanced by the C.F.A. include: Maintenance and development of public radio; income tax; price supports; marketing of all Canadian grain through the Wheat Board; co-ordinated provincial and Dominion legislation and agencies for effective commodity marketing; adequate co-operative organizations to move Western feed grains to Eastern feeders; and equitable freight rates.

The C.F.A. submitted a brief to the Royal Commission on Transportation in November, 1949, urging that the Dominion Government: (1) put teeth into legislation passed in 1933 to eliminate duplication in railway services; (2) revise

capital structure of the Canadian National; and (3) subject railway efficiency to full study. The brief emphasized that railway wages are 55% higher than in 1920; and that railway employees top the salary list for all industrial groups—with farmers' income at the bottom.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

Representatives of Canada's organized farmers met delegates representing the farmers of 24 other nations, in the IFAP annual conference at Stockholm, Sweden, in May, 1950. Addresses castigated the "negligible progress" made by governments toward solving the world food problem. The closing session on 9th June, called for government action in handling farm surpluses through commodity agreements—so that farmers can produce to the limit without being penalized.

Mexico, Greece and Italy were received into membership, increasing the number of member nations to 25. H. H. Hannam was re-elected president.

The conference determined that IFAP must take action in specific proposals for marketing surplus commodities and for developing agricultural co-operation, national and international. As a step in this direction, a Standing Committee on Co-operation was appointed. John Davis (Secretary of the U.S. National Council of Farmer Co-operatives) was named chairman. This Committee was charged with improving relations between co-operatives and governments and developing trade between co-operatives throughout the world.

INTERNATIONAL WHEAT AGREEMENT.

The first year of actual operation of the International Wheat Agreement—completed on 31st July, 1950—is a historic achievement of tremendous potential for the future welfare of mankind.

Under the Agreement guaranteed quantities of wheat totalling 525 million bushels were to be moved during 1949-50 from four exporting to 37 importing nations. At the close of the crop year, 81.7% of this total had been so moved, with Australia selling 99.6%, France 98.9%, U.S. 68% and Canada 86% of their respective allotments. Under the terms of the Agreement, importing nations may be required to take their full allotment, but only at the floor price. Subsequent events have proved that it is well that Canada has a carryover of high grade wheat to satisfy the current year's requirements.

Of the 37 importing nations, 13 bought 100%, and 10 more over 90% of their allotments. Germany was in the Agreement for only about one-third of the crop year, but took 48% of the annual allotment of 1.8 million metric tons. Italy bought only 32% of her agreed 1.1 million metric tons. Brazil imported but 3.3% of the 360,000 tons guaranteed—buying the bulk of wheat requirements outside the Agreement, through barter deals with Argentina.

Canada sold wheat to 29 of the 37 nations importing under the Agreement. The Dominion provided over half of Belgium's purchases; nearly three-quarters of Cuba's imports; 60% of the wheat taken by Eire; and 100% of sales to Switzerland.

CANADIAN WHEAT BOARD.

The Canadian Wheat Board annual report for 1948-49 (issued early in 1950) shows that during the 1948-49 crop year Class II prices, basis No. 1 Northern in store, Lakehead or Vancouver, ranged from \$1.91 to \$2.48, and averaged \$2.23 per bushel. Board receipts of wheat totalled 293 million bushels, and exports (including flour) were 232.8 million bushels. Board payments included settlements on participation certificates on crops prior to 1945 which had not been previously surrendered; and a 20-cent adjustment on wheat delivered between 1st August, 1945, and 31st March, 1949, to the 5-year pool. During the year the Board issued 1,365,559 cheques worth \$220,681,269 to producers.

The Canadian Wheat Board was charged with additional responsibilities when the Canadian Government instructed the Board to market coarse grains for 1949-50. On 4th August, 1949, the Board announced that oats and barley would be sold freely, using all existing channels of trade.

At the beginning of the 1949-50 crop year the Board authorized open deliveries for rye and flaxseed, and open deliveries for wheat, oats and barley until new crop deliveries made quotas necessary. On 12th August, 1949, quotas of 12 bushels per seeded acre became effective except at specified open points. On 7th October the Board authorized open deliveries at all Manitoba points and all Alberta points, except in the Peace River Territory. Beginning 23rd November, 1949, all quotas were removed, permitting producers to deliver wheat, oats and barley to any elevator with available space.

Beginning in February, 1950, the Board urged producers to accelerate deliveries. Farmers responded. When the crop year ended on 31st July, 1950, only 11 million bushels of wheat were held on farms. This was 25% of farm holdings one year before.

A final payment on the 1949-50 flaxseed pool was declared by the Board on 17th August, 1950. The final payment of \$1,243 basis No. 1 C.W., with the initial payment of \$2.50, made a total of \$3.743 per bushel on the flaxseed delivered to this pool.

Review of Wheat Board operations brings out three salient facts. First, the work done to cultivate new markets has yielded an encouraging measure of success. Second, increased production in importing lands and international exchange difficulties call for intensified efforts to build markets for Canada's grain. Third, methods have yet to be developed which will market Western feed grains efficiently and at the same time yield a satisfactory measure of price stability to producers and consumers.

EXPORTS.

Shipments of Canadian wheat and wheat products to Latin America in 1949 were almost 400% above 1948. Sales of wheat and other grain products to the Philippines increased in 1949 by nearly 300%. Exports of Canadian wheat (and wheat flour) in 1949-50 went to 83 countries in 6 continents.

