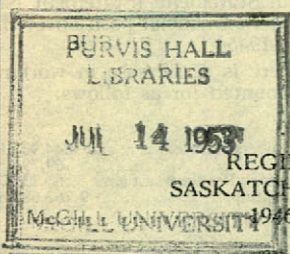


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Saskatchewan  
Co-operative Producers  
Limited



Twenty-Second  
**ANNUAL  
REPORT**



# **SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED**

## **Directors' Report**

Regina, Saskatchewan,  
5th November, 1946.

As in former years, in submitting this report to the Twenty-second annual meeting of the delegates of Saskatchewan Co-operative Producers Limited, your directors have endeavoured to present a complete review of the operations of the organization for the year ended 31st July, 1946. The report outlines the operations not only of the parent body but of all subsidiaries and inter-provincial Pool subsidiaries.

### **Consolidated Balance Sheet**

A copy of the Consolidated Balance Sheet (Statement No. 1) is attached to this report. This statement sets out the combined financial position of Saskatchewan Co-operative Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, Modern Press Limited, and Saskatchewan Co-operative Livestock Producers Limited as at 31st July, 1946. The usual explanatory notes on the principal items of the Consolidated Balance Sheet are appended.

At the end of the fiscal year, 31st July, 1946, current assets for the whole organization totalled \$36,695,548.36 and current liabilities \$12,751,968.97. The difference between these two items, \$23,943,579.39, represents the current position of the organization.

Provision is made in the Consolidated Balance Sheet for contingent liabilities in respect of buildings, work under construction and machinery under purchase, estimated at \$4,520,000.00. After making provision for these items, the balance of \$19,423,579.39 remains available for working capital for the season 1946-1947. This compares with working capital position a year ago of \$22,036,600.41, a decrease of \$2,613,021.02.

No provision is made in the Consolidated Balance Sheet for any liability which may arise in respect of income or excess profits taxes on this or prior years' earnings.

### **Consolidated Capital Statement**

The Consolidated Capital Statement (Statement No. 2) sets out in detail the current financial position of the organization as at 31st July, 1946.

As already indicated, there is a decrease in working capital of \$2,613,021.02, accounted for as follows:

#### **Surplus Earnings:**

Saskatchewan Co-operative Producers Limited.....	\$ 844,933.89
Modern Press Limited.....	69,796.57
Saskatchewan Co-operative Livestock Producers Ltd.....	66,232.70
Saskatchewan Pool Elevators Limited.....	2,267,885.59

#### **Liquidation of Capital:**

Depreciation on Fixed Assets.....	\$1,076,676.59
Write-off on Temporary Storage Bins.....	1,600.00
	<hr/>
	\$4,327,125.34



**Deduct:**

Additions to Plant Values of Fixed Assets including Balance of Approved Programme.....	\$4,269,177.20	
Additions to Investments.....	4,149.65	
Additions to Stocks of Repair Parts.....	24,790.49	
Adjustment 1943-44 Excess Charges Refund.....	39.47	
Purchase of Reserve Certificates in Respect of Excess Charges Refund, Season 1944-45.....	1,014,400.17	
Net Addition to Canadian Livestock Co-operative (Western) Limited Equity Account.....	465.24	
Additions to Deferred Accounts Receivable.....	414,814.36	
Payment of Principal to Province of Saskatchewan re 1929-30 Pool Overpayment.....	844,933.89	
Payment of 3% Dividend on Elevator Deductions.....	365,856.00	
Reduction in Producers' Equity—Old Membership.....	1,519.89	
		6,940,146.36
Decrease.....		<u>\$2,613,021.02</u>

Capital expenditures approved to date are provided for in the above statement and include estimated cost of the Vegetable Oil Plant and Flour Mill at Saskatoon, the new building and equipment for Modern Press Limited, the installation of dust removal equipment and other improvements in terminal plants, the re-building of Terminal No. 5, and the programme of country elevator and cottage construction and capital replacements.

### **Source of Capital Funds, Analysis of Capital Expenditures and Surplus Capital**

Statement No. 3 appended shows in detail the composition of surplus capital as at 31st July, 1946. The various items are largely self-explanatory. The portion of the commercial reserve fund now in liquid form amounts to \$3,947,269.84, a decrease from the previous year of \$2,290,900.89. This decrease is accounted for by provision for new capital expenditures in respect of the industrial development programme, etc., for which the commercial reserve is the only source of funds available at the present time. Elevator deductions amounting to \$1,130,348.48 are also in liquid form, a decrease of \$1,135,416.09 from the previous year. This represents an excess of new or contemplated capital expenditures over the amount of capital funds liquidated by provision from earnings of depreciation reserve on existing assets.

The expenditures provided for include the cost of re-building Terminal No. 5, after making allowance for the estimated amount of the insurance claim which has not yet been determined and for the programme of other capital expenditures in connection with country elevators, agents' cottages and terminals.

The reserve account, undivided surplus account and the excess charges refund accounts of Saskatchewan Pool Elevators Limited are fully liquid.

The reserve account of Modern Press Limited, which includes surplus earnings resulting from last year's operations, has been partly used to meet new capital expenditures with the balance earmarked to provide funds for a portion of the remaining programme of plant expansion already approved.

The undivided surplus account of the Livestock subsidiary, comprising surplus earnings of the past two years, is in liquid form with the exception of \$6,465.30 which has been retained by Canadian Livestock Co-operative (Western) Limited in equity account instead of being

distributed in cash. The equity account of the old Livestock membership is liquid to the extent of \$128,136.70, the remaining balance of \$56,706.10 being invested in fixed assets, etc.

As reported to the delegates a year ago, an additional investment, either in the form of capital stock or a capital loan, will be necessary before the latter amount can be liquidated.

### **Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1946.**

Statement No. 4 appended shows balance of assets, direct liabilities and growers' equity of \$29,941,572.68, representing the equity of members and patron members in the assets of the organization based on book values. This is an increase of \$1,977,746.00 in comparison with the amount shown at 31st July, 1945, and is accounted for as follows:

#### **Surplus Earnings:**

Saskatchewan Co-operative Producers Limited.....	\$ 844,933.89
Modern Press Limited.....	69,796.57
Saskatchewan Co-operative Livestock Producers Limited.....	66,232.70
Saskatchewan Pool Elevators Limited.....	2,267,885.59
Increase in Province of Saskatchewan Sinking Fund Interest Account.....	110,712.78
<b>Less:</b>	<b>\$3,359,561.53</b>
Adjustment 1943-44 Excess Charges Refund—Season 1943-44.....	\$ 39.47
Purchase of Certificates in Respect of Excess Charges Refund, Season 1944-1945.....	1,014,400.17
Payment of 3% Dividend on Elevator Deductions.....	365,856.00
Reduction Producers' Equity—Old Membership.....	1,519.89
	<b>\$1,381,815.53</b>
<b>Total Increase.....</b>	<b>\$1,977,746.00</b>

The growers' equity of \$29,941,572.68 represents 86.348% of the book value of the Company's assets as compared with 83.368% last year, an increase of 2.980%. These percentage figures, however, merely indicate the extent to which the assets of the organization are unencumbered by direct liabilities to other than members and patron members, exclusive of any liability which may exist for income and excess profits taxes.

The direct investment of the shareholders in the assets of the organization consists of:

Capital (Membership Fees).....	\$ 129,412.00
Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
<b>Total Investment.....</b>	<b>\$18,885,323.24</b>

To ascertain the book value of this investment it is necessary to deduct from the growers' equity of \$29,941,572.68 the following items, the distribution of which will be made on a patronage or other basis and not on the basis of the members' direct investment in the organization:

#### **Livestock Pool:**

Equity Account—Old Membership.....	\$ 184,842.80
Transit Compensation Reserve.....	15,269.80
Undivided Surplus.....	84,591.02

#### **Pool Elevators:**

Undivided Surplus.....	1,145,501.75
Excess Charges Refund—Season 1943-1944.....	5,213,445.38
Excess Charges Refund—Season 1944-1945.....	1,003,426.58
Excess Charges Refund—Season 1945-1946.....	2,267,885.59

<b>Total Book Value.....</b>	<b>\$9,914,962.92</b>
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Excluding the above items, the growers' equity amounts to \$20,026,609.76, which is equal to 106.043% of the total of \$18,885,323.24 subscribed by shareholders in the form of capital, elevator deductions and commercial reserve.

The book value of the shareholders' direct investment, therefore, is equal to 106.043 cents for each dollar of face value, before provision for any liability which may arise in respect of income and excess profits taxes on this year's and prior years' earnings in excess of the amounts retained to meet such liability. This compares with a book value of 100.613 cents at 31st July, 1945, an increase of 5.430 cents.

### **Payments to Province of Saskatchewan in Respect of the 1929-1930 Pool Overpayment Liability**

Statement No. 5 appended has been prepared to show the payments made to the Province of Saskatchewan up to and including 15th September, 1946, in respect of the 1929-1930 Pool overpayment liability, and to show the balance of the regular payments to be made to the province in full settlement of the liability as provided for under the terms of the Supplementary Agreement dated 17th March, 1933.

It will be noted from the statement that the amount involved in the liquidation of the original indebtedness, on the basis of amortized payments of principal and interest at 5% as set out in the Agreement, amounts to \$22,101,297.58. Of this amount \$8,349,297.58 applies as interest and \$13,752,000.00 as principal. Over 75% of the total of \$22,101,297.58 has been paid to date. The remaining payments to be made amount to \$5,451,143.83, of which \$717,164.91 will consist of interest, leaving a balance of \$4,733,978.92 to be applied as principal payments in full settlement of the liability.

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

A complete copy of the Financial Statements of Saskatchewan Co-operative Producers Limited, together with Auditors' Report covering last year's business, has been submitted separately to the delegates.

#### *Balance Sheet*

The Balance Sheet for the year ended 31st July, 1946, appears as Statement 1, Page 11, of the Auditors' Report.

Explanations of most of the items appearing in the Balance Sheet have already been given in the report covering the Consolidated Statement. Total current assets as at 31st July, 1946, amounted to \$8,096,333.16 and current liabilities to \$1,883,011.07. The difference between these two items, \$6,213,322.09, represents the current position of the parent company.

There is provision in the Balance Sheet for contingent liabilities amounting to \$2,020,000.00 in connection with buildings and work under construction and machinery under purchase for the industrial programme at Saskatoon. After making provision for these items, the balance of \$4,193,322.09 represents the amount available as working capital for the organization.

#### *Income and Expenses*

Income for the year ended 31st July, 1946, amounted to \$1,303,469.07, details of which are shown in Statement 2, Page 12, of the Auditors' Report. Operating expenses, details of which are shown in Statement 2A, Page 13, of

the Auditors' Report, amount to \$458,535.18, leaving a surplus of income over expense of \$844,933.89.

Included in the income of the Company is an amount of \$919,422.44, representing a share of earnings received from Saskatchewan Pool Elevators Limited to provide the amount of \$844,933.89 required to meet the instalment of principal due to the Province of Saskatchewan on 15th September, 1946, and to meet a deficit on the ordinary operations of the Company amounting to \$74,488.55. This deficit compares with an operating surplus of \$45,832.04 in the previous year, a decrease of \$120,320.59. This decrease is accounted for by a reduction of \$86,279.45 in the ordinary income and an increase in expenses of \$34,041.14.

Excluding the item of \$919,422.44, the ordinary income of the Company during the past season amounted to \$384,046.63 as compared with \$470,326.08 a year ago, a decrease of \$86,279.45. Total expenses amounted to \$458,535.18. The surplus of \$844,933.89 has been applied in the reduction of the Company's share of the 1929-1930 Pool overpayment liability.

### **Saskatchewan Pool Elevators Limited**

The Financial Statements and Auditors' Report of Saskatchewan Pool Elevators Limited, submitted separately to the delegates, show in detail the operations of the past season and the financial position of the Company as at 31st July, 1946.

The Balance Sheet shows that current assets amount to \$31,781,750.34 and current liabilities to \$14,413,058.00. The difference between these two items, \$17,368,692.34, represents the current position of the Company.

After deducting an amount of \$2,065,000.00, representing contingent liabilities in respect of buildings and work under construction, the balance of \$15,303,692.34 represents the working capital position of the Company for the current year. This compares with \$15,514,987.27 a year ago, a decrease of \$211,294.93.

Details of elevator earnings are shown in Statement 2, Page 40, of the Auditors' Report, and Statement 2A, Page 41, sets out details of expenses. These statements show a total operating revenue of \$8,465,990.15 with operating expenses of \$5,624,055.64. The difference between these two items, \$2,841,934.51, represents operating earnings for the year. After deducting depreciation amounting to \$839,354.34, details of which are shown in Statement 2A, Page 41, of the Auditors' Report, the net earnings of the Country Elevator Department are shown at \$2,002,580.17.

### **Saskatchewan Pool Terminals Limited**

The Balance Sheet of Saskatchewan Pool Terminals Limited appears as Statement 1, Page 48, of the Auditors' Report. Statement of earnings and expenses for this subsidiary for the year ended 31st July, 1946, is shown as Statement 2, Page 49, of the Auditors' Report. Total operating revenue amounted to \$3,586,434.02, and operating expenses to \$2,130,507.65, leaving operating earnings of \$1,455,926.37 before providing for depreciation. After deducting depreciation on buildings and equipment amounting to \$217,565.46, and including net earnings from temporary storage annexes of \$18,740.48, the net earnings of Saskatchewan Pool Terminals Limited amount to \$1,257,101.39 as compared with \$1,471,141.89 in the previous year.



**Summary of Earnings and Expenses Saskatchewan Pool  
Elevators Limited and Saskatchewan  
Pool Terminals Limited**

Statement 3, Page 42, of the Auditors' Report, contains a summary of earnings of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited.

The combined operating revenue for the year under review amounts to \$12,113,632.75 with operating expenses at \$7,797,031.39, leaving operating earnings of \$4,316,601-.36. After deducting depreciation of \$1,056,919.80, the net earnings from the year's operation amounted to \$3,259,681.56. The following summary shows the position for the year ended 31st July, 1946.

Net Earnings After Charging Depreciation.....	\$3,259,681.56
Gain on Realization of Assets.....	330,701.27
	<hr/>
	\$3,590,382.83
<b>Deduct:</b>	
Proportion of Pool Expenses.....	\$119,058.45
Interest on 1929-30 Pool Overpayment Liability.....	284,016.35
	<hr/>
	403,074.80
<b>Surplus for Year.....</b>	<hr/> <b>\$3,187,308.03</b> <hr/>

After deducting payment of \$919,422.44 to Saskatchewan Co-operative Producers Limited, previously referred to, the balance of \$2,267,885.59 represents the surplus for the year after meeting all charges and providing for full depreciation on fixed assets at the regular rate.