Canada's 1949-50 exports of wheat (and wheat flour in terms of wheat) totalled some 224.7 million bushels. This was a drop of about 3% from the preceding year, and 12% below the average for the last ten years. During the 1949-50 crop year exports under the International Wheat Agreement totalled 183.9 million bushels, and 40.8 million bushels were exported outside the Agreement. U.K. continued to be our best customer, taking some 73% of all wheat moved under the Agreement and 58% of the total exported. Other substantial buyers were Belgium, Switzerland, South Africa and Japan.

CANADIAN GOVERNMENT POLICY.

Marketing Western grain has become a major part of Canadian government policy. In other countries, too, trade in food products is a responsibility of national governments. For instance, Canada exports wheat and flour to 35 countries under the International Wheat Agreement. In 17 of those nations, government agencies buy directly; in 12 others, imports are under license; and in only one country out of 35 (El Salvador) are imports free of all controls.

As Canadian government policy, Western oats and barley were marketed through pools operated by the Canadian Wheat Board, beginning 1st August, 1949—as authorized by amendment to the Wheat Board Act in 1948 and by complementary legislation passed by the governments of Alberta, Saskatchewan and Manitoba. Initial payments were fixed at 61½c per bushel for oats and 90c for barley—basis No. 1 feed grades in Lakehead store (less deductions of 1½c on oats and 3c on barley to meet expenses).

(On 30th September, 1950, the Minister of Trade and Commerce announced that some \$42.5 million would go out to producers in final payments on the oats and barley pools, which closed 31st July, 1950. Final payments on these 1949-50 pools will be on a grade basis and will average: for oats, about 19½ cents per bushel, malting barley about 57 cents and feed barley from 44½ to 47 cents per bushel. These final payments, added to initial payments at the time of delivery, will make total payments of about 85 cents per bushel for oats and about \$1.45 per bushel for barley delivered to the 1949-50 pools).

Initial payment for wheat in the 1949-50 crop year was fixed at \$1.75 per bushel, basis No. 1 Northern, in store Lakehead or Vancouver. Initial payments had been \$1.55 from 1st August, 1948, to 31st March, 1949.

On 19th September, 1949, the Canadian dollar was devalued 10%—in relation to the U.S. dollar. Prices embodied in the International Wheat Agreement had been established on the basis of Canadian currency at the parity for the Canadian dollar determined for the purposes of the International Monetary Fund, as at 1st March, 1949. Thus, the ceiling price of \$1.80 per bushel (basis No. 1 Northern in Lakehead or Vancouver store) became \$1.98 in Canadian funds when Canada's dollar was devalued 10%.

The Canadian parliament on 5th June, 1950, passed the amended Wheat Board Act—which extends the powers of the Canadian Wheat Board to 1st August, 1953; makes provision for increasing the number of Commissioners from three up to five, and puts pooling operations in wheat on an annual basis.

The Government announced on 25th March, 1949, that throughout 1949-50 western producers would get the same price for wheat for domestic use and for the Canada-U.K. Agreement—namely \$2.00 per bushel, basis No. 1 Northern in Lakehead or Vancouver store. On 25th July, 1950, the Government announced that effective 1st August, 1950, the Wheat Board would sell wheat for use in Canada at the same price as for export under the International Wheat Agreement.

The Canada-U.K. Wheat Agreement ended 31st July, 1950, and is superseded by the International Wheat Agreement. This multilateral agreement is a big step away from the cutthroat competitive trading which sacrificed both producer and consumer, and in the direction of orderly marketing—for which the Pools have worked and fought since their beginning.

PRAIRIE FARM ASSISTANCE.

Payments by PFAA for 1949-50 totalled nearly \$22 million. More than 70% of payments in the first half of this crop year were to townships with yields below 4 bushels per acre. In June, 1950, the Minister of Agriculture stated that PFAA would cover crop losses due to flood—as in 1948, when Carrot River farms were flooded and could not be seeded, PFAA allowances were made.

For the 1949-50 crop year, assessments, number of awards and payments were as follows:

	<u>1% Assessment</u>	<u>Number of Awards</u>	<u>Total Payments</u>
Manitoba	\$ 1,355,660.07	2,021	\$ 325,734.75
Saskatchewan	4,525,628.79	49,632	15,368,200.75
Alberta	2,515,568.28	33,165	6,305,636.75

In the 11 years ending 31st July, 1950, Western farmers have contributed \$48 million to PFAA, and have been paid back \$126 million. Assessments and payments, by provinces, have been as follows:

	<u>1% Assessment</u>	<u>Number of Awards</u>	<u>Total Payments</u>
Manitoba	\$ 7,706,254.64	22,527	\$ 2,653,122.52
Saskatchewan	26,266,270.02	410,182	95,221,830.83
Alberta	14,073,629.84	147,009	28,900,583.30

FREIGHT ASSISTANCE.

Freight assisted shipments continued their steady decline during 1949-50. During the first 11 months of this crop year shipments of wheat, oats and barley from the West to B.C. and Eastern Canada amounted to 75.7 million bushels—a drop of some 9% below the same period in 1948-49.

The Minister of Agriculture announced in the House of Commons on 18th June, 1950, that freight assistance on feed grain moving from the West to B.C. and Eastern Canada will be extended to 31st July, 1951.

Since freight assistance was inaugurated in 1941 a total of \$139.7 million has been paid out in freight assistance in moving 24.7 million tons of feed grains out of the West. The Federal Treasury has paid out on such freight assistance to other parts of Canada one-third more than the total paid under PFAA on crop failures.

TRANSPORTATION.

Geography, production and markets all combine to make transportation a prime factor in the lives of the farm people who make up our Canadian Wheat Pools. The year under review adds another chapter to the endless fight to establish and maintain freight rates on a basis which shall be efficient and equitable—and yield most benefit to our nation.

The railways, in common with other segments of our economy, faced rising costs. They asked for increased freight rates to meet these. The Board of Transport Commissioners granted increases of 21% in March, 1948; 8% in September, 1949; 7.4% in March, 1950; and 3.4% in May, 1950. These increases add up to a cumulative total of 45.2%. In addition to these general increases there have been other increases on special rates which affect farmers' production costs.

A Royal Commission on Transportation was appointed on 29th December, 1948, to study the whole problem of Canadian transport and freight rates. Hearings were held across the Dominion. Western governments presented briefs to the Commission calling for equity in the rates paid by Eastern and Western Canadians.

The Canadian Wheat Pools submitted a joint brief to the Commission in January, 1950. The Pool brief reviewed the history of relations between railways and Western farmers. It emphasized the fact that wheat grown in the West must be carried to world markets and sold at world prices. Western farmers pay the freight and cannot pass on this cost to the buyer, as do merchants and manufacturers.

The C.P.R. was built as a major project in national policy. It was built to protect the West from U.S. absorption, divert prairie traffic from its natural southward flow and give Eastern Canada a virtual monopoly on Western Canadian trade—with the enormous financial benefits which flowed eastward from a prosperous, populated West.

To head off U.S. railway invasion and monopolize traffic in southern Alberta and British Columbia, the C.P.R. entered into the Crow's Nest Agreement with the Government of Canada on 6th September, 1897. The government gave the Company, land, minerals, and a cash subsidy of some \$3.4 million. In return therefor, the Company agreed: first, to run a railway from Lethbridge to Nelson; and second, to carry eastbound wheat and flour and specified westbound farm necessities at rates not exceeding a specified maximum, **for all time**.

This Agreement was a cornerstone of Canada's national policy. It has been the basis of Western development—from which the railways have reaped rich rewards.

Through a long and tangled history of rate litigation, the C.P.R. has succeeded in being relieved of its undertakings under the Agreement—until only the eastbound grain rates remain. Now, the railway suggests that (while it retains all the benefits) these grain rates should be placed under the control of the Board of Transport Commissioners.

The Pool brief stressed: "Western grain rates . . . must continue to be dealt with by the Government of Canada on the national policy level." As a former Dominion Prime Minister said "The East is protected by waterways; the Pacific by the Panama Canal and the West by Parliament."

Today, in the face of increasing world competition, Western farmers must keep down their cost of production. The railways must insure that none of their costs are out of line with the general economy. Wages and salaries are the biggest factor in railway costs. The railway wage level should be fairly related to that of those who pay the freight. Western farmers buy on the basis of cost plus freight and sell on the basis of world prices less freight. While the Crow's Nest Agreement was technically between the government and the railway (the Pool brief points out) "It was in fact an agreement upon which a third party, namely the people who settled the prairies, relied as an inducement to build the Western economy. Canada and the railroad must keep faith with those people. Those rates must be retained under the control of Parliament."

The Commission completed its sittings on 31st May, 1950. Its report will be forthcoming in due course.

PRODUCTION, PRICES AND COSTS.

The crop year 1949-50 was a time of fundamental change in our national and world economy. For Canadian farmers it was a time of change in production, prices and costs.

Sales of new farm implements and equipment reached an all-time peak of \$220.7 million, wholesale, in 1949. This was 29% above 1948, and 78% above 1947.

During the year under review, farmers in Alberta, Saskatchewan and Manitoba reduced by 10.2% their debt on farm mortgages and agreements of sale to companies composing the Dominion Mortgage and Investment Association. The 1949 total of \$32.5 million was only 19% of the \$168.6 million owed in 1937.

Western farmers used some 16 million bushels of wheat as feed during 1949-50—representing 4.7% of wheat production. In 1948-49 they fed 6.3% of the wheat crop. A large amount of feed wheat will be available from the 1950 harvest.

In 1950 the price level for farm products continued downward and costs of production upward. The index of prices for farm products (based on 1935-39=100) was 249.5 in May, 1950. This was 2.9 below 1948. Livestock prices were up. Farm production costs continued to rise. By April, 1950, the index for commodities and services used by farmers was 209.9—13 points higher than one year before. Farm living costs reached 176.7—an increase of 14.1 in one year. The index of urban living costs was 164—11 points above April, 1949.

In May, 1950, wages on Western farms were about 5% higher than two years before. The price of Western occupied farm lands in 1949 averaged \$31.00 an acre—4% above 1948, and 93% higher than the 1935-39 level.

Industrial wage increases outstripped rising living costs—both in dollars and in buying power. Average annual earnings of all Canada's workers in mining, manufacturing, transportation and construction in 1950 were 216% of the level for the 1935-39 period; and the day's pay in 1950 buys one-third more than the day's pay in 1935-39.

FARM INCOME.

The gross value of the principal field crops produced in 1949 on Canadian farms was estimated at \$1,420 million—16% below 1948. Cash income from the sale of farm products was as follows for the last three years:

	1947	1948	1949
	Millions of Dollars		
Canada	\$1,962	\$2,449	\$2,409
The West	954	1,212	1,227

Net farm income in 1949 was 4% below the 1948 all-time peak—due to decreased returns and increased costs—but was well above 1947. The net for the last three years was as follows:

	1947	1948	1949
	Millions of Dollars		
Canada	\$1,128	\$1,600	\$1,537
The West	555	854	801

CANADIAN 1949-50 CROP.