It will be noted that no provision is made in these figures for the payment of Dominion income or excess profits taxes which may be levied against the Company.

*Statement of Earnings*

Attached to this report is a Statement of Earnings (Statement No. 7), covering the entire period of the operations of the Company from 1st August, 1925, to 31st July, 1946, together with distribution of these earnings.

*Distribution of Surplus*

Your Board has given careful consideration to the distribution of this year's surplus earnings amounting to \$2,267,885.59.

In view of all the conditions, the Board has decided:

- (1) That the balance of surplus earnings for the year ended 31st July, 1946, amounting to \$2,267,885.59, be transferred to Excess Charges Refund Account, Season 1945-46, to be allocated in proportion to patronage on deliveries of grain by Pool members to Saskatchewan Pool Elevators Limited during season 1945-46, less such sum as may be required for payment of income and excess profits taxes on the taxable income of season 1945-46.
- (2) That the amount of \$2,267,885.59 be distributed in proportion to patronage in the following manner:
  - (a) A payment at the rate of one-half cent per bushel on all grain delivered by Pool members to Saskatchewan Pool Elevators Limited during season 1945-46, to be used for the purchase of deduction certificates at face value to be transferred on the books of Saskatchewan Co-operative Producers Limited to the credit of the members entitled thereto; and
  - (b) the balance of the amount not required for the purchase of deduction certificates, referred to above, and less the amount required for the payment of income and excess profits taxes on the taxable income of season 1945-46, to be distributed as an additional payment to members at a rate per bushel to be determined by the Board of Directors:

The time, form and manner of the above distributions to be in the discretion of the Board of Directors, and in accordance with the requirements of the Income War Tax Act as amended.

## Elevator Capacity

During the year under review Saskatchewan Pool Elevators Limited purchased five additional elevators at a cost of \$59,300.00. The elevators are located at Belbeck, Foxford, Leoville, Swanson and Viewfield. This increase of five in Pool country elevators at the year end brings the number now owned and operated by the Company to 1,140 country elevators.

The rated storage capacity of Pool country elevators, as at 31st July, 1946, is as follows:

Country Elevators and Permanent Annexes.....	38,479,800 bushels
Temporary Bins (estimated).....	19,000,000 bushels
<b>Total Country Elevator Capacity.....</b>	<b>57,479,800 bushels</b>

## Grain Handlings

As a result of the smaller crop in 1945, the volume of grain handled by Pool Elevators was not as great as in the previous year. It is gratifying to note, however, that the percentage of the total crop handled was substantially higher. Deliveries to Pool country elevators last season amounted to 123,889,882 bushels as compared with 159,817,323 bushels in the previous season.

The following figures, provided by the Board of Grain Commissioners, give an interesting comparison of primary handlings in country elevators for the crop year 1945-46 compared with the year 1944-45:

	Receipts (000's omitted)			
	Season 1945-1946		Season 1944-1945	
	Western Canada	Sask.	Western Canada	Sask.
Wheat.....	236,123 bus.	140,990 bus.	348,604 bus.	216,221 bus.
Coarse Grains...	182,158 bus.	104,204 bus.	221,652 bus.	125,798 bus.
<b>Total Marketings.....</b>	<b>418,281 bus.</b>	<b>245,194 bus.</b>	<b>570,256 bus.</b>	<b>342,019 bus.</b>

### Handled by Saskatchewan Pool Elevators Limited

	Receipts (000's omitted)			
	Season 1945-1946		Season 1944-1945	
Wheat.....	71,329 bus.		102,603 bus.	
Coarse Grains...	52,561 bus.		57,214 bus.	
<b>Total.....</b>	<b>123,890 bus.</b>		<b>159,817 bus.</b>	
<b>Pool Elevator Share.....</b>	<b>29.62%</b>	<b>50.52%</b>	<b>28.02%</b>	<b>46.73%</b>

The average volume of grain handled per elevator amounted to 111,312 bushels as compared with an average per elevator of 141,057 bushels in the previous year.

Statement No. 6 attached to this report shows the volume of all grain handled by the Company since the inception of the organization.

It may be of interest to delegates to note that in November, 1945, a more plentiful supply of cars became available for loading than was the case in the earlier part of the season and that the space situation generally was showing improvement. Up to 1st November our percentage of receipts had been 47.63%, but from that date to 31st July the percentage increased to 52.96%, so that the percentage of grain handled by Pool Elevators was increased during this period from 47.63% to 50.52% for the year. The increase in percentage over the previous year is 3.79% and is the highest in the experience of the Company with the exception of 1929-30 when this figure stood at 50.62%. In that year, however, the total handled was only 80,433.256 bushels.



Stocks in country elevators at the end of the year under review amounted to 5,791,000 bushels compared with 13,420,000 bushels a year ago.

The following figures show the various destinations of Pool shipments during the year:

Pool Terminals.....		92,997,155 bushels
Other Terminals.....	7,919,814 bushels	
Vancouver.....	700,000 bushels	
Mills.....	23,787,000 bushels	
Interior Terminals.....	297,000 bushels	
Maltsters.....	1,100,000 bushels	
Eastern Canada.....	3,315,000 bushels	
Other Points.....	839,550 bushels	37,958,364 bushels
<b>Total.....</b>		<b>130,955,519 bushels</b>

### *Grading Statement*

The grading statement shows a net loss of \$150,823.95 compared with a gain of \$25,383.97 in the previous year. The average loss per car works out at \$2.22 against a gain of 26c a year ago.

### *Weigh-ups*

By the end of the year it had been found possible to weigh-up all country elevators so that the inventory of stocks was based on actual weigh-up figures instead of estimated figures as has been the case in recent years.

### *Insurance*

Our record of fire losses was very favourable in the past year. There was one complete loss including stocks, and minor losses were sustained at three other points. Property losses amounted to \$16,967.08 and grain losses to \$5,741.22, a total of \$22,708.30. The loss ratio on property was 16.98% and on grain 8.06%, or a combined ratio of 13.26%. Losses in the previous year amounted to \$30,761.89, the loss ratio being 9.67%. While the total loss this year was less than the previous year, the ratio was 3.59% higher due to the lower premiums in effect.

### *Shipping and Export Department*

Total sales of grain in all positions amounted to 58,713,681 bushels compared with 58,082,528 bushels in the previous year. The following figures show total sales of each kind of grain with comparative figures for the previous year:

	1945-1946	1944-1945
Wheat.....	18,094,760 bushels	30,872,353 bushels
Oats.....	27,667,286 bushels	20,226,364 bushels
Barley.....	12,841,032 bushels	6,983,811 bushels
Flax.....	110,603 bushels	—
<b>Total.....</b>	<b>58,713,681 bushels</b>	<b>58,082,528 bushels</b>
Screenings.....	18,553 tons	11,335 tons

### *Churchill*

While there was no movement of grain into or out of Churchill during the year under review, substantial shipments were made from this port during August and September. Nine vessels loaded at this port during the open navigation season and 2,928,875 bushels of wheat were shipped.

Original stocks at Churchill at the opening of the season totalled 1,828,875 bushels and at the request of the Canadian Wheat Board an additional 1,100,000 bushels were shipped to this port. Of this amount Saskatchewan Pool Elevators Limited shipped 602,000 bushels.

It was interesting to note that two of the vessels, the Mt. Revelstoke Park and the Hillcrest Park, made two voyages during the shipping season.

At the close of the season the elevator at Churchill was empty. In view of the urgent demand for immediate shipment overseas of the largest possible supply of wheat it is unlikely that any shipments to Churchill will be made in the immediate future. We understand, however, that the Canadian Wheat Board has given assurance that shipments will be made to Churchill prior to the opening of the next shipping season so that the fullest possible use may be made of this port for grain shipments.

### *Seed Grain Distribution*

The 1945 Saskatchewan production of field inspected cereal grain was probably the best in the history of the province. Fortunately it was found possible to develop some export business in registered and certified seed grains, so that Saskatchewan growers were able to dispose of practically all available stocks of good quality seed.

Your organization was able to participate in this new export business, supplying 23,000 bushels of registered and certified seed oats and barley to the Belgium Economic Commission as well as 22,500 bushels of seed wheat and 8,000 bushels of seed oats for U.N.R.R.A. A second shipment of 10,500 bushels of commercial No. 1 seed was also made for U.N.R.R.A.

During the year under review total sales of registered and certified seed amounted to 176,000 bushels as compared with 120,600 bushels the previous year. A breakdown of sales shows the following:

Registered and Certified Seed Grain Sold in Saskatchewan.....	120,600 bushels
Registered and Certified Seed Grain Exported to Europe.....	53,500 bushels
Registered and Certified Seed Grain Exported to the United States.....	1,900 bushels
<b>Total.....</b>	<b>176,000 bushels</b>
Commercial Seed Wheat Exported to Europe.....	10,500 bushels
<b>Total.....</b>	<b>186,500 bushels</b>

In addition to registered and certified grains the department handled 37,700 pounds of forage crop seeds as compared with 24,200 pounds in the previous year.

A substantial volume of commercial seed oats and barley was also handled during the past season, including carlots sold in Saskatchewan and to Eastern Canada. The department handled 121,000 bushels of commercial seed oats and 1,800 bushels of commercial seed barley as compared with 57,000 bushels of oats and 1,800 bushels of barley in 1945.

By marketing this quantity of oats and barley on a commercial seed basis the growers received additional revenue amounting to \$16,400.00, or an average of \$293.00 per car. The premium on oats ranged from 9c to 17c over the regular market value of 2 C.W.

As in former years, substantial quantities of the popular varieties of registered and certified seed grain are being purchased for the coming season's business. A preliminary price list will be placed in the hands of Pool elevator agents at an early date.

### *General*

Country elevator handlings were approximately 36,000,000 bushels less than the previous year and the net earnings of country elevators after depreciations were less



by \$141,454.04. As indicated at the last annual meeting, handling charges were at the rate of 3c per bushel during the season.

### Saskatchewan Wheat Pool Construction Company Limited

At the beginning of the 1946 construction season a comprehensive programme of repairs, alterations, reconstruction and construction to the extent of approximately \$1,185,000.00 was authorized by the Board. This figure does not include estimates for repairs to temporary annexes nor for cleaner installations which had already been approved at an estimated cost of \$40,000.00.

The final figures for the 1945 construction and repair programme amounted to approximately \$420,000.00. This department was faced with many difficulties in securing adequate material and labour for the greatly enlarged programme.

As a result of widespread shortages it was found impossible to complete the original programme. The following figures will give some indication as to the amount of work it was possible to complete as compared with the original project at the beginning of the season. These figures indicate replacements in existing elevators only and are quite separate from new elevator construction.

Detail of Work	No. Projected	No. Completed
Scale Conversions.....	189	73
New 15 or 20-ton Scales.....	13	15
Scale Transfers.....	Indefinite	11
72-inch Air Dumps.....	106	58
New Engines.....	24	12
Engine Transfers.....	Indefinite	5
Electric Drives.....	1 (cancelled)	3 (1945)
Boot Tanks.....	6	5
New Cleaners.....	20 (two cancelled)	18
Cleaner Transfers.....	7	8

At the beginning of the season it was planned to demolish ten obsolete elevators but it was found possible to demolish only four out of this programme.

New 45,000 bushel elevators were provided at Grenfell, Moosomin, and Wynyard, and a 65,000 bushel elevator was built at Gray. The Pool elevator at Vanguard which was destroyed by fire was replaced with a new 45,000 bushel unit.

It was also intended that the construction of 20 permanent annexes of 30,000 bushel capacity should be carried out during the season. However, again due to shortages of materials and labour, it is probable that only three of these will be completed in the present season.

Costs in connection with elevator and annex construction are roughly 50% higher than in 1939.

Twenty agents' cottages were built during the season. Again the work was badly handicapped and some of these cottages are incomplete as to final details. An additional 29 cottages were acquired by purchase.

During the season 250 elevators and 20 annexes were repainted as well as 60 cottages. It was found necessary to allot contracts for a large portion of the elevator repainting. The average number of men employed in the construction and repair programme during the season May to October was 220.

At the end of the year Saskatchewan Pool Elevators Limited owned 1,140 country elevators, 869 temporary annexes and 510 agents' cottages.

## Laboratory Service

As in former years Saskatchewan Pool Elevators Limited continued to provide moisture and germination tests for seed grain as an additional service to Pool members. The following figures show the number of tests made in the laboratory at head office in the past three years:

	Germination	Moisture
1945-1946.....	30,282	2,340
1944-1945.....	15,292	1,750
1943-1944.....	14,282	1,812

In addition to these tests the laboratory also cleaned, weighed and graded 850 samples of grain for the Junior Variety Test Plots.

Some 202 samples of grain were supplied to schools at the request of either teachers or school children, and a substantial number of samples for the separation of grain, and for weighing and checking, were handled for country elevator agents.

## Smut Tests

As reported at the last annual meeting, arrangements had been made to provide an additional seed testing service free to Pool members. This service made it possible for members to have their seed samples tested for smut under an agreement with the Associated Laboratory Service at Saskatoon. During the past season 10,270 smut tests were made for Pool members, an indication that this service is appreciated by our membership.

## Saskatchewan Pool Terminals Limited

### *Terminal Elevator Handlings*

The total volume of grain handled through Pool terminals for the year ended 31st July, 1946, including 1,138,092 bushels of wheat and oats moved by belt from Terminal No. 5 to Terminal No. 4 in connection with salvage operations, amounted to 95,756,566 bushels. This is considerably less than the record handling of last year; but in view of the much smaller crop and greatly reduced carryover it may be considered satisfactory.

Throughout the year there was an almost continuous movement of grain from the seaboard to European countries which urgently needed supplies. Total overseas shipment of Canadian wheat during the year amounted to over 262,250,000 bushels, approximately 28,000,000 more than last year. Total overseas shipments of coarse grains approximated 31,000,000 bushels more than in the previous season.

Very little grain was shipped by rail to the United States direct from country points, but substantial quantities of wheat were shipped by vessel from the Lakehead to the United States in bond for export via American ports.

Receipts of grain for the various terminals during the past year as compared with the previous year are as follows:

	1945-1946 (Bushels)	1944-1945 (Bushels)
Terminal No. 4.....	24,214,173	24,821,184
Terminal No. 5.....	285,193	16,254,196
Terminal No. 6.....	25,298,335	35,073,269
Terminal No. 7.....	45,958,865	62,500,424
<b>Total.....</b>	<b>95,756,566</b>	<b>138,649,073</b>

Grain in store in all Pool terminals at 31st July, 1946, amounted to 2,706,884 bushels, or 15,105,227 bushels less



than the amount in store on the corresponding date in 1945.

During the season 1945-1946 172,554 cars were unloaded at the Lakehead. Of this number Pool terminals unloaded 51,853 cars, or 30.05% of the total unloads.