The acreages and gross value of principal crops on Canadian farms in 1949—compared with the previous three years—were as follows:

	Area—in million acres				Value—in million dollars			
	1946	1947	1948	1949	1946	1947	1948	1949
Canada	59.6	60.7	60.9	61.8	\$1,424	\$1,531	\$1,685	\$1,420
The West	42.2	43.6	42.8	43.4	935	955	980	780

Acreages, yields and production in the West for 1949, compared with 1948, were as follows:

	Area		Yield		Production			
	in million acres	1948	bus. per acre	1948	1949	in million bushels	1948	1949
Wheat	22.8	26.4	15.6	12.7	356	337		
Oats	7.3	7.3	29.7	25.9	224	190		
Barley	6.0	5.6	22.3	19.4	142	109		
Rye	1.9	1.0	11.4	7.1	22.3	7.5		
Flaxseed	1.8	0.3	9.3	6.8	16.8	2.0		

Weather was the main factor in reducing 1949 yields below 1948.

CARRYOVER.

Carryover of Canadian grains at the end of the last three crop years is estimated as follows—in millions of bushels:

	31 July, 1948	31 July, 1949	31 July, 1950
Wheat	77.7	102.4	113.2
Oats	47.9	60.5	44.3
Barley	31.4	29.7	20.4
Rye .....	.9	11.9	6.6
Flaxseed	3.3	10.7	4.5

Wheat carryover for the last ten years (1940-49) has averaged 275 million bushels. The 20-year average (1930-49) is 204 million bushels.

CONSERVATION.

Across Western Canada in 1949 the greatest number of small water development projects were completed by PFRA since this program began. Thousands of dug-outs, dams and dikes, together with many larger community projects, were

built to harness land and water together in greater production. Drought in some regions and flood in others hammered home the necessity for regional and national action in planning and developing conservation—for the use of all our resources for the greatest good of the greatest number of our people over the longest time.

CO-OPERATION.

More than a million Canadians worked together in 2,637 co-operatives during the crop year ended 31st July, 1949, and for the first time in history did co-operative business for themselves exceeding \$1 billion.

In a candid analysis of our movement Canadian co-operators may find encouragement, but no basis for complacency.

In the year under review, Canadian co-operatives increased their total assets 17%, to nearly \$237 million. Co-operative marketing increased 26.9% and merchandising 21%.

Consumer co-operation is now developing faster than producer co-operation. During 1948-49, 11 regional wholesales increased their business by about 20%, but the 1,829 locals that owned these wholesales bought most of their needs from other suppliers—including 68% of feed and fertilizers, 58% of petroleum products and 81% of food products. Co-operatives do 2% of Canada's retail trade. That means that 98% of the needs of Canadians are supplied on the profit basis.

In the past year co-operatives in many lands carried on the long work of building ITO into an agency through which they might trade with each other. Trade between nations is a vital need. Such progress as was made in improving trade was largely the work of agencies other than co-operatives. Producer and consumer co-operatives have got further ahead in working together in Canada than in many other lands, but co-operation between co-operatives is an objective largely still to be won.

CONCLUSION.

Measuring recent co-operative progress against total Canadian business expansion—and balancing co-operative development against community and world needs—may raise the question whether we are making significant headway in increasing the percentage of our economy which is served co-operatively. Certainly any candid analysis must emphasize the great opportunity for co-operative expansion that challenges all co-operators.

The year ahead is a time to use our hard-won position as the start line for a great co-operative advance. It is a time to renew our faith in co-operation—as the method which can solve our economic frustrations and feed the world's needy; as the philosophy which embraces the truths for which the souls of men hunger; and as the basis of the economic efficiency, social justice and individual liberty which lead to abundance and peace.

Respectfully submitted,

JOHN H. WESSON,

W. J. PARKER,

BEN S. PLUMER,

W. J. BALL,

J. W. BALDWIN,

THOS. G. BOBIER,

A. T. BAKER,

GEO. N. McCONNELL,

W. J. BLAIR.

} Executive.

MEMORANDA



CANADIAN POOL AGENCIES LIMITED

DIRECTORS' REPORT

1949-1950

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

Gentlemen:

We submit herewith, for your approval, the Twenty-Second Annual Report and Financial Statements of your Company for the fiscal year ended July 31st, 1950, showing excess of income over expenses of \$31,174.65, after provision for Income Tax, as against the relative amount of \$46,314.70 for the previous year, thereby reflecting a net decrease of \$15,140.05.

The reduction in income is wholly attributable to lower commission earnings and is due, in part, to a reduced commission rate on one of our large Fidelity Bonds, and to a greater extent to the fact that there was practically no three year business written this year, and notwithstanding this fact some three year policies of the previous year were cancelled as of this year end, necessitating commission refunds. These policies were renewed subsequent to the year end and the earnings will be reflected in next year's income.

Continuing the usual practice, your Agency is operated on the principle that service comes before profit, and it continues to serve the Pool organizations in protecting their interests in the insurance field, in a manner not wholly reflected in the earnings of the Company, and in this regard we have been able to obtain reductions in rates on a few types of insurance. These reductions, while being direct savings to the Parent Organizations, reflect decreased earnings of the Agency.

Twelve types of insurance were handled during the year. The greatest income is derived from Fidelity Bonds, next comes Fire Insurance and then Automobile Insurance. This is the first year Fire Commissions have taken second place. It should be mentioned, however, that the Agency does not take commission on Fire Insurance on Country Elevator business. The full premium is retained by Pool Insurance Company.

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

BALANCE SHEET

Agency Assets and Liabilities.

You will observe that the Assets included under this heading represent Trust Funds collected, or to be collected, and are offset by the amount due to the insurance companies for business written, and to Canadian Pool Agencies for commissions earned.

Shareholders' and Patrons' Assets.

Accounts Receivable: Under this heading is an item of "Commissions Receivable", previously referred to as being due by the Agency Trust Funds.

Loan Accounts: Nineteen new loans were made during the year and six were repaid, leaving the total number at twenty-nine. Of this number eight loans were made to finance the purchase of automobiles, and the balance were made to employees of one of the Parent Organizations and are fully guaranteed. Interest

is thus earned on a part of our surplus funds without tying them up for any lengthy period. The Agency secures insurance on automobiles and property financed thereby, and insurance once obtained in this manner is usually renewed.

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. This item is the balance due from Pool Insurance Company on the inter-office account.

Investments: The amount shown under this heading represents the cost price of purchases of \$35,000.00 of Dominion of Canada Bonds, 3½% redeemable June, 1966. The market value of these bonds as at the date of the Balance Sheet represented an amount of \$36,050.00, which is in excess of the cost price of the bonds. While there may be some fluctuations in the value of these bonds, it is our belief that they offer the best medium of obtaining an earning without risk of loss. We are in the satisfactory position of being able to invest considerably more than our capital and reserve the year round, and operate the Agency on current income.

Membership Deposit: This represents a deposit which we are required to make to the Insurance Agents' Association as a guarantee that we will comply with their rules and regulations, and is returnable in cash should we withdraw from membership.

Furniture and Equipment: We continue to carry this asset at the nominal sum of \$500.00 by adding to the depreciation reserve the sum of \$209.75, being the cost of new purchases this year.

Shareholders' Liabilities and Reserve.

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

Patrons' Equity: The item of \$31,174.65 represents the excess of income over expenses for the year ended July 31st, 1950, after provision for income tax. This amount is available for payment as Dividends, and divided on the basis of patronage each Pool will receive the dividends as shown on Surplus Account, Exhibit "B".

Reserve: This sum has been 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. This 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.

Equity to Shareholders:

Capital Stock: The ownership of the Capital Stock of the Company is held by the Provincial Pool Organizations as follows:

	No. of Shares	Values
Alberta Wheat Pool	664	\$ 6,640.00
Manitoba Pool Elevators	663	6,630.00
Saskatchewan Co-operative Producers Limited	1	10.00
Saskatchewan Pool Elevators Limited	660	6,600.00
Saskatchewan Pool Terminals Limited	1	10.00
Saskatchewan Co-operative Livestock Producers Limited	1	10.00
Modern Press Limited	1	10.00
Directors' Qualifying Shares	9	90.00
	2,000	\$20,000.00

INCOME AND EXPENDITURE STATEMENT

Income: This statement sets out the original sources of commission earnings in the belief that this information may be of interest.

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 Inter-Provincial Pool Account.

Respectfully submitted,

JOHN H. WESSON,
W. J. PARKER,
BEN S. PLUMER,
THOS. G. BOBIER,
J. W. BALDWIN,
GEO. N. McCONNELL,
W. J. BALL,
A. T. BAKER,
W. J. BLAIR.

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building—Winnipeg, Manitoba

BALANCE SHEET
As at 31st July, 1950

ASSETS

AGENCY ASSETS		\$ 35,230.69
Cash in Agency Bank Accounts	\$12,538.44	
Accounts Receivable	22,692.25	
	<hr/>	<hr/>
		\$35,230.69
SHAREHOLDERS' AND PATRONS' ASSETS		72,768.28
Cash	\$ 3,630.51	
In General Bank Accounts	\$ 3,560.51	
On Hand	70.00	
	<hr/>	<hr/>
		\$ 3,630.51
Accounts Receivable		33,450.99
Commissions—per contra	\$ 9,532.65	
Loan Accounts—secured	20,929.59	
Pool Insurance Company	2,407.92	
Miscellaneous	580.83	
	<hr/>	<hr/>
		\$33,450.99
Investments—at cost		35,086.78
\$35,000 Dominion of Canada Bonds, 3 1/4% maturing June 1, 1966	\$35,086.78	
	<hr/>	<hr/>
		(Quoted value July 31, 1950, \$36,050.00)
Membership Deposit		100.00
Insurance Agents' Association	\$ 100.00	
	<hr/>	<hr/>
Furniture and Fixtures		500.00
Cost	\$ 6,846.00	
Less Depreciation Reserve	6,346.00	
	<hr/>	<hr/>
		\$ 500.00
	<hr/>	<hr/>
		\$72,768.28
	<hr/>	<hr/>
		\$107,998.97

AUDITORS' REPORT—

We have audited the accounts of Canadian Pool Agencies Limited for the year ended 31st July, 1950, 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. Dominion of Canada bonds held for investment were produced for examination.