Pool Terminal No. 7 again handled a larger amount of grain than any other terminal at the Lakehead—25,260 cars being unloaded at this terminal, representing 14.64% of all cars unloaded.

### *Temporary Terminal Storage Space*

The temporary storage annexes at Terminal No. 7 were emptied by 12th December, 1945, the other temporary storage having been emptied prior to that time. The temporary annexes were not utilized after having been shipped out and under the agreement covering their construction it was necessary to have them demolished by 31st July, 1946. Early in the spring tenders were called for involving the demolition of the temporary storage annexes as well as the galleries leading to such annexes. This work has now been completed down to the floor slabs. The matter of the removal of the floor slabs is under negotiation with the City of Port Arthur at the present time.

Every effort was made to keep Pool terminals and equipment in good operating condition throughout the season, but efforts in this direction were handicapped by the comparatively heavy flow of grain and the difficulties encountered in securing repair parts and new equipment.

### *Terminal No. 5*

Salvage operations in connection with the grain stored in Pool Terminal No. 5 at the time of the explosion were completed early last December, and payments covering the grain loss were received. As soon as possible after the grain salvage had been completed our engineers, C. D. Howe Company Limited, of Port Arthur, carried out a complete survey of the plant. The engineers reported that the workhouse and Annex No. 1 were damaged beyond repair. Engineers representing the insurance adjusters concurred in this finding. Arrangements were made to complete the demolition of the workhouse and Annex No. 1 and it is expected that this work will be completed by the end of the present month. All demolition operations have been carried out under the supervision of C. D. Howe Company Limited. As soon as this work has been completed claims will be prepared covering loss in connection with the terminal and annex.

At the beginning of the year the management of Pool Terminals was asked to give consideration to plans for re-building Terminal No. 5 in consultation with the Company's engineers, C. D. Howe Company Limited.

After investigating very fully the various suggestions submitted, your Board authorized the construction of a new workhouse of approximately 400,000 bushels capacity to be known as 4B. This workhouse will be connected with Annexes No. 2 and No. 3 of old Terminal No. 5. It will also be connected with 5,000,000 bushels of the storage capacity of the present Pool Terminal No. 4. The present Terminal No. 4 workhouse will be known as 4A and will be connected with 6,000,000 bushels of storage space. The capacity of the two annexes at Terminal No. 5 is 1,500,000 bushels. The capacity of the new workhouse will be 400,000 bushels, while the total capacity of the present No. 4 plant is 6,500,000 bushels.

When this work is completed this will give a total capacity for the combined 4A and 4B plants of 8,400,000

bushels. Under the plan as approved, a large part of the storage of the present Terminal No. 4 annexes can be utilized for grain handled either through the 4A or 4B workhouse.

In designing the new workhouse, particular attention is being given to incorporating the maximum amount of cleaning capacity, and including many features which it is anticipated will make this a very fast receiving and shipping house. The new car shed will be equipped with two modern car dumpers and two shovel pits. The approximate cost of this project has been estimated at \$1,450,000.00.

It is expected that the additional piling which will be required for the new workhouse will be driven during the present year, and that the site will be made ready to commence concrete construction as early as possible next spring. In view of present labour situation and the shortage of materials and equipment, it would be unwise to endeavour to forecast just when this work will be completed.

## **Modern Press Limited**

### *Financial Statements*

Details of the financial results of the operation of Modern Press Limited for the year ended 31st July, 1946, are shown in the Financial Statements and Auditors' Reports submitted separately to the delegates.

After providing for depreciation on fixed assets, the operations of the Company show a surplus of \$69,796.57, made up of a surplus of \$19,200.60 from the operations of the Commercial Printing Department, and a surplus of \$50,595.97 from the publication of The Western Producer. This year's surplus of \$69,796.57 compares with a surplus in the previous season of \$78,467.03.

As in former years, depreciation has been charged in equal proportions to the Commercial Printing Department and to The Western Producer.

### *Commercial Printing Department*

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

	1945-1946	1944-1945	Increase (Decrease)
Job Sales, etc.....	\$150,495.92	\$153,468.77	\$ (2,972.85)
Cost of Stock.....	43,439.31	46,570.15	(3,130.84)
Expenses.....	82,551.02	75,127.80	7,423.22
Surplus Before Depreciation.....	24,505.59	31,770.82	(7,265.23)
Depreciation.....	5,304.99	5,083.60	221.39
<b>Net Surplus.....</b>	<b>\$ 19,200.60</b>	<b>\$ 26,687.22</b>	<b>\$ (7,486.62)</b>

### *The Western Producer*

A comparison of the financial operations of The Western Producer for the year ended 31st July, 1946, with the previous year is shown below:

	1945-1946	1944-1945	Increase (Decrease)
Advertising.....	\$181,111.10	\$176,666.18	\$ 4,444.92
Subscriptions.....	28,562.46	29,483.53	(921.07)
Miscellaneous.....	3,788.56	2,840.44	948.12
<b>Total Revenue.....</b>	<b>213,462.12</b>	<b>208,990.15</b>	<b>4,471.97</b>
Newsprint.....	52,053.36	48,833.86	3,219.50
Expenses.....	105,507.80	103,423.82	2,083.98
Surplus Before Depreciation.....	55,900.96	56,732.47	(831.51)
Depreciation.....	5,304.99	5,083.61	221.38
<b>Net Surplus.....</b>	<b>\$ 50,595.97</b>	<b>\$ 51,648.86</b>	<b>\$ (1,052.89)</b>



The following figures provide a fairly complete picture of costs incidental to the publication of The Western Producer for the past four fiscal years:

	1942-1943	1943-1944	1944-1945	1945-1946
Total Gross Press				
Run.....	5,619,097	5,671,651	5,942,401	5,987,972
Total Net Press Run	5,568,765	5,622,320	5,908,154	5,949,235
Total Spoiled Copies	50,332	49,331	34,247	38,737
% Spoils to Gross				
Run.....	.895%	.869%	.576%	.647%
Average Net Run				
Per Issue.....	107,091	108,122	113,426	114,408
Cost Per Copy, Net				
Run.....	2.5790c	2.7105c	2.6631c	2.7376c
Cost for 52 Issues				
(Per Copy).....	\$1.3411	\$1.4095	\$1.3848	\$1.4236
Lowest Net Press				
Run.....	104,625	104,675	111,950	111,815
Highest Net Press				
Run.....	109,650	112,825	115,000	117,967

### *Circulation*

Total net paid circulation as at 31st July, 1946, reached a new high with 116,047 net paid at the year end, as compared with 112,063 at the same date a year ago, an increase of 3,984 during the year. The distribution of circulation by provinces for the two-year period is as follows:

	1944-1945	1945-1946
Saskatchewan.....	62,670	64,582
Alberta.....	30,571	29,511
Manitoba.....	8,979	8,312
British Columbia.....	8,433	12,304
Miscellaneous.....	1,410	1,338
<b>Total.....</b>	<b>112,063</b>	<b>116,047</b>

### *Building and Plant Expansion*

Construction of the new building for Modern Press Limited started 30th April last but was subsequently stopped for several weeks through lack of reinforcing steel. Work is now proceeding on the site and it is expected that the basement will be ready for use in the near future. Present indications are that most of the new machinery and equipment on order will be available before the new building is completed. The new press is about ready for shipment and some equipment has been received at Saskatoon.

During the year under review the Board authorized the purchase of an additional 50 feet of vacant property on the south side of the present Modern Press Building. This now provides 200 feet of frontage which, when the new building is completed, will leave 60 feet unoccupied on the south side, and 20 feet on the north.

### *Editorial*

The Editorial Department of The Western Producer has carried on routine work during the year and there has been no event of sufficient importance to call for special mention in this report. As far as can be judged the paper has retained the loyal support of its readers and has at least maintained its influence. There has been no deviation either in content or form from the pattern followed in former years. The same fields have been covered in much the same way as the subsequent sections of this report indicate in more detail.

Delegates and readers no doubt realize that an overall improvement of the paper has been long overdue. They know too that the decision to undertake this was made years ago. It has been prevented to some extent by news-

print rationing, but mainly through lack of the new machinery and much needed space. During the war it was not possible to do anything about these matters.

Now that the new building is under way and the machinery is ready as soon as there is a place to put it, the whole editorial staff is looking forward to the time when the projected improvements can be launched. These will include expansion of existing departments, addition of new features and a marked betterment in make-up and legibility throughout the whole paper.

Contemplated changes call for careful advance preparation; the assembling of additional staff; securing of expert contributions in certain special fields; the selection of new features such as comics, stories, and so on. Preliminary work is already in hand and there is much that must be done against the day that the new machinery is ready to turn over. The results of this preparatory work will not bear fruit until the expansion takes place, but when that time comes we trust that it will pay dividends in all-round improvement of the paper and the gradual inclusion of numerous additional services which have been in demand by readers for a long time.

### *Agricultural Department*

Work of the agricultural department has been conducted in conformity with those policies which over the years have found favour with our readers.

Major livestock events across the prairies and in British Columbia have been reported by the agricultural editor and in addition technical information on feeding and management of livestock has been translated into more simple form for general reader consumption. Rather more attention has been paid to shows, sales and exhibitions of livestock than in former years, and some private sales of breeding stock, conducted by outstanding breeders, have been reported.

The department was in close touch with Mr. A. W. Platt, Cerealist, at the Swift Current Experimental Station, who was largely responsible for the development of the new sawfly resistant wheat Rescue. The department was represented at the annual meeting of the Associated Committee on Grain Research at Winnipeg in February, where the new variety was recommended for licensing, and an informative article was written. At the same time, attention was paid the sessions of the National Barley and Linseed Flax Committee, the Forage Crops Committee and the other meetings of scientific agriculturists held at this time.

The annual meeting of the Canadian Seed Growers' Association, also held at Winnipeg, was attended by the agricultural department. The meeting was well attended by western growers.

Several of the Class B Fairs in Saskatchewan, and the Class A Fairs in Manitoba, Alberta and Saskatchewan, were covered by the agricultural department. Coverage of fairs was extended somewhat this year and it is to be hoped that the full extension programme planned for the department can swing into operation smoothly and quickly. This of course depends on the progress made on the new building and equipment.

Good relations with government and university agricultural departments have been maintained and strengthened during the year under review. Mr. George Hodgson, Saskatchewan Poultry Commissioner, again conducted a column on poultry management, feeding and marketing, and Mr. Percy Wright of Moose Range once



again conducted the Chats with Beekeepers column. In addition the Dates to Remember and On The Hoof features were maintained.

The agricultural department is naturally interested in the current expansion developments and obviously will be called upon to play an appreciable part in those developments.

The hope is that we will be able to devote greater attention to cropping practices, new crops, farm machinery, farm management, conservation, weed control and the other phases of the agricultural scene which deserve more intensive treatment in the agricultural columns.

The newspaper camera in the care of the agricultural department has been used to advantage by the women's and news department as well as agriculture.

### *Women's Section*

Reader interest in the Women's and Young Co-operators' Pages has been well sustained during the past year while the demand for patterns shows a substantial increase. Correspondence has been heavy. Mail Bag discussions covered a wide field of domestic and current topics. A special column for cripples has helped materially some 534 handicapped persons to form contacts which, it is expected, will lead to the organization of an association of handicapped civilians.

The Garden Page which, during the war, so many garden friends had been too busy to support, made a considerable comeback. A series of special articles on native fruit bushes and trees by Mr. W. R. Leslie, Superintendent of Morden Experimental Station, was greatly appreciated as was the coverage given to the convention of the Saskatchewan Horticultural Societies and to the Provincial Fruit Show. With more help available more attention could profitably be given to featuring the development of a real prairie horticulture.

The club page, featuring the activities of the Saskatchewan Homemakers, the United Farm Women of Alberta and Saskatchewan, and the Saskatchewan Co-operative Women's Guild, has been much appreciated.

Continued publicity was given to many post-war and patriotic causes such as the National Clothing Drive, Health League of Canada activities, Old Age Pensioners, and the Blind. The serious need for more nurses has been frequently stressed with the idea of inspiring more rural girls to come forward for training.

Among other subjects that aroused interest was the work of the Saskatchewan Natural History Society, our stone-age relics, a better life for Indians and the need for a more co-operative way of life.

More time to gather material and keep track of western women's direct interests, as well as of the many new developments taking place in western communities, is needed. With more office facilities that the new building offers and more help, the Women's Section can be a much greater factor in the further development of The Western Producer.

### *Youth Section*

In spite of reduced space, interest in the Young Co-operators' Pages has not diminished, and the standard of contributions has been maintained. A wide range of subjects is dealt with: Music, hobbies, books, radio, films, sport and needlework. Original verse by the Young Co-operators has brought favourable comment. A special corner, suggested by the young folk themselves, has been

devoted to stories, letters and articles dealing especially with the principles of co-operation and ways of practising them, and has included some excellent contributions.

There is a great deal of interest in the Across Border-lines Section, which is intended to foster communication with young people of other countries. British, Australian and New Zealand young people were heard from all through the war, and now old and new friends are writing from Africa, India, Holland, and other countries. The demand for Canadian correspondents continues to grow and heads of organizations have written and sent lists of young people anxious to get in touch with Canadian boys and girls.

Teen-agers show a great reluctance to discontinue writing to the Young Co-operators' pages, even when past that age group, and often contribute to the adult section. On occasion the Mail Bag and Young Co-operators can number three generations of a family among their correspondents.

### *Reader Services*

During the year 80,955 orders for patterns of various kinds, booklets and fashion books were received. The demand has continued to grow and this represents an increase of 11,266 over the year 1944-1945, while that year showed an increase of 11,173 over the previous year. The booklet service was discontinued because of inability to obtain a sufficient quantity, but it is hoped this service will be resumed in the future as readers apparently find that it fills a definite need.

The following statement shows the orders received during the year under review:

Household Arts.....	39,678	
Dress Patterns.....	37,973	
Fashion Books.....	2,680	
Home Service Booklets.....	624	
		<u>80,955</u>

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

The Auditors' Report and Financial Statements submitted separately to the delegates will show in detail the financial position of the Livestock subsidiary at the end of the fiscal year.

It will be noted from the Balance Sheet that total current assets at the end of the year amounted to \$781,343.17 and current liabilities to \$559,810.95. The difference between these two items, \$221,532.22, represents the current position of the Company.

From the Statement of Earnings and Expenses it will be noted, after providing for depreciation on fixed assets in the amount of \$5,525.64, that the operations of the Company for the period under review show a surplus of \$66,232.70. Included in this amount is a share of earnings of Canadian Livestock Co-operative (Western) Limited amounting to \$44,938.94, and a surplus from the operations of the Transit Compensation Fund amounting to \$5,887.01. The surplus for the year has been allocated as follows:

To Transit Compensation Fund.....	\$ 5,887.01	
To Undivided Surplus Account.....	60,345.69	<u>\$66,232.70</u>

No provision has been made in the statements for the payment of income or excess profits taxes.

### *Livestock Operations*

Statement No. 17, attached to this Report, shows the comparative handling of livestock for the past two years.



The number of cattle, calves, sheep and lambs shows a substantial increase, while the number of hogs handled is very substantially less than in the previous year.

### *Canadian Livestock Co-operative (Western) Limited*

Canadian Livestock Co-operative is the co-operative livestock selling agency operating at St. Boniface, Manitoba. The Balance Sheet (Statement No. 18) shows the financial position of the organization as at 31st July, 1946. Total operating revenue for the year ended 31st July, 1946, amounted to \$183,300.58. Total operating expenses for the same period were \$115,224.68, leaving a surplus of \$68,075.90, allocated as follows:

(a) Members' Equity—10%.....	\$ 6,807.59
Credited to Alberta—1.390%.....	\$ 94.63
Credited to Manitoba—32.597%.....	2,219.07
Credited to Saskatchewan—66.013%.....	4,493.89
	<u>\$ 6,807.59</u>
(b) To be credited on the basis of revenue contributed to the Sales Agency during the year—90%.....	\$61,268.31
Credited to Alberta—1.390%.....	\$ 851.63
Credited to Manitoba—32.597%.....	19,971.63
Credited to Saskatchewan—66.013%.....	40,445.05
	<u>\$61,268.31</u>
	<u>\$68,075.90</u>

During the period under review the volume of livestock handled by Canadian Livestock Co-operative was 136,967 cattle, 38,134 calves, 163,155 hogs and 57,225 sheep and lambs, with a total value of \$15,814,998.88. This total includes incoming and outgoing shipments.

### *General*

Estimates of practically all livestock on farms in Canada at 1st June, 1946, show a substantial reduction from those of the previous year. The decline in hog numbers was accompanied by reductions in cattle and sheep. Cattle numbers reached an all-time high at 1st June, 1945, but show a reduction of 3.5% at 1st June, 1946. This reduction was largely in the prairie provinces. In the maritime provinces the cattle population has been reasonably well maintained.

According to the 1st June, 1946, Survey of the Dominion Bureau of Statistics, the reduction in hog numbers (which reached a high point in December, 1943,) has continued. At that time the number of hogs on Canadian farms was estimated at 5,377,300 as compared with 6,025,600 at 1st June, 1945.

Again the principal reduction was in the prairie provinces. In Saskatchewan the figure at 1st June, 1946, was only 75.2% of the 1945 estimate, and in Alberta it was 75.1%.

The number of sows expected to farrow, as reported at 1st June, 1946, has shown a moderate decline, from 512,500 last year to 507,900 this year. This may be regarded as a strong indication that the downward trend in hog production may be levelled off. In all the eastern provinces there is a decided increase, the most significant being in Ontario where 214,700 sows are expected to farrow as compared with 199,900 at the same date a year ago. The western provinces all show reductions, but these are substantially less than in 1945.

**Number of Hogs on Canadian Farms at June 1 and December 1,  
1937 to 1946 (Thousands)**

Year	June 1	December 1
1937.....	4,016	3,680
1938.....	3,527	3,569
1939.....	4,364	4,770
1940.....	6,002	6,117
1941.....	6,081	6,385
1942.....	7,125	7,751
1943.....	8,148	9,473
1944.....	7,741	7,636
1945.....	6,026	5,853
1946.....	5,377	—

**Number of Hogs on Farms at June 1, 1945 and 1946**

1945			1946		1946 Total	Total %
Under 6 Months	Over 6 Months	Total	Under 6 Months	Over 6 Mos.	Total 1945	% Total
Prince Edward Island:						
49,700	10,800	60,500	52,300	12,000	64,300	106.3
Nova Scotia:						
45,900	12,800	58,700	36,300	12,200	48,500	82.6
New Brunswick:						
64,200	18,100	82,300	59,700	18,200	77,900	94.7
Quebec:						
675,200	168,500	843,700	687,000	181,000	868,000	102.9
Ontario:						
1,555,600	423,400	1,979,000	1,576,800	436,500	2,013,300	101.7
Manitoba:						
347,000	110,000	457,000	266,000	111,000	377,000	82.5
Saskatchewan:						
761,200	245,400	1,006,600	561,800	195,200	757,000	75.2
Alberta:						
1,101,700	367,600	1,469,300	846,000	258,000	1,104,000	75.1
British Columbia:						
50,500	18,000	68,500	51,800	15,500	67,300	98.2
Total						
4,651,000	1,374,600	6,025,600	4,137,700	1,239,600	5,377,300	89.2

**Number of Sows Expected to Farrow June to November  
1945 and 1946**

	1945	1946	1946 % of 1945
Prince Edward Island.....	7,000	7,300	104.3
Nova Scotia.....	6,000	7,600	126.7
New Brunswick.....	7,300	8,600	117.8
Quebec.....	75,200	87,100	115.8
Ontario.....	199,900	214,700	107.4
Manitoba.....	34,000	32,200	94.7
Saskatchewan.....	51,900	47,000	90.6
Alberta.....	124,100	97,000	78.2
British Columbia.....	7,100	6,400	90.1
Total—Canada.....	512,500	507,900	99.1

While Canadian hog production may have stabilized on the basis of the present hog population, from the above figures it is not clear that hog production in Saskatchewan has levelled off, or whether a possible further decline may be expected for the current year.

In order to complete the picture, the following statement of Canadian hog marketings in 1944-1945 is set out to show the volume marketed in the years 1944 and 1945:

**Canadian Hog Marketings in 1944-45**

Province	1944	% of 1944 Total	1945	1945 % of 1944
Prince Edward Island.....	68,888	.77	60,341	87.5
Nova Scotia.....	25,951	.30	13,205	51.7
New Brunswick.....	51,979	.59	33,776	65.0
Quebec.....	789,325	8.91	535,278	67.8
Ontario.....	2,108,734	23.79	1,806,900	85.7
Manitoba.....	851,994	9.61	486,648	57.1
Saskatchewan.....	1,934,112	21.82	942,920	48.7
Alberta.....	2,981,940	33.64	1,946,159	65.3
British Columbia.....	50,255	57.00	36,278	72.2
Total.....	8,863,178	100.00	5,861,505	66.1

In connection with hog marketings, reference should be made to the export market in Great Britain for Canadian bacon.



The following figures show exports of Canadian bacon to Great Britain immediately preceding the last war, and also during the war years:

1936.....	174,493,000 pounds
1937.....	219,141,500 pounds
1938.....	178,494,000 pounds
1939.....	195,031,000 pounds

Wartime exports of bacon and pork were as follows:

1940.....	353,309,000 pounds
1941.....	482,526,000 pounds
1942.....	537,923,000 pounds
1943.....	588,064,000 pounds
1944.....	718,465,000 pounds
1945.....	462,687,000 pounds

Up to the week ended 4th August, 1946, the quantity of bacon secured for export to Britain through the Meat Board was 261,000,000 pounds. This compared with 460,000,000 pounds in the same period of 1944 and 292,000,000 pounds in the same period of 1945.

During the first seven months of 1946 approximately 145,500,000 pounds of bacon and ham were shipped to the United Kingdom and an additional 10,500,000 pounds had been booked for early shipments.

Latest reports indicate that hog carcasses graded in Canada from 1st January to 5th October, 1946, totalled 3,248,539 as compared with 4,472,627 for the same period in the previous year.

During the past year your President and Secretary were members of a delegation which visited Great Britain and Denmark. In the course of this visit a close study was made of the British market for Canadian bacon; also of methods for the production, handling and marketing of bacon and pork products in Denmark.

From information received your Board is satisfied that Canadian bacon can continue to maintain its prominent position in the British market if producers so wish. It is obvious, however, that production for this market must originate in Western Canada.

The importance of the British market for export bacon cannot be over-emphasized. Your representatives were informed by the British Minister of Agriculture that Great Britain imports 95% of the world's bacon exports.

During the war years the British people depended on Canadian bacon to maintain their slim rations and generally are well satisfied with the quality of Canadian bacon being received, particularly of shipments received since the close of the war when bacon could move into consumption immediately on arrival.

After studying the Danish situation, and after meeting representatives of the British bacon industry including the English and Scottish Co-operative Wholesale Societies, your Board is satisfied that if shipments of approximately 400,000,000 pounds of good quality selected bacon could be maintained each year this would ensure our being able to hold an important place in the British bacon market.

But this amount of bacon would involve the marketing of nearly 3,500,000 hogs. Domestic consumption of hogs in Canada requires a similar number. In consequence, if Canadian producers wish to keep the British market for bacon, the minimum hog production must be of the following order:

For Export Market.....	3,500,000 head
For Domestic Market.....	3,500,000 head
Total Hogs Required.....	<u>7,000,000 head</u>

This number is substantially greater than the number of hogs likely to be produced this year.

In Denmark, where approximately 85% of all hogs are handled co-operatively, it was emphasized that the co-operatives had found it of value to their members to interest themselves in the question of production.

Your representatives were satisfied that, as a result of the work of agricultural co-operative organizations, uniformity had been established within the various sections of production and marketing. Particularly in the bacon industry, which is of great importance to the economy of Denmark, uniformity and quality of product and regularity of shipments had been maintained principally as a result of co-operative activity. Sooner or later these questions must be faced if we as a co-operative organization hope to maintain a substantial export market for Canadian bacon.

The co-operative set up in Great Britain, including the bacon departments of the Wholesale Societies and the large number of well-established retail outlets in the Co-operative Societies, provide an almost ideal distribution outlet for any commodity. It is probably the most complete of any existing in Great Britain.

The British Co-operatives are willing and anxious to co-operate with your organization in the marketing of export bacon and this splendid system of distribution is available to us. But, to secure the maximum advantage, it would be necessary to be in a position to guarantee a regular flow of the commodity to the market throughout the year and also to guarantee a minimum volume. Your Board is satisfied that it would be wasted effort to create a demand and provide distributing machinery for Canadian bacon and then fail to meet that demand.

Briefly the position is this:

Great Britain imports 95% of the world's export trade in bacon. At the present time Canadian bacon being received in England is as good if not better than any other bacon reaching that country. There is a market in Great Britain for all the bacon we can produce for export.

Your Board is satisfied that it is possible to work out a satisfactory agreement with the British Co-operative Societies which, in its opinion, provide the best possible system for the distribution of Canadian bacon.

However your representatives were of the opinion, and reported to your Board, that it would be unwise to undertake any extensive effort to market Canadian bacon in Great Britain unless a guarantee can be given as to continuity of supply on a regular delivery basis.

Your Board would welcome a discussion on this whole question and whether an educational campaign should be undertaken to maintain hog production in Western Canada.

### *Co-operative Packing Plant*

No further action has been taken by your Board up to this time in connection with the establishment of a co-operative packing plant because of the uncertainty created by the income tax position.

While in Great Britain your representatives discussed with the British Co-operative Wholesales the question of bacon production and distribution.

It was evident that the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society were willing and anxious to co-operate in any practical way with co-operative producers in Canada. Their interest is to secure a source of supply for bacon for distribution through



their retail societies. The Co-operative Wholesale Society already owns certain plants in Denmark and both Wholesale organizations operate bacon factories in the homeland. The output of these is limited and they require large additional supplies of the product.

As is well known, it is the policy of the British Co-operative Wholesale Societies to secure their supplies as close as possible to the source and at the same time from co-operative sources. Both the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society are ready to undertake a joint operation with co-operative producers and this matter was the subject of a discussion with representatives of the Scottish Co-operative Wholesale Society who spent some time with your organization recently.

### *Future Policy*

It will be the intention of your Board to continue to urge, through the Canadian Federation of Agriculture, for the appointment of a Board of Livestock Commissioners with adequate authority to protect the interests of livestock producers in the handling and marketing of livestock.

Under present conditions, and in view of the serious shortage of meat supplies in the war-ravaged countries of Europe, shipments of surplus meat products must be made to meet the urgent needs of the people of Great Britain and Western Europe. Your Board is of the opinion, however, that the United States still provides the natural market for Canada's surplus cattle.

Substantial numbers of cattle are being imported into the United States from Mexico. The following statement shows the number of Mexican and Canadian cattle imported during the war years:

	Mexican (Head)	Canadian (Head)
1940.....	413,135	153,856
1941.....	519,226	189,896
1942.....	510,524	158,175
1943.....	470,306	56,666
1944.....	308,233	52,123
1945.....	425,033	68,719

It will be recalled that restrictions were placed by the Canadian Government on the export of beef cattle and calves from Canada in September, 1942. These restrictions have remained in force and Canadian exports have been limited to pure-bred and dairy cattle.

It is important that the United States market for live cattle should be opened to Canadian shipments at the earliest possible moment. Your Board is also of the opinion that until the present restrictions are removed livestock producers should be compensated for the loss of this market.

It is probable that, in the near future, the Agricultural Prices Support Board will have under consideration the question of establishing floor prices for beef and other meat products. Your Board is of the opinion the present ceiling prices on beef should be established as the floor prices in any stabilization programme which may be undertaken.

As was pointed out, and fully discussed at the last annual meeting, there is discrimination between the hog producer who raises and feeds his own feed grains and the feeder who buys his feed requirements. Under the present policy there are also certain inequities in the returns from hog production as between eastern and western producers as a result of freight subsidies, etc.

This whole question was fully reviewed at meetings of the western Federations of Agriculture and at the annual meeting of the Canadian Federation of Agriculture held at London, Ont., last January. At that time it was agreed that the Dominion Department of Agriculture should be requested to take immediate steps to revise its hog policy,

- (1) by providing an upward adjustment in the price of bacon hogs;
- (2) by taking all possible steps to secure additional export markets in addition to the British market;
- (3) by establishing more rigid control for packing companies; and
- (4) by introducing a broad programme of experimental and research work, particularly with cross-breeding and disease control, to assist producers in reducing production costs.

Your Board is of the opinion that steps should now be taken to call a national conference of all parties interested in the production and marketing of hogs, so that the whole programme may be reviewed with the objective of working out a broad national policy in production, having due regard to the resources of the various areas of the Dominion. A national livestock policy must be co-ordinated with a policy for the production and marketing of essential feed grains in relation to livestock production. Your Board therefore recommends:

- (1) That we continue to urge the setting up of a Board of Livestock Commissioners which would undertake grading systems for livestock, applicable from producer through to the consumer, and giving consideration to overseas marketing, storage and handling facilities for exportable meat products.
- (2) That steps should be taken at the earliest possible moment to re-open the United States market for live cattle.
- (3) That until this market has been re-opened compensation should be provided to the livestock industry for the loss of the market.
- (4) That the present ceiling prices for beef should be established as floor prices in the stabilization programme.
- (5) That there should be an upward adjustment in the price of bacon hogs.
- (6) That arrangements should be made for the calling of a national conference representing all parties interested in the production, handling and marketing of livestock, with a view to working out a national production policy and co-ordinating with this policy a national programme for the production and marketing of feed grains in relation to livestock production.