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

CANADIAN POOL AGENCIES LIMITED
 Wheat Pool Building—Winnipeg, Manitoba

BALANCE SHEET
 As at 31st July, 1950

LIABILITIES

AGENCY LIABILITIES	\$ 35,230.69
Accounts Payable	\$25,698.04
Commissions—per contra	9,532.65
	<u><u>\$35,230.69</u></u>

SHAREHOLDERS' LIABILITIES AND RESERVES	52,768.28
Miscellaneous Accounts Payable	\$ 1,257.75
Reserve for Income Tax Payable	335.88
Patronage Dividend Payable—Exhibit B	31,174.65
General Reserve Against Unearned Income and Investments	20,000.00
Allocated as follows:	
Alberta Wheat Pool	\$ 5,568.12
Manitoba Pool Elevators	3,146.82
Saskatchewan Co-operative Producers Limited	11,285.06
	<u><u>\$20,000.00</u></u>
	<u><u>\$52,768.28</u></u>

CAPITAL STOCK	20,000.00
Authorized	<u><u>\$20,000.00</u></u>

Issued and Fully Paid	\$20,000.00
(2,000 shares of \$10.00 each)	

Signed on behalf of the Board:

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

\$107,998.97

of the financial position of Canadian Pool Agencies Limited as at 31st July, 1950, 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.

Winnipeg, Manitoba.
 25th September, 1950.

(Signed) MILLAR, MACDONALD & CO.,
 Chartered Accountants,

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building—Winnipeg, Manitoba

SUMMARY OF SURPLUS ACCOUNT
For the Year Ended 31st July, 1950

	<u>Debit</u>	<u>Credit</u>
Surplus for Year Ended 31st July, 1950—Exhibit C		\$31,510.53
Reserve for Income Tax	\$ 335.88	
Patronage Dividend for Year 1949-50—Exhibit A	31,174.65	
Allocated as follows:		
Alberta Wheat Pool	\$ 8,709.39	
Manitoba Pool Elevators	9,185.55	
Saskatchewan Pool Elevators Limited	8,254.14	
Saskatchewan Pool Terminals Limited	4,733.68	
Saskatchewan Co-operative Producers Limited	144.78	
Saskatchewan Co-operative Livestock Producers Limited	129.30	
Modern Press Limited	17.81	
	<u><u>\$31,174.65</u></u>	
		<u><u>\$31,510.53</u></u>
		<u><u>\$31,510.53</u></u>

CANADIAN POOL AGENCIES LIMITED
Wheat Pool Building—Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURE
For the Year Ended 31st July, 1950

INCOME—

Commissions	\$46,251.00
Fire	\$14,988.97
Bonds	17,892.64
Lake Marine and Outturn	1,951.57
Ocean Marine	605.41
Automobile	3,024.29
Accident and Sickness	152.61
Liability	1,014.24
Use and Occupancy	1,381.84
Robbery and Burglary	371.48
Floater	466.93
Inland Transportation	125.40
Sprinkler Leakage	(6.50)
Steam Boiler	151.76
Contingent	4,363.49
	<hr/>
	\$46,484.13
Less Brokerage Paid	233.13
	<hr/>
	\$46,251.00

Other Income—

Interest	2,136.04
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TOTAL INCOME FOR YEAR**\$48,387.04****EXPENSES****16,876.51**

Salaries	\$12,210.61
Directors' Fees and Expenses	364.95
Rent and Light	1,566.69
Telephone and Telegraph	301.65
Printing and Stationery	646.63
Postage and Excise	202.83
Taxes and Licenses	216.69
Travelling Expense	195.23
Legal and Audit	510.83
Depreciation	209.75
Insurance	53.12
Annuity and Group Insurance	258.19
Miscellaneous	439.34
	<hr/>
	\$17,176.51
Deduct Recovery from Interprovincial Pool	300.00
	<hr/>
	\$16,876.51

Balance—Surplus for Year Ended 31st July, 1950, carried to Exhibit B **\$31,510.53**

MEMORANDA



POOL INSURANCE COMPANY

DIRECTORS' REPORT

1949-1950

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

Gentlemen:

We have pleasure in submitting herewith for your approval the Eleventh Annual Report and Financial Statements, covering operations of your Company for the year ended 31st December, 1949.

The result for the year shows Excess of Income over Expenditure of \$162,908.44 as compared with \$156,015.65 last year. After transferring \$10,000.00 to Capital Surplus Account, setting up the usual Capital Stock Dividend as required by the Company's Charter and a reserve of \$810.00 for income tax, the balance of \$152,096.59 has been allocated to the policy-holders on the basis of their contribution to the surplus.

The total premium income amounted to \$560,073.42 as compared with \$556,948.41 last year.

After reinsuring 85% of our liability, with the exception of dwelling risks, the net earned premium income was \$91,504.31. The net losses and adjustment expenses of \$22,743.77 produced a loss ratio of 24.86% as compared with 79.55% last year.

Three total losses were reported, being slightly better than average, and as they occurred when the grain stocks were comparatively light, we are able to report this favorable loss ratio.

The elevators were located as follows:

In Alberta—Czar.
In Manitoba—Portage la Prairie, Kronsgart.

In addition to these total losses, forty small losses were sustained, thirty-six at elevators and four at dwellings.

The inspection of all Pool property insured by the Company for the purpose of detecting and removing fire hazards is, we consider, a most important feature of our operations, and in this regard we have pleasure in expressing our appreciation of the co-operation of the agents, superintendents and managements in carrying out the recommendations and suggestions made by our inspectors. We do depend to a large extent on the year round alertness of the elevator agents, in detecting and removing fire hazards, and we cannot stress too often that continued vigilance is essential if we are to improve the loss experience. Extra precautions against fire hazards at the time of continued operation of the elevator is essential, particularly in regard to checking of the machinery.