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

As in former years, the report of Canadian Co-operative Wheat Producers Limited, as presented to its shareholders, is included in and forms part of this report.

### **Canadian Pool Agencies Limited**

The report of the directors of Canadian Pool Agencies Limited to the annual meeting of its shareholders is also attached to this report.

The Balance Sheet for the year ended 31st July, 1945, and Statement of Income and Expenses and Patrons' Equity in this inter-provincial subsidiary, are also attached as Statements 11, 12, and 13.

### **Pool Insurance Company**

The fiscal year of Pool Insurance Company ends 31st December. Report of the operations of this organization for the year 1945 is included and forms part of this report.

The Manager of Pool Insurance Company, who is also Manager of Canadian Pool Agencies Limited, will be in attendance at the meeting and will submit information on the current year's progress.

### **Publicity**

During the year under review the work of the Publicity Department placed special emphasis upon measures



designed to counteract the active propaganda campaigns directed by various interests against the Wheat Pool organization and the co-operative movement generally.

### *Radio*

Radio broadcasting activity of the department may be classified under two headings—General and Special Broadcasts. Under general classification may be listed Sunday afternoon news service carried each week over CKCK, Regina; the regular Tuesday night broadcast over CKCK; and hockey broadcasts carried over CKRM, Regina, CKBI, Prince Albert, and CFQC, Saskatoon. Under special broadcasts may be listed networks of Saskatchewan stations for broadcasts dealing with the campaigns carried on by the Income Tax Payers' Association, the Northwest Line Elevators' Association and the Grain Exchange. Special broadcasts of this nature were carried on all stations in Saskatchewan. Many copies of these broadcasts were distributed, and some of them were carried in full in the columns of *The Western Producer*.

Hockey broadcasting was resumed during the year under review after a lapse of one year. Last winter it was found possible to establish a hockey schedule which was reasonably satisfactory.

All broadcasts conducted by the department, with the exception of the Sunday news broadcasts, feature sponsored opinion. Efforts are made to deal with matters of current interest in relation to the organization, agricultural policy and all other matters either directly or indirectly affecting the interests of the agricultural producers in the Province.

### *Advertising*

The *Western Producer* and the Saskatchewan weekly newspapers continue to be used as the regular media for the publication of Pool advertising. During the year, however, special advertising was carried both in these publications, and in other weekly and monthly publications, as an offset to the advertising and propaganda campaigns conducted by the Grain Trade, the Income Tax Payers' Association, and others.

In addition to the regular local weekly newspapers, advertising has been placed in a representative group of foreign language weeklies which circulate in Saskatchewan.

As in previous years, joint advertising sponsored by the three Wheat Pool organizations was carried in *The Western Producer*.

Harmonious relations have been maintained with the Saskatchewan division of the Canadian Weekly Newspapers' Association, as well as with farm publications and radio stations.

### *Calendars*

War restrictions and paper quotas continued to present difficulties in connection with the distribution of calendars for the past year. Paper quotas made it necessary to reduce the number of calendars available for distribution to 100,000 copies. This number was insufficient to supply the total demand, and as was the case in the previous year, the regular distribution was limited to resident members of the organization. This left only a few calendars for distribution to non-members and to outside organizations and institutions.

Demand for the Pool calendar remains strong, and requests are still being received from points far beyond the boundaries of the Province, and in many instances beyond the boundaries of Canada. As a result of an easing

in paper restrictions, it is anticipated that there will be little trouble in meeting demands for the current year.

Last year consideration was given to enlarging the size of the calendar with a view to making the map more readable. Consideration was also given to requests which have been received at different times to have a map of the three prairie provinces used on the calendar instead of a map of Saskatchewan only. In both these suggested changes a great increase in cost is involved, as well as a marked increase in postal charges. In order to carry out the second suggestion, of having the three provinces included, it would require such a great increase in size that it was considered very doubtful if the calendar would be suitable for use in private homes. After giving careful consideration to the possibility of changing the size, the decision was reached to make no change at this time.

### *Exhibitions*

The Class "A" and Class "B" fairs in Saskatchewan were again used as a medium of contact with Pool members. An exhibit and rest-room were maintained at the Class "A" exhibitions at Saskatoon and Regina, and at the Class "B" fairs at Weyburn, Moose Jaw, Estevan, Yorkton, Melfort, Lloydminster, North Battleford and Prince Albert. A great many people visited the booths at these fairs and large quantities of maps and literature were distributed.

As in previous years, special folders were made up stocked with literature and distributed to junior grain clubs, farm boys' camps, farm girls' camps, co-operative schools, and to others interested in the co-operative movement. Several thousand pamphlets were distributed in this way to a select group of young people who were definitely interested in agriculture and in the co-operative movement. In addition to these special distributions, general distribution of literature was made at both Class "A" and Class "B" fairs.

### *Research*

Statistical and research work was carried on in the department during the year, particularly in view of the expansion of the organization into fields of livestock marketing and industrial development. This work included analyses of grain, livestock and general farm prices, with particular reference to parity levels, livestock surveys, examination of freight tariffs and other matters affecting agriculture and co-operative processing and marketing.

### *Library*

The Wheat Pool library continued to operate through the year and provided lending services to a large number of Pool members. For the twelve-month period 9,234 books were mailed out from the library. As at 31st July, 1946, the number of active borrowers stood at 1,883, made up of 1,713 Pool members and 170 elevator agents.

While these figures show an increase over the previous year, they also indicate that conditions have not yet returned to normal since the return of the forces from overseas.

Attached to this report is a table covering operations of the library for the year under review.

### *General*

Efforts of the department were directed toward keeping a close check on the pronouncements of the anti-co-opera-



tive forces, including the Income Tax Payers' Association, the Northwest Line Elevators' Association, and the Grain Exchange, with a view to counteracting the propaganda which they were disseminating. Advertising, radio and various pamphlets were all used to this end.

Large numbers of the submissions made by our own organization and by the Co-operative Union of Canada to the federal government were distributed throughout the Province. In this work close co-operation was maintained with the Co-operative Union of Saskatchewan and the Co-operative Union of Canada, as well as with other co-operative organizations.

## **Junior Co-operative Activities**

### *Variety Testing*

The twelfth annual variety testing programme was carried on during the past year. The keen interest shown in previous years was well maintained and first class work was carried out by junior co-operators in all parts of the Province. Weather conditions generally were not as severe as in 1945 and the number of failures was relatively low as a result. It is felt that the result of the projects conducted during the present year will be a source of valuable information.

As in past years the programme was carried out under the supervision of Dr. J. B. Harrington, Professor of Field Husbandry at the University of Saskatchewan. The selection of junior co-operators to supervise each test in each sub-district was again made by Wheat Pool delegates.

In order to place a satisfactory number of tests in each soil zone, it was decided that one widespread project would be conducted with four varieties of wheat. A secondary project of more limited size was planned with four of the barley varieties which were used during 1945.

The wheat test included two new varieties which had recently been licensed for use in Canada. These varieties were Rescue and Redman. In addition a new strain of Apex known as Saskatchewan 2177 was included, together with Thatcher which was used as a standard of comparison. The Rescue variety was developed as a sawfly resistant wheat and is the result of a cross between Apex and S.615, a solid stemmed variety. In view of the heavy sawfly loss which has been suffered in certain areas of this Province for several years, the result of the first province-wide test with Rescue is of considerable importance.

The variety Redman was developed at Winnipeg from a cross between Regent and Canus. It has consistently out-yielded Thatcher in tests in Manitoba, but may yield slightly less than Thatcher in Saskatchewan. This variety has shown considerable resistance to leaf rust, loose smut and root rot.

Altogether 243 wheat tests were distributed throughout the Province in such a manner that the results should reflect every condition of soil and moisture that occurred in the different areas.

The barley project was designed to add to the information gathered in connection with four of the varieties tested last year. In addition to Montcalm three feed varieties were used—Plush, Tregal and Titan. Montcalm is a promising malting variety recently introduced to growers in Western Canada. Plush was used in this test as the basis of comparison. Seed and instructions for the operation and supervision of the barley test were distributed to 66 junior co-operators.

Rain gauges were supplied to the co-operators and records of daily rainfall during the growing season were thus made available. In addition a suitable sign was supplied to each co-operator to be placed on the farm on which the test was located. Altogether 309 individual tests were carried on through the Province in 1946.

The threshing, weighing, grading, protein testing and statistical work in connection with the project is now being carried out. It is hoped that complete results will be published and available for distribution somewhat earlier than was the case a year ago.

As has been pointed out in previous reports, this programme of variety testing supplies useful information not only to farmers but also to plant breeders and technical agriculturists. The widespread nature of the test is valuable in that it produces results representing practically every type of soil and moisture condition which exists in the Province. These results are used each year by the Saskatchewan Cereal and Variety Committee which meets annually to make varietal recommendations.

In addition to its technical value the programme has considerable educational value for the junior co-operators who conduct the individual tests. They are given a first-hand opportunity to study the advantages and disadvantages of a given variety under conditions existing on the farm on which they live. They also have an opportunity of learning the importance of scientific research and the methods used to assess the merits of a new variety. The knowledge thus gained by the junior co-operators can be of considerable value to them in later life when they assume the responsibilities of farm and community leadership.

To the members of this organization this programme has also been of considerable assistance in bringing together information which can be used to establish the value of new varieties of grain as they come into use. All of these benefits are secured because of the excellent co-operation given by those who carry on the work, including the supervision and particularly the 309 junior co-operators who are responsible for supplying the required basic information.

### *Homecraft Clubs*

The work of the homecraft clubs carried on by the Department of Women's Work of the University of Saskatchewan continues to provide sound training for many girls living in rural Saskatchewan. The past year showed an increase in the interest in this work, particularly in the southern part of the Province. The number of clubs active during the past year was 89 with an estimated total membership of 850 girls.

### *Junior Grain and Seed Clubs*

As in former years, assistance to the junior grain club movement directed by the Extension Department of the University of Saskatchewan, continues to be an important project receiving strong support from Pool delegates, agents, committees and field staff in all parts of the Province. Close and cordial relationship has been maintained with the Extension Department of the University of Saskatchewan which is responsible for this work, and there is a first-class working arrangement in all matters of mutual interest.

In addition to this close co-operation and voluntary assistance to the junior club movement, the usual grant of \$7,500.00 was made to the University of Saskatchewan as recommended by the delegates at the last annual meeting. This assistance has been gratefully acknowledged by university authorities.



Altogether 60 clubs were in operation last year with 1,050 members, an increase of 18 over the previous year when 42 clubs were in operation. In these clubs each member grows a two-acre plot seeded to registered seed chiefly for the purpose of producing better seed for the member's home farm.

In reporting on this year's work, Professor Gordon, Assistant Director of the Extension Department, points out that there is a very large area in the Province where very few grain clubs exist. This area covers approximately the heavy wheat producing area, where the farms are highly mechanized. The two-acre plot does not fit in with this system of farming. Also in these areas farms are large and farm homes are far apart. In consequence it is difficult to get a sufficient number of boys around one centre of the right age to make a club worthwhile. However, it is apparent that a number of boys in these areas would like to join a club of some kind. Professor Gordon has been discussing with your organization a method of meeting this situation.

It has been suggested that an effort might be made to organize what might be known as Lone Ranger Clubs. One such club might be organized in a Wheat Pool district composed of fifteen or twenty boys selected from anywhere in the district. Their project would be to grow a supply of registered seed, perhaps a 10 or 15-acre plot, either for the purpose of meeting their own requirements or perhaps under contract for a seed handling organization, somewhat similar to the contract barley clubs, where a 10-acre plot of malting barley is grown under contract for the Canada Malting Company. Even although widely scattered these boys might get together perhaps twice a year, once in the summer at a field day and once in the fall at a seed fair held at some central point. Judging of the plots would be carried on at the same time and in the same way as the two-acre plots are judged. It is felt that this type of club might meet the conditions of the large farm areas where it has been found impossible to organize the ordinary type of junior club.

As in former years, the junior clubs have been sponsored largely by representatives of the Pool organization. Out of 49 junior grain clubs growing grain 31 were sponsored by Wheat Pool representatives. The following statement shows the number of clubs and the kind of grain handled by each for 1946:

Variety Grown	No. of Clubs	Members	Acres	Yield bushels
<b>Wheat:</b>				
Thatcher.....	31	521	1042	36,460
Regent.....	2	27	54	1,890
Pelissier.....	1	27	54	2,052
<b>Oats:</b>				
Ajax.....	9	130	260	16,900
Exeter.....	1	18	36	2,340
Victory.....	1	12	24	1,680
<b>Barley:</b>				
Plush.....	3	61	122	6,100
O.A.C.....	1	20	40	1,800
<b>Contract Barley Clubs:</b>				
O.A.C.....	6	158	3160	126,400
Montcalm.....	1	17	170	10,200
<b>Potato Clubs:</b>				
Irish Cobbler.....	4	59	5	600
Totals.....	60	1050	4967	205,822 grain 600 potatoes

### Country Organization

The number of Wheat Pool committees on record as at 31st July, 1946, was 1,173 as compared with 1,166 at

the same date last year and 1,165 in 1944. Statement No. 9 shows the distribution of committees by Wheat Pool districts and sub-districts; Statement No. 10 indicates that 1,083 committees were re-organized during the year, an increase of 12 over last year. Of the 89 committees which did not report re-organization 39 have not reported for two years or more.

During the year under review Wheat Pool Committees Bylaws were amended to include livestock as well as grain in Section 9 of Article 3. Section 10 of Article 3 was also amended to indicate more clearly that any six shareholders in a sub-district may nominate a candidate for delegate whether a meeting is called for the purpose or not. The amendment is intended to clarify a practice which has always been observed.

### *Committee Conventions*

Committee conventions were held as usual during the summer; attendance was high—including more women and juniors. A woman speaker was on the programme at many conventions. Reports indicate that this arrangement is effective and acceptable.

During the year 126 conventions were held covering 165 sub-districts; 91 were single sub-district meetings, 31 were joint meetings of two sub-districts, while four included committees from three sub-districts.

### *Co-operative Education*

Educational material in the form of committee programmes was issued by the Country Organization Department during the past year and was mailed to Wheat Pool committees, Pool elevator agents, delegates, and others who might be interested. About 5,000 copies of each issue were distributed. These programmes appear to meet a need for reliable material prepared in concise readable form. Two issues are worthy of special mention: No. 5, More Grain Through Pool Elevators; and No. 6, Committee Conventions.

Considerable progress can be reported in the field of visual education. Sound motion picture equipment has been increased to 14 units; 12 projectors and 8 generators are on loan from the National Film Board; 2 projectors and 6 generators have been purchased by the department. A National Film Board library will be established in head office and all National Film Board films will be available for our use. Comic Films and News Reels will be purchased for each unit and suitable educational and co-operative films will be secured from time to time.

A programme of colored slides has been developed during the year. Sequence in kodochrome has been prepared on the following subjects: Vegetable Oil Mill at Altona, Manitoba; the five-day tour of visiting American co-operators; North Land Fisheries; Horse Marketing Co-operative at Swift Current; Junior Grain and Calf Clubs; Livestock at the Regina Winter Fair; Indian round-up for co-operative shipping of cattle at Lorlie; a series of 68 slides on co-operative marketing of livestock; Co-operative Schools at Swift Current, Regina and Prince Albert.

Wheat Pool pictures and technique were presented on invitation of the Agricultural Institute of Canada annual meeting at Saskatoon and at the annual banquet of Saskatchewan Horticultural Society. Kodochrome slides can be used to present a co-operative story in a pleasing and effective way and are popular everywhere. Film strip is adaptable for small meetings and for definite instructional



work. A film strip on the financial statement was prepared last year.

Co-operative Schools and Rallies continue to play an important role in our general scheme of education and are an effective medium in reaching rural young people. Some 44 of these events were held throughout the Province during the year with an approximate attendance of 2,000. A special feature of these schools was the choosing of students to attend regional co-operative schools held at Regina, Saskatoon, Prince Albert and Swift Current, where classes continued for one week and a good course in co-operative education was provided. Sponsoring organizations for the regional schools include: University of Saskatchewan, Department of Co-operation, Co-operative Union of Saskatchewan, Saskatchewan Federated Co-operatives and the Wheat Pool. The Experimental Farm at Swift Current was particularly helpful at that school.

The Wheat Pool sponsored and organized several co-educational agricultural courses which were conducted under the Dominion-Provincial Youth Training Plan by the University of Saskatchewan. One of these courses at Kenosee Lake has been extended this year to six weeks. Co-operation has been included in the teaching curriculum to the extent of six one-hour lectures, subjects to be chosen and lectures provided by the Wheat Pool.

The Agents' Study Group Programme was continued during the year but the technique was altered to provide a special Call to Action campaign designed to provide information for delegates, agents, Wheat Pool committees and all country workers to assist in co-ordinating their efforts to increase deliveries of grain to Pool elevators. Special literature was prepared, including a booklet, Call to Action, a committee programme—More Grain Through Pool Elevators and a pocket folder, Know Your Wheat Pool. About 700 country meetings were held from 1st April to 31st July and a considerable amount of organization work was accomplished.

Teaching of co-operation in the schools received attention and the following progress can be reported:

The present public school curriculum provides many opportunities for teaching co-operation—the enterprise method; a study of co-operative enterprise; development of a school credit union; or a school co-operative store are all possibilities which are encouraged by the Department of Education. The High School Curriculum in Grades IX and X has been revised and is now in use. It provides a new course in social studies, which is particularly adaptable to the teaching of co-operation. Similar courses for Grades XI and XII will be introduced in 1947.

A class in rural sociology, designed to prepare teachers for the newer emphasis in the curriculum, was taught at normal schools last year and will be continued this year. The Wheat Pool was invited to provide one lecture to this class at each of the provincial normal schools. The invitation was accepted.

During the year ended 31st July, 1946, 68 new co-operative associations were incorporated in Saskatchewan, 53 under the Co-operative Associations Act, four under the Co-operative Marketing Associations Act and eleven new Credit Unions. Six associations were dissolved, leaving a net gain of 62.

The number of associations operating in Saskatchewan as at 31st July, 1946, was 1,122, made up as follows: 891 under the Co-operative Associations Act; 181 Credit Unions, including the Credit Union Federation; 32 under the Co-operative Marketing Associations Act; 15 under

provincial legislation, and three under the Dominion Joint Stock Companies Act.

### Enrollment of New Members

For the year under review 5,484 applications for shares were received, all of which were transferred. In addition during July 1,230 applications for shares were received of which 82 were allotted new shares and 1,148 were transferred.

The following statement shows the number of applications received since February, 1934, when the policy of accepting new members by way of application for share was initiated:

Year Ended	Applications	Total Shares Issued
31st July, 1934.....	515	104,354
31st July, 1935.....	695	104,942
31st July, 1936.....	869	105,717
31st July, 1937.....	1016	106,640
31st July, 1938.....	370	106,889
31st July, 1939.....	887	107,492
31st July, 1940.....	3477	110,715
31st July, 1941.....	3040	113,139
31st July, 1942.....	5616	117,935
31st July, 1943.....	5946	121,742
31st July, 1944.....	7704	127,058
31st July, 1945.....	6304	129,412
31st July, 1946.....	5484	129,412

### Taxation of Co-operatives

Reference was made in our last report to the appointment and activities of a Royal Commission to enquire into the question of the liability of co-operatives for the payment of income tax. Subsequent action is referred to in some detail in the report of Canadian Co-operative Wheat Producers Limited submitted to this meeting. For the purpose of the record, however, it may be worthwhile to review the developments since we last met.

The report of the McDougall Commission was made public in December, 1945, at the time the annual congress of the Co-operative Union of Canada was being held in Winnipeg. Briefly the recommendations of the commission were as follows:

1. That Section 4, sub-section p of the Income Tax Act should be repealed. (This is the section upon which most co-operatives relied for exemption).
2. That in future co-operatives should be taxed in the same manner as other business.
3. That all corporations, whether co-operatives or private, should be allowed to deduct patronage dividends before arriving at taxable income, provided
  - (a) these dividends were paid in cash or its equivalent within six months from the date of the company's annual meeting;
  - (b) if they were placed to the credit of the member or patron that they should be withdrawable on demand with certain restrictions;
  - (c) that the charter or bylaws of the organization held forth the prospect that patronage dividends would be paid;
  - (d) that the same rate of patronage dividend should be paid to member and non-member alike.
4. If a patronage dividend was paid from earnings of a previous year upon which the company had already paid income tax, the amount of the tax would be refunded in the year in which the patronage dividend was paid.
5. Interest paid on loans or on withdrawable capital should be allowed as a deduction.

A meeting of co-operative representatives of the four western provinces was held in January, 1946, at which time a resolution was passed expressing its disapproval of the terms of the report. Subsequently a further meeting was held in Regina and a committee appointed to prepare a statement of the objections registered by the western organizations.



In March, 1946, a meeting of the Co-operative Union of Canada was called in Ottawa where resolutions from the co-operatives of all provinces were under consideration. At that time a memorandum was prepared setting out the co-operative objections to the recommendations and this was presented to the Minister of Finance on 22nd March. The memorandum urged:

1. That the surplus earnings of any co-operative should not be liable to tax provided
  - (a) the co-operative was controlled on the principle of one member one vote;
  - (b) that after paying expenses and setting aside depreciation and other necessary reserves the net surplus was allotted according to patronage; such patronage dividend to be paid in cash or to be credited to members.  
(Where the amount was credited to members it was suggested that the Minister would be advised of the amount and that in certain cases this amount would be taxable as income of the member in that particular year).
  - (c) that not over one-third of the business of a co-operative should be with non-members.
2. That interest at a moderate rate paid on capital invested should not be taxable.
3. That the portion of surplus arising from non-member business should be subject to taxation.

If these recommendations had been accepted it would have meant that income tax would be payable by co-operatives on surplus arising from non-member business and on any sum put into reserve which the Minister might consider as being more than a necessary reserve.

While close contact was maintained with the government there was no indication as to the government's views on the matter until the budget speech was delivered towards the end of June.

It may be of interest to record that, at the instigation of an organization calling itself the Income Tax Payers' Association, thousands of printed post cards were sent to the government and other members of the House of Commons. These cards were signed by individuals and urged that co-operatives and public bodies, both municipal and governmental, should be subject to income tax in the same manner as other business; further that patronage dividends should not be allowed as a deduction before arriving at taxable income.

In his budget speech of 27th June, the Finance Minister proposed the following with regard to taxation of co-operatives:

1. That the present Section 4, sub-section p of the Income Tax Act should be repealed as at 31st December, 1946.
2. That, commencing with the financial year ending in 1946, co-operatives and all other companies should be allowed to deduct patronage dividends before arriving at taxable income, provided:
  - (a) they were paid in cash within six months from the end of the financial year;
  - (b) they might be used to revolve patronage dividends which had been allotted after 1941, if
    1. a prospect had been held forth that patronage dividends would be paid;
    2. that non-members be paid patronage dividends at the same rate as members;
    3. that a portion of the surplus must be subject to tax which would be not less than 3% of the capital employed in the business.
3. That provision was made that a new co-operative organized after 1st January, 1947, for the purpose of marketing products or purchasing supplies would be exempt from income tax for the first three years of business, provided it was a new business and did not take over an existing business.

In his budget speech the Finance Minister also dealt particularly with the position of the Wheat Pools, although his remarks can also be interpreted as applying to other

co-operatives. The Minister indicated that no taxes would be levied on the Pools for the years 1931 to 1941; that for the years 1942 and 1943 patronage dividends paid in cash by the Pools would be allowed; for the years 1944 and 1945 there would be no exemption since the Pools were aware, when they allocated the 1944 and 1945 patronage dividends, that the Department of Justice had given an opinion that they were not exempt. The Minister indicated further that if the Pools were not prepared to accept this proposal the courts would determine the legal position.

The Finance Minister also indicated that private elevator companies and the United Grain Growers Limited would be allowed the same exemption for patronage dividends distributed, or set aside for distribution in the years 1942 and 1943 as had been allowed to the Pools for the same years for the money actually paid out.

Immediately following the public announcement, a conference of the Co-operative Union of Canada was held at Ottawa and a further brief was prepared and submitted to the Finance Minister on 11th July last. This brief urged:

1. That the proposed legislation failed to recognize the fundamental difference between co-operatives and non-co-operatives.
2. That to compel the payment of the same rate of patronage dividends to non-members as to members of co-operatives would interfere seriously with co-operative development.
3. That the refusal to allow all of the surplus of a co-operative to be distributed as patronage dividends, that is a tax having to be paid on 3% of the capital employed, meant that part of the surplus of a co-operative was to be treated as income.
4. That six months was too short a time to allow for the payment of patronage dividends and an extension to a year was requested.
5. That new co-operatives which might have been organized prior to 1st January, 1947, should be granted equal exemption to those organized thereafter.
6. That no tax should be levied on any co-operative for any year prior to 1946.

Following the presentation of this brief, frequent interviews were held by your representatives with the acting Minister of Finance and officials of the Department of Finance throughout the month of July. These meetings were held with a view to urging that the legislation to be brought down should be more in accord with the views of the co-operatives.

The bill implementing the government's proposals was introduced into the House of Commons in August and passed a short time later.

While very little time was available for consideration of the actual wording of the bill, it was found that the representations which had been made had been successful in securing substantial changes from the original proposal. As enacted into law the bill provides that patronage dividends paid by a co-operative, or any other company, shall be deducted before arriving at taxable income if these are paid within twelve months after the taxation year or used to revolve patronage dividends taken at any time in the past.

In the case of your organization patronage dividends are regarded as being paid if they are used to purchase elevator and commercial reserve deductions to be credited to Pool members entitled thereto.

Patronage dividends may be paid to members only or to members and non-members. If dividends are not paid to non-members, the surplus arising from non-member business would be taxable. In this connection the surplus arising from non-member business cannot be paid out as a patronage dividend to members until it has first been taxed.



For the financial year ending in 1947 and thereafter, if the charter of the company or its bylaws or articles of association do not hold forth a prospect of a payment of a patronage dividend, an advertisement must be published to that effect prior to the commencement of the financial year.

It should be noted, however, that the entire surplus cannot be distributed as a patronage dividend and that a sum equal to 3% of the capital employed in an organization remains subject to taxation.

With regard to new co-operatives, the Act still applies only to new co-operatives commencing business after 1st January, 1947, but a new organization will be permitted to buy out an existing business and still come within the exemptions.

Since the legislation was enacted, steps have been taken by your organization to arrive at a basis of settlement with the Income Tax Department for the period prior to 1946. It is hoped that definite information in this connection may be available at the time of the annual meeting.

## **Industrial Development**

### *Vegetable Oil Plant*

After many delays as a result of shortage of materials and equipment and labour, it is expected that the vegetable oil plant at Saskatoon will be completed and ready for operation about 15th November, 1946. A manager has been appointed and a full staff arranged for. It is hoped that when the plant has been run in it will be possible to attain all-out production. The demand for linseed oil and oil cake meal still remains strong.

In connection with the marketing of the production of the plant, it is the desire of your Board that this should be done through co-operative channels if at all possible. Discussions have already taken place with the Saskatchewan Federated Co-operatives and Interprovincial Co-operatives to see if a plan can be worked out to provide for such distribution.

The distribution of linseed oil and oil cake meal is still under the control of the Oils and Fats Administrator and the Feeds Administrator and certain difficulties have been encountered. Under existing regulations, it may not be possible to secure the degree of co-operative distribution to be desired. However the policy of distribution through co-operative channels will be brought into fullest possible effect just as soon as present-day regulations will permit.

### *Flour Mill*

Your Board has also approved plans for the construction of a 1,000 barrel flour mill and 500,000 bushel grain storage on the Pool's industrial site at Saskatoon.

The work of pouring concrete for the grain storage and preliminary work on the basement of the flour mill is now under way. Orders have been placed for complete flour milling equipment. Here again delivery is delayed and it is unlikely that this equipment will be available before next fall.

Construction work on the flour mill and grain storage will be pressed, so that it should be possible to proceed immediately with the installation of milling equipment as soon as it becomes available.

The Saskatchewan Federated Co-operatives, who already operate a small flour mill at Outlook, Saskatchewan, have been kept informed as to progress being made

for the establishment of the new flour mill at Saskatoon. An agreement has also been arrived at between the Federated Co-operatives and your organization in connection with the liquidation of the Outlook mill when the mill at Saskatoon comes into full production.

### *Other Industrial Development*

A committee of your Board has endeavoured to maintain close contact with the National Research Council in connection with the process worked out by that body for the production of starch, part of which would be converted to glucose and part for the production of glycol, and the Council has been advised that your organization is interested in the commercial development of these two processes.

Additional research work is being carried on at Ottawa in connection with the production of glycol. The starch process is now regarded as complete and will shortly be available for commercial development.