During the year one of our fire inspectors retired; Mr. John York, who has been replaced by Mr. R. W. McLean, a former elevator agent.

You may be interested in the value of the property insured by your Company, which we list hereunder. Building values change from time to time and the values shown are as at 31st December, 1949. The value of the grain is the daily average for the year:

Country Elevators	\$41,773,232.00
Grain	45,785,438.56
Dwellings	3,337,318.00
Furniture and Fixtures and Miscellaneous	1,716,449.94
	<hr/>
	\$92,612,438.50

The records of your Company are examined annually by the Dominion Government's Insurance Department and this provides assurance to the policy-holders that the operations are carried on in accordance with Government regulations and good practice.

The total revenue shown in the Statement of Income and Expenditure is largely made up of the earned premiums on our percentage of the risks, plus commission earned on the reinsurance, less losses and earned commission paid to Canadian Pool Agencies Limited. In addition, the item of \$12,860.45 is the amount paid to us by the unlicensed Reinsurers in lieu of taxes and Underwriters' Association expenses. The small item of \$118.49 represents an allowance we received to cover cost of inspection, made for the Insurance Companies which insure three elevators in British Columbia. The revenue derived from the insurance on British Columbia elevators is insufficient to warrant our taking out a license in the Province.

By far the greatest expense is in connection with the operation of the Inspection Service. This service provides inspection of each elevator approximately twice a year.

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

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

ASSETS

Cash On Hand and In Bank—

Under this heading the Current and Savings Bank Accounts are 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 less a balance due to the Agency on inter-office account. The sum of \$215.74 represents the amount advanced to our Inspectors to cover travelling expenses.

Investments—

You will notice the market value of the Company's investments exceed the ledger value by \$4,193.75.

Automobiles—

Three new automobiles were purchased during the year, and after allowing depreciation in this account of \$615.90 the asset covering four automobiles is shown as \$5,500.00. These automobiles are used by our Fire Inspectors.

LIABILITIES

Current Liabilities—

Premiums due the reinsurance companies are shown. Losses in process consist of the Company's estimated net share of losses for which adjusters' reports have not been received. The item covering Taxes Accrued represents War Revenue Premium Tax and Fire Prevention Taxes due respectively to the Dominion 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 31st December, 1949.

Capital Stock—

The ownership of the Capital Stock of Pool Insurance Company is held by the three Provincial Pool Organizations as follows:

	Shares	Subscribed	Paid Up	Premium Paid
Alberta Wheat Pool	750	\$ 75,000.00	\$55,500.00	\$ 9,000.00
Saskatchewan Pool Elevators				
Limited	1,250	125,000.00	92,500.00	15,000.00
Manitoba Pool Elevators	500	50,000.00	37,000.00	6,000.00
	<u>2,500</u>	<u>\$250,000.00</u>	<u>\$185,000.00</u>	<u>\$30,000.00</u>

The \$30,000.00 premium on Capital Stock referred to above, was provided to create a surplus required by the Dominion Superintendent of Insurance. According to the Insurance Act, we are required to retain a surplus at least equal to 80% of our unearned premiums before refunds of excess charges are made. This \$30,000.00, together with \$8,932.01 excess realized on Dominion of Canada bonds sold, plus an additional \$10,000.00 retained from the year's earnings, and a refund from the Dominion Government in respect to income tax paid in 1946, creates the capital surplus of \$51,585.54 as shown on the Balance Sheet. The purpose of so further increasing the Capital Surplus being to permit the Company to retain a greater share of the insurance written.

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

Respectfully submitted,

J. H. WESSON,
W. J. PARKER,
GEO. N. McCONNELL,
J. W. BALDWIN,
E. H. KEITH.
BEN S. PLUMER,
THOS. G. BOBIER,
W. J. BALL,
W. J. BLAIR.

POOL INSURANCE COMPANY

Wheat Pool Building—Winnipeg, Manitoba

BALANCE SHEET

As at 31st December, 1949

ASSETS

Cash in Bank	\$ 255,956.07
In Bank of Montreal—Current Account	\$ 55,811.83
Savings Account	200,144.24
	<u><u>\$255,956.07</u></u>
Accounts Receivable	71,682.95
Canadian Pool Agencies Limited	\$ 71,467.21
Advances to Inspection Staff	215.74
	<u><u>\$ 71,682.95</u></u>
Investments—at Cost	252,681.25
	<u>Par Value</u>
Dominion of Canada Bonds:	
Sixth Victory Loan—3% due 1960	\$107,500.00
Eighth Victory Loan—3% due 1963	87,500.00
Ninth Victory Loan—3% due 1966	55,000.00
	<u><u>\$250,000.00</u></u>
Market Value	<u><u>\$256,875.00</u></u>
Interest Accrued Thereon	1,475.00
Automobiles	5,500.00
	<u><u>\$587,295.27</u></u>

AUDITORS' CERTIFICATE—

In our opinion the Balance Sheet of Pool Insurance Company as at 31st December, 1949, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, the explanations given to us, and as shown by the books of the Company. All trans-