### *Financing*

No special plan for financing the industrial development has been worked out by your Board. Consideration of this matter had been deferred until the income tax position was cleared up at Ottawa. In the meantime the vegetable oil plant will be operated as part of the industrial division of the parent body, Saskatchewan Co-operative Producers Limited, and the capital expenditures are being financed out of the funds of the organization as has already been explained in certain of our financial reports.

### **Non-Delivery Strike**

In recent weeks a non-delivery of farm products strike was called by the Alberta Farmers Union and later endorsed by the United Farmers of Canada, Saskatchewan Section. A strike ballot had been taken by the Alberta organization, the ballot paper setting out the various requests of the organized farmers. Most of these items had been approved by the Wheat Pool organizations and the Canadian Federation of Agriculture.

During the period of the strike, however, chief emphasis was placed on the request for the establishment of a fact-finding board to determine parity prices for agricultural products. It would appear to be the intention to follow this up with the request that parity prices should be established for all farm products.

It will be recalled that at the last annual meeting of Pool delegates a resolution was passed recommending that an agricultural advisory committee be set up to determine parity as between the production of the farm and the supplies and implements of production purchased by the farming industry. Following the last annual meeting this resolution was submitted to and approved by the Saskatchewan Federation of Agriculture, later by the Western Agricultural Conference and finally by the Canadian Federation of Agriculture at its last annual meeting.

In the submission of the Canadian Federation of Agriculture to the federal government in March, 1946, reference was made to the importance of setting about in a scientific and business-like manner to determine the best method of establishing economic equality for agriculture.

It may be noted that the Wheat Pool organization has been in favour of a policy of parity for a period of years, and is still carrying on research into this question.



In the United States the parity principle was incorporated in farm price legislation beginning with the Agricultural Adjustment Act of 1933. Numerous ideas have been advanced as to what constitutes parity or a parity price. It was set out in the Act that it was the policy of Congress amongst other things to "re-establish prices to farmers at a level that will give agricultural commodities purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period." This still remains the definition of parity in the United States.

It was found necessary in the United States to establish different base periods for different commodities. The base period for agricultural commodities, other than potatoes and tobacco, is August, 1909, to July, 1914. However, provision is made for using the base period August, 1919, to July, 1929, or some part thereof, for commodities for which satisfactory price data are not available for the 1909-1914 period. The base period for potatoes, and all types of tobacco other than Burley and flue-cured, is also August, 1919, to July, 1929, while the base period for these two types of tobacco is August, 1934, to July, 1939.

It is understood that at the present time there are three major and nine minor base periods which are used in determining parity prices in the United States.

There is no legislation in Canada dealing with the principle of parity. The matter has been discussed in recent years in the House of Commons and a definition of parity was given in 1943 by the present Minister of Agriculture when he said "a parity price is the price of the commodity which will give a purchasing power with respect to articles the farmer buys equal to the purchasing power of such commodity in the base period." The base period which the Minister referred to was the average of 1926-29.

A study of the principles of parity was instituted by your organization during the present year, long before the question was raised by the Alberta farm organization, and a separate report will be submitted to the delegates. It may be pointed out that before definite parity prices can be established it will be necessary to secure general acceptance of a definite base period and also of the price indices which are to be used in working out the parity formula. While 1926-29 has been discussed as a generally satisfactory base period for farm prices, recent discussions at Ottawa have indicated that consideration might be given to the year 1945 or to the average of 1943-45. There are at least eighteen different methods of working out a parity price for farm products, the use of any one of which could be supported with reasonably sound argument.

As Pool delegates are aware, your organization took no part in the farm delivery strike. When the matter was first announced publicly the whole situation was reviewed by your Board.

Country elevators are operated under licenses granted by the Board of Grain Commissioners in accordance with the provisions of the Canada Grain Act and regulations thereunder. In addition Saskatchewan Pool Elevators Limited, as well as all other country elevator organizations, acts as agent for the Canadian Wheat Board under a definite agreement in which the elevator company undertakes to make its facilities available to producers, without discrimination, for the receiving, storing and shipping of grain offered by growers.

So far as your Board is aware no strike vote was taken in Saskatchewan. Any action on the part of local groups apparently resulted from a request for co-operation from

the U.F.C. head office and was entirely voluntary on the part of those local groups.

Instructions were issued to travelling superintendents and elevator agents that the general policy would be to open Pool elevators on each business day as in the past, and to operate in accordance with the terms of the license issued by the Board of Grain Commissioners. Agents were also requested to deal with any situation which might arise in a common sense manner. In any circumstance agents were requested to remain on the job to make settlements for outstanding storage tickets and to discuss delivery and marketing problems with any Pool members who might present themselves.

Some criticism has been directed against your Board and against the organization because of failure to participate in this non-delivery strike.

Your directors would refer you to the statement in the last annual report which reviewed what had been accomplished in the interests of western grain producers as a result of negotiations carried on by the Wheat Pool organizations during the war years.

It is the considered opinion of your Board that the best interests of western farmers will be served by the maintenance of a strong provincial and national organization set up on a sound democratic basis and which will be in a position to represent at all times the condition of the whole agricultural industry in Canada.

Much time and work was spent before a national farm organization was brought into operation representing all phases of the agricultural life of Canada. Because of our tremendous distances it was not an easy task to secure appreciation of the fact that the various branches of Canadian agriculture are interdependent. But over the years machinery for dealing with farm problems on a national basis has been developed and your Board is of the opinion that this should be given full opportunity to fulfill the purpose for which it was created before independent action is undertaken.

It may be argued that in February, 1942, it was necessary for the Saskatchewan Wheat Pool organization to organize a province-wide delegation of farmers and business men to urge upon the Dominion Government the need for improving the price position of wheat and that this was not done by the national organization on behalf of this province. The answer to that may well be that the decision to send the delegation was made by the annual meeting of Saskatchewan Wheat Pool delegates in 1941, after a thorough review of the whole situation. The Canadian Federation of Agriculture was kept fully advised of that development.

### **Future Policy**

The report of the directors of Canadian Co-operative Wheat Producers Limited has outlined in detail the terms of the wheat agreement between Canada and Great Britain completed on 25th July, 1946.

At the last annual meeting it was pointed out that the Dominion Government policy regarding wheat at that time provided for a floor price of not less than \$1.00 per bushel basis One Northern, Fort William, for the five crop years ending 31st July, 1950. As a result of the agreement entered into between the governments of Great Britain and Canada this policy has been changed and growers are guaranteed an initial payment of \$1.35 per bushel on all wheat delivered to the Wheat Board during the period 1st August, 1945, to 31st July, 1950.



As a result of the British wheat agreement, it may also be assumed that the wheat futures market of the Winnipeg Grain Exchange will remain closed throughout the entire period, as the terms of the agreement can only be carried out by the Canadian Wheat Board.

As indicated in the report of Canadian Co-operative Wheat Producers Limited, your Board is of the opinion that, while the bilateral agreement with Great Britain for wheat provides a useful medium of securing a degree of stability in the price of wheat to be received by Canadian wheat producers in the next four years, the answer to many of the problems affecting the marketing of wheat will be found in an international wheat agreement between the principal exporting and importing countries, and involving minimum prices for the protection of producers as well as maximum prices for the protection of consumers.

We do not believe that the completion of a bilateral agreement with Great Britain should lessen the effort to secure the completion of an international agreement; neither is there anything in the present agreement which will prevent the completion of an agreement on a wider scale just as soon as the necessary international co-operation can be secured. As was pointed out in the central report, the British wheat agreement provides that its terms are subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements which may hereafter be entered into, and to which the British and Canadian governments are parties. (It will be recalled that these two governments are both parties to the international negotiations which are being carried on at the present time).

When the developments of the past three or four years are reviewed, it will be found that many of the recommendations approved in former annual meetings have been made effective. The Canadian Wheat Board will continue to function as the sole marketing agency for wheat until 31st July, 1950, at least.

Your Board believes, however, that the marketing of oats, barley and rye should also be brought within the sphere of operations of the Board. Speculation in food-stuffs should be eliminated for all time in Canada.

While no final decisions have been made with respect to the introduction of an international wheat agreement, progress in this field can be reported as indicated by the review in the Central report.

A year ago your Board recommended that the present Wheat Board initial payment of \$1.25 a bushel should be maintained as long as production costs remain at present levels. Production costs have risen in the intervening period and, as indicated above, the initial payment has been increased to \$1.35 a bushel, which is guaranteed for the next four years.

As a result of certain increases affecting farm costs, your Board has advised the Dominion Government that, if the prices of those goods and services which farmers buy continue to rise as a result of the removal of price controls, the price of wheat and other farm commodities must be adjusted accordingly.

We believe, however, that it is in the national interest, as well as in the best interests of the agricultural industry, that the government should maintain its price controls and at the same time maintain a proper relationship between the price of farm commodities and the price of those goods and services which constitute farm living and production costs. After all it is the purchasing power of a

bushel of wheat, rather than its monetary price, which finally determines the standard of living in Saskatchewan farm homes.

There are still a number of important matters affecting the marketing of wheat which call for adjustment.

At the present time the Canadian consumer buys his bread and flour requirements on the basis of a wheat price of 77 3/8c per bushel basis One Northern, Fort William. This price for wheat for domestic consumption is entirely too low and is out of line with prices for everything else.

The lowest price at which export wheat is being sold to Great Britain is \$1.55 per bushel basis One Northern at the Lakehead, while export sales to other countries have been made at \$2.12 per bushel.

On the basis of the lowest export price of \$1.55 per bushel, domestic consumption of wheat and flour is being subsidized to the extent of 77c per bushel. Of this amount all Canadian taxpayers contribute 47c per bushel, which is the difference between the ceiling price of 77 3/8c and the price of \$1.25 per bushel received by the Wheat Board. The balance of 30c per bushel—the difference between the export minimum price of \$1.55 and the price of \$1.25 per bushel received by the Wheat Board for domestic sales—is contributed directly by the wheat growers.

The present ceiling price of 77 3/8c per bushel for wheat bears no relationship to the realities of the situation and your Board has urged that this position be remedied. The effect on the opinion of importing countries, as to the value of Canadian wheat so long as this present unreasonable ceiling price is maintained, could be very disastrous to the whole wheat-growing industry in the future. A country, which is asked to pay \$2.12 per bushel or even \$1.55 per bushel for a commodity which has a value of only 77 3/8c to its home consumers, is liable to give serious consideration to this disparity when better supplies are available.

While it may be said that the subsidy of 47c per bushel is provided by all of the taxpayers of Canada, including the consumers of wheat as well as the producers, the net result is to create a wrong impression in the minds both of the Canadian people and the people of importing countries as to the actual value of Canadian wheat. Further, it is the opinion of your Board that the government has no right to compel western wheat growers to contribute the substantial subsidy of 30c per bushel on wheat used for domestic consumption, and this meeting should again insist that this unfair and unjust levy on wheat growers be immediately removed.

In connection with the marketing of coarse grains, your Board recently made representations to the Minister of Trade and Commerce urging that steps should be taken to provide a degree of stability in coarse grains prices for a period of years. We have submitted a strong recommendation that floor prices for the next four years should be established on coarse grains on the basis of not less than the present ceiling prices, excluding the equalization payment. This matter has also been presented to the Chairman of the Agricultural Prices Support Board, who has advanced a suggestion that instead of supporting feed grain prices directly the same result can be secured if satisfactory and stable minimum prices can be maintained for meats, dairy and poultry products.

An invitation has been extended to the Chairman of the Agricultural Prices Support Board to attend this meeting



and, if he is able to accept, an opportunity will be given to go more fully into the whole question.

Your Board has also had under review the position of the malting premium on barley. At the present time this is limited to 5c per bushel. We have advised the government that this limitation of a 5c premium is not fair to the grower of malting barley and have strongly recommended that it be removed, so that malting companies may be in a position to pay a reasonable return to the grower for the extra expense involved in the production of barley suitable for malting.

As indicated in the Central report, the government has announced that no final payments will be made on the grain marketed through the Wheat Board for the crop year 1945-46, and that the surplus arising from the marketing of that year's crop will be included in the five-year pool.

Your Board has strongly protested this decision and has urged that settlement for 1945-46 crop be made in accordance with the terms of the Wheat Board Act, which provides for a final settlement to growers when the crop has been disposed of and the year's operations wound up.

In order to meet the situation which is likely to develop in the future, your Board recommends:

1. That the Government of Canada should be asked to provide aggressive leadership in the formulation of an international wheat agreement between the principal importing and exporting countries, which agreement would provide minimum prices for the protection of producers as well as maximum prices for the protection of consumers.
2. Since national control is essential to a successful international agreement, the Canadian Wheat Board should continue to function as the sole marketing agency for all grain grown in Canada, including oats, barley and rye, as well as wheat and flax.
3. That the present artificial ceiling price on wheat should be removed and a domestic price for wheat established at not less than the price paid by Great Britain.
4. That, in order to provide a degree of stability to coarse grains prices, floor prices for the next four years should be established on coarse grains on the basis of not less than the present ceiling prices.
5. That the present ceiling on the malting premium for barley should be increased to 20c per bushel in accordance with the recommendation of the Central Board.
6. That a final payment should be made to growers on wheat delivered to the Wheat Board on the 1945-46 season's crop as soon as possible after that year's business has been wound up.
7. That, in the interests of a stabilized agriculture, every effort should be made to secure the adjustment of Dominion-Provincial relations so that an adequate crop insurance scheme may be worked out, the cost of which will be borne jointly by the Dominion and Provincial Governments and by producers.

Your Board will continue to urge these adjustments, both directly and also through the Canadian Federation of Agriculture, until satisfactory results have been secured.

### Conclusion

The year under review has presented various difficulties. It is probable that attacks directed against the development of the co-operative movement reached an all-time high. In the field of agricultural co-operation it may be anticipated that opposition will increase in proportion as your organization continues to expand its operations.

The strength of this, or any other co-operative organization, is measured in terms of loyalty and support of the individual member. The best answer to the propaganda of opponents of co-operative development—the answer which has been effective throughout the whole history of your organization—is determination on the part of the

individual member to increase the volume of grain, livestock or other commodities to be marketed co-operatively.

In the difficult days that lie immediately ahead, it will be the duty of your Board to maintain a close watch on all developments, both national and international, which are likely to affect the agricultural industry. It will be its aim to hold fast to what has already been achieved, and to press forward toward the accomplishment of the other objectives herein set out in co-operation with other farm organizations, to the end that the greatest possible degree of security and stability may be established for the farm homes of Saskatchewan.