POOL INSURANCE COMPANY
Wheat Pool Building—Winnipeg, Manitoba

BALANCE SHEET
As at 31st December, 1949

LIABILITIES

Current Liabilities	\$279,704.37
Miscellaneous Accounts Payable	\$ 730.40
Reinsurance Accounts Payable	115,660.05
Fire Losses in Process (net of reinsurance)	6,306.80
Taxes Accrued	4,908.68
Dividends Payable as per Exhibit B	152,098.44
	<hr/>
	\$279,704.37
 Reserve for Unearned Income	 71,005.36
Unexpired Portion of Premiums Income	\$48,078.06
Unexpired Portion of Reinsurance Com- missions	28,714.38
	<hr/>
Less Commissions Paid on Business not yet taken into income	5,787.08
	<hr/>
	\$71,005.36
 Capital Stock	 185,000.00
Authorized—5,000 shares at \$100.00	\$500,000.00
Subscribed—2,500 shares at \$100.00	<hr/>
Paid up thereon	\$250,000.00
	<hr/>
	\$185,000.00
 Capital Surplus	 51,585.54
Premium at 12% on Capital Stock	\$30,000.00
Surplus realized on investments sold	8,932.01
Transferred from Shareholders' and Patrons' Equity Account—Exhibit B	10,000.00
Income Tax 1946—Refunded	2,653.53
	<hr/>
	\$51,585.54

Approved on behalf of the Board:

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

\$587,295.27

actions coming within our notice were, in our opinion, within the powers and objects of the Company.

Winnipeg, Manitoba,
28th February, 1950.

(Signed) MILLAR, MACDONALD & CO..
Chartered Accountants.

POOL INSURANCE COMPANY
Wheat Pool Building—Winnipeg, Manitoba

Exhibit B.

SUMMARY OF SHAREHOLDERS' AND PATRONS' EQUITY ACCOUNT
For the Year Ended 31st December, 1949

	<u>Debit</u>	<u>Credit</u>
Balance at Credit 31st December, 1948		\$156,015.65
Distributed during 1949	\$156,015.65	
Shareholders' Dividend Year 1948:		
Alberta Wheat Pool	\$.55	
Manitoba Pool Elevators .....	.37	
Saskatchewan Pool Elevators Ltd. ....	.93	
Patrons' Dividend:		
Alberta Wheat Pool	23,637.36	
Alberta Pool Elevators Limited	23,420.84	
Alberta Wheat Pool and Alberta Pool Elevators Limited	147.96	
Manitoba Pool Elevators	25,661.87	
Saskatchewan Pool Elevators Ltd.	81,880.90	
Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited	5.41	
Saskatchewan Co-operative Produc- ers Limited	911.21	
Saskatchewan Co-operative Livestock Producers Limited	319.38	
Modern Press Limited	28.87	
	<u>\$156,015.65</u>	
 Surplus for the Year 1949—Exhibit C	<u>\$156,015.65</u>	<u>\$156,015.65</u>
Transferred to Capital Surplus	10,000.00	162,908.44
Reserve for Income Tax	810.00	
Balance Carried Down	152,098.44	
	<u>\$318,924.09</u>	<u>\$318,924.09</u>
 Balance Brought Down		<u>\$152,098.44</u>
Allocated as follows:		
Shareholders' Dividend	\$ 1.85	
Alberta Wheat Pool	\$.55	
Manitoba Pool Elevators .....	.37	
Saskatchewan Pool Elevators Ltd. ....	.93	
	<u>\$ 1.85</u>	
Patrons' Dividend		152,096.59
Alberta Wheat Pool	\$ 27,095.28	
Alberta Pool Elevators Limited	23,423.51	
Alberta Wheat Pool and Alberta Pool Elevators Limited	137.96	
Manitoba Pool Elevators	26,322.36	
Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited	74,407.72	
	<u>6.65</u>	
Saskatchewan Co-operative Produc- ers Limited	19.95	
Saskatchewan Co-operative Livestock Producers Limited	628.31	
Modern Press Limited	54.85	
	<u>\$152,096.59</u>	
	<u>\$152,098.44</u>	<u>\$152,098.44</u>

POOL INSURANCE COMPANY
Wheat Pool Building—Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURE
For the Year Ended 31st December, 1949

Premiums on Business Written in 1949	\$560,073.42
Less Ceded to Other Companies	462,984.03
	\$ 97,089.39
Deduct Increase in Unearned Premium Reserve	5,585.08
	\$ 91,504.31
Premiums Earned in 1949	
Deduct Losses and Adjustment Expense	\$141,603.12
Less Reinsurance Recoveries	118,859.35
	22,743.77
Net Underwriting Income	\$ 68,760.54
Add Commissions on Reinsurance placed with other Companies— (earned portion only)	128,049.60
Special Allowances by Unlicensed Companies in lieu of taxes	12,860.45
Inspection Fees on Elevators in British Columbia	118.49
	209,789.08
Total Income Before Commissions Paid	
Deduct Commissions Paid (on earned premiums only)	2,977.45
	\$206,811.63
Deduct—Expenses—	
Taxes, Licenses and Association Dues	\$ 14,447.88
Inspection Service—	
Salaries	\$ 11,920.45
Board and Lodging	3,235.78
Transportation	4,170.15
Annuities, Group and Unemployment Insurance	762.05
Pension	439.47
Insurance	423.23
Printing, Postage and Miscellaneous	554.83
	21,505.96
Administration—	
Salaries	\$11,479.75
Rent and Light	1,314.48
Directors' Fees and Expenses	696.61
Travelling Expense	321.70
Printing, Postage and Stationery	439.70
Telephone and Telegraph	275.93
Legal and Audit	578.90
Annuities, Group and Unemployment Insurance	274.08
Miscellaneous	495.48
	15,876.63
	51,830.47
<i>Add Interest Earned</i>	\$154,981.16
	7,927.28
Balance—Surplus for the year 1949—carried to Exhibit B	\$162,908.44