Respectfully submitted,

MARSH ADAMS  
A. F. SPROULE  
R. C. JOHNSON  
JAS. McCALLUM  
T. G. BOBIER  
FRED MILNE  
J. N. BURRILL  
W. J. BALL  
A. D. YOUNG  
GEO. M. EMMONS  
L. W. ELLIOTT  
N. C. STEWART  
H. A. CROFFORD  
WM. McK. ROSS  
A. W. FRIESEN  
J. H. WESSON



# GEORGE A. TOUCHE & CO.

*Chartered Accountants*

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356 Main Street  
WINNIPEG

27th September, 1946.

To the Shareholders,  
Saskatchewan Co-operative Producers Limited,  
Regina, Saskatchewan.

We have examined the books and accounts of Saskatchewan Co-operative Producers Limited, Modern Press Limited, Saskatchewan Co-operative Livestock Producers Limited, Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year ended 31st July, 1946, and have reported in statutory form on the Balance Sheets of these Companies.

The amount shown under Deferred Charges as "Overpayment 1929-30 Pool" is intended to be amortized over future years as conditions warrant or allow.

We have obtained all the information and explanations we have required and, in our opinion, the appended Balance Sheet is properly drawn up so as to present in consolidated form a true and correct view of the state of the organizations' affairs as at 31st July, 1946, according to the best of our information and the explanations given, and as shown by the books of the various companies; and in our opinion all the transactions of the companies that have come to our notice have been within the objects and powers of the companies.

Under the terms of the Retirement Annuity Plan there is a liability of undetermined amount in respect of employees engaged prior to 1st August, 1939; in the past year the second payment was made to the Dominion Government Annuities Branch in respect of the estimated total liability amortized over ten years.

No provision has been made for income or excess profits taxes on this year's or prior years' earnings.

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

**SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED  
MODERN PRESS LIMITED  
SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED  
SASKATCHEWAN POOL ELEVATORS LIMITED  
and  
SASKATCHEWAN POOL TERMINALS LIMITED  
CONSOLIDATED BALANCE SHEET AT 31st JULY, 1946**

**STATEMENT No. 1**

**ASSETS**

<b>Cash and Securities</b>	
Cash in Banks.....	\$16,676,323.64
Cash Funds—Payors.....	669,012.68
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	8,105,650.00
	<hr/>
Accounts Receivable, Current.....	\$25,450,986.32
Stocks of Grain (as certified by responsible officials).....	762,115.13
Stock in Trade (as certified by responsible officials).....	10,393,457.84
Prepaid Taxes, Insurance and Other Expenses.....	20,726.72
	<hr/>
<b>Total Current Assets</b> .....	\$36,695,548.36
<b>Accounts Receivable—Deferred</b>	
Province of Saskatchewan—Sinking Fund Interest Account.....	\$ 1,180,356.27
Growers' Accounts.....	16,046.07
Canadian Livestock Co-operative (Western) Limited.....	20,622.58
Intercontinental Pork Packers Limited.....	35,600.00
Pool Elevator Corporation.....	384,000.00
	<hr/>
	1,636,624.92
<b>Investments and Memberships, at Cost, less Reserve</b> (Including amount paid on Pool Insurance Company Shares, on which there is an Uncalled Balance of \$32,500.00).....	<hr/>
	170,071.52

**LIABILITIES AND CAPITAL**

<b>Cheques, Vouchers, etc., Outstanding</b>	
Cheques and Money Orders.....	\$ 5,422,010.05
Grain Drafts, Cash Tickets, etc.....	3,978,145.60
Outstanding Certificates.....	11,892.26
	<hr/>
	\$ 9,412,047.91
<b>Accounts Payable—Current</b>	
Province of Saskatchewan re 1929-1930	
Pool Overpayment	
Principal.....	\$844,933.89
Accrued Interest.....	104,318.02
	<hr/>
	\$ 949,251.91
Sundry.....	2,390,669.15
	<hr/>
	3,339,921.06
<b>Total Current Liabilities</b> .....	<hr/>
	\$12,751,968.97
<b>Deferred Liabilities</b>	
Province of Saskatchewan re 1929-1930 Pool Over- payment.....	4,733,978.92
Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	129,412.00
Livestock Producers' Equity—Old Membership.....	184,842.80



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

Country Elevators and Coal Sheds.....	\$ 4,656,222.39	
Terminal Elevators.....	2,700,158.31	
Land, Buildings and Machinery—Regina and Saskatoon.....	112,965.97	
Agents' Residences.....	436,739.97	
Work Under Construction.....	514,311.70	
Sites—Terminal Elevators, etc.....	251,645.94	
Stock Yards, Assembly Yards and Equipment.....	30,074.84	
Office Furniture and Fixtures.....	68,976.28	
Automobiles and Sundry Equipment.....	46,226.37	
		8,817,321.77

**Deferred Charges**

Overpayment 1929-1930 Pool—Company's Share, Less Reductions.....	\$ 3,553,622.65	
45 Stocks of Repair Parts and Supplies.....	107,954.00	
		3,661,576.65

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\$50,981,143.22
**Reserves**

Modern Press Limited.....	\$ 200,739.62	
Saskatchewan Co-operative Livestock Producers Limited—Transit Compensation Reserve.....	15,269.80	
Saskatchewan Pool Elevators Limited.....	4,494,169.55	

Excess Charges Refund—Season 1943-1944.....	4,710,178.97
Excess Charges Refund—Season 1944-1945.....	5,213,445.38
Excess Charges Refund—Season 1945-1946.....	1,003,426.58
	2,267,885.59

**Undivided Surplus**

Saskatchewan Co-operative Livestock Producers Limited.....	\$ 84,591.02	
Saskatchewan Pool Elevators Limited.....	1,145,501.75	
		1,230,092.77

**Contingent Liabilities**

In Respect of Buildings and Work Under Construction and Machinery Under Purchase—Estimated.....	\$4,520,000.00
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Approved on behalf of the Board.

J. H. WESSON, *Director*  
A. F. SPROULE, *Director*


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\$50,981,143.22

This is the Balance Sheet referred to in our report of 27th September, 1946.

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

# CONSOLIDATED BALANCE SHEET

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

## ASSETS

### CASH AND SECURITIES

**Dominion of Canada and Province of Saskatchewan Bonds—\$8,105,650.00:** This represents the following Bonds valued at cost, viz.:

\$	3,000.00	Province of Saskatchewan 3 $\frac{3}{4}$ % Bonds due April 1, 1947
	82,000.00	Province of Saskatchewan 3 $\frac{3}{4}$ % Bonds due April 15, 1947
	8,000.00	Province of Saskatchewan 3 $\frac{3}{4}$ % Bonds due June 15, 1947
	259,000.00	Province of Saskatchewan 3 $\frac{3}{4}$ % Bonds due April 15, 1948
	1,442,000.00	Province of Saskatchewan 4 $\frac{1}{2}$ % Debentures due October 1, 1951
	40,000.00	Province of Saskatchewan 4% Bonds due August 15, 1953
	25,000.00	Province of Saskatchewan Industrial Development 3% Debentures due February 1, 1955
	2,000,000.00	Dominion of Canada 1 $\frac{3}{4}$ % Bonds due November 1, 1950
	1,750,000.00	Dominion of Canada Seventh Victory Loan 3% Bonds, due February 1, 1962
	1,500,000.00	Dominion of Canada Eighth Victory Loan 3% Bonds, due October 1, 1963
	1,000,000.00	Dominion of Canada Ninth Victory Loan 3% Bonds, due September 1, 1966.

The market value of the bonds at the date of the Balance Sheet exceeded the cost price of \$8,105,650.00.

### ACCOUNTS RECEIVABLE—CURRENT

**Sundry—\$762,115.13:** This item is comprised principally of accrued handling charges on grain in store in Country and Terminal Elevators, accrued interest on bonds, sundry loans and advances.

**Stocks of Grain—Less Stored Grain—\$10,393,457.84:** This amount represents the value of grain on hand in various positions at 31st July, 1946, less the liability for stored grain. Values of open market grains have been based upon Winnipeg market cash closing prices at 31st July, 1946, or upon open sales contracts where applicable, after allowance, where necessary, for freight and other charges.

Values of Wheat and Flax deliverable to the Canadian Wheat Board have been based upon Wheat Board prices, less freight where necessary.

**Stock-in-Trade—\$20,726.72:** Includes the value of job stock and newsprint on hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

**Prepaid Taxes, Insurance and Other Expenses—\$68,262.35:** This amount represents prepayment of various items chargeable to the operations of the succeeding year.

### ACCOUNTS RECEIVABLE—DEFERRED

**Province of Saskatchewan—Sinking Fund Interest Account—\$1,180,356.27:** Under the terms of the Supplementary Agreement with the Province of Saskatchewan dated 17th March, 1933, any payments made by the Company in excess of monies expended by the Province in respect of the 1929-1930 Pool Overpayment Account will accrue to the benefit of the Organization, to be taken into consideration in the final accounting in respect of the liability referred to. As the rate of interest paid by the Company to the Province, namely 5%, is in excess of that paid by the Province on the 4 $\frac{1}{2}$ % Debentures, 1951, such excess payments have been made and are reflected in the Sinking Fund Interest Account.

**Growers' Accounts—\$16,046.07:** Items comprising this amount are made up as follows:

Advances Against Reserves.....	\$ 1,364.66
Seed Grain Advances Against Reserves.....	12,073.86
Contract Notes—1928-1933 Pool.....	2,607.55
	<u>\$16,046.07</u>

**Canadian Livestock Co-operative (Western) Limited—\$20,622.58:** This represents the Saskatchewan Co-operative Livestock Producers Limited portion of undistributed surplus earnings of Canadian Livestock Co-operative (Western) Limited, set aside in Equity Account during seasons 1935-1936 to 1945-1946 inclusive.

**Intercontinental Pork Packers Limited—\$35,600.00:** In order to permit the Saskatchewan Co-operative Abattoirs Limited to wind up its affairs, the agreement between that Company and Intercontinental Pork Packers Limited, Saskatoon, Sask., was purchased by Saskatchewan Co-operative Producers Limited during the past year. The above amount represents the balance due to the latter Company under the agreement referred to, and is repayable in semi-annual instalments of \$5,000.00 each with interest at 5 per cent.

**Pool Elevator Corporation—Buffalo—\$384,000.00:** This amount represents the balance owing on the sale price of the Buffalo Terminal and is repayable in thirty (30) semi-annual payments of \$12,500.00 each in United States Funds, due 1st February and 1st August, 1950 to 1964 inclusive, and a final payment of \$9,000.00 due 1st February, 1965, with interest at the rate of 4 $\frac{1}{4}$  per cent.



**Investments and Memberships—\$170,071.52:** This amount represents investment in Shares and Memberships at cost, less a reserve of \$50,000.00 which was set aside from Surplus Income of Saskatchewan Co-operative Producers Limited in Season 1936-1937 to provide against loss in the Company's investment in Canadian Co-operative Wheat Producers Limited. Details of the Investments and Memberships are as follows:

Canadian Co-operative Wheat Producers Limited		
500 Shares of \$100.00 each.....	\$ 50,000.00	
Canadian Pool Agencies Limited		
667 Shares of \$10.00 each.....	6,670.00	
Pool Insurance Company		
1,250 Shares of \$100.00 each.....	\$125,000.00	
Premium of \$12.00 per Share.....	15,000.00	
	<u>\$140,000.00</u>	
Less Unpaid Thereon.....	32,500.00	107,500.00
Canadian Livestock Co-operative (Western) Limited		
8 Shares of \$1.00 each.....	8.00	
Saskatchewan Co-operative Credit Society Limited		
450 Shares of \$10.00 each.....	4,500.00	
Saskatchewan Federated Co-operatives Limited		
1 Share of \$100.00.....	100.00	
Local Co-operative Associations—Sundry Shares.....	3,286.52	
Rural Telephone Companies—Sundry Shares.....	1,507.00	
Winnipeg Grain and Produce Exchange Clearing Association Limited—10 Shares.....	12,250.00	
Lake Shippers' Clearance Association—1 Membership.....	3,000.00	
Winnipeg Grain Exchange—6 Memberships.....	30,950.00	
Riverside Country Club Limited, Saskatoon		
2 Shares of \$150.00 each.....	300.00	
	<u>\$220,071.52</u>	
Less Reserve.....	50,000.00	
		<u>\$170,071.52</u>

#### FIXED ASSETS

**Country Elevators and Coal Sheds—\$4,656,222.39:** Included in this amount are the following items:

	Plant Value	Depreciation	Net Value
Country Elevators.....	\$15,821,412.87	\$11,168,715.36	\$ 4,652,697.51
Coal Sheds.....	6,649.38	3,124.50	3,524.88
	<u>\$15,828,062.25</u>	<u>\$11,171,839.86</u>	<u>\$ 4,656,222.39</u>

**Terminal Elevators—\$2,700,158.31:** The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net Value
Terminal No. 4.....	\$ 3,128,280.69	\$ 2,311,571.07	\$ 816,709.62
Terminal No. 5.....	1,225,574.67	862,976.64	362,598.03
Terminal No. 6.....	75,371.80	75,371.80	—
Terminal No. 7.....	4,092,647.66	2,571,797.00	1,520,850.66
	<u>\$ 8,521,874.82</u>	<u>\$ 5,821,716.51</u>	<u>\$ 2,700,158.31</u>

The above values are exclusive of Sites, which are shown under the heading of "Sites—Terminal Elevators, etc.", details of which appear on the next page. Terminal No. 6 is a leased elevator and the Plant Value, which is for equipment only, has been fully depreciated.

The net value of Terminal No. 5, as shown by our books at the time of the explosion, has been retained in our asset accounts pending final settlement of our claim for damage resulting therefrom. It is anticipated, in this connection, that the amount to be received from the Insurance Companies concerned will at least equal the book values shown on the preceding page.

**Land, Buildings and Machinery—Regina and Saskatoon—\$112,965.97:** This includes the following items:

Regina:	Plant Value	Depreciation	Net Value
Head Office Building.....	\$180,000.00	\$146,334.37	\$ 33,665.63
Site.....	25,397.75	—	25,397.75
Furniture and Equipment.....	14,033.03	12,280.13	1,752.90
<b>Saskatoon:</b>			
Modern Press Building.....	26,372.15	15,619.75	10,752.40
Site.....	12,725.00	—	12,725.00
Machinery and Equipment....	92,366.21	69,984.92	22,381.29
Industrial Site.....	6,291.00	—	6,291.00
	<u>\$357,185.14</u>	<u>\$244,219.17</u>	<u>\$112,965.97</u>

**Agents' Residences—\$436,739.97:** Included in this Asset are 510 Agents' Residences valued at \$861,716.02, against which there is a Reserve for Depreciation amounting to \$424,976.05.

**Work Under Construction—\$514,311.70:** This represents sundry construction and replacement work in progress in the Country Elevator

and Terminal Departments, Modern Press Limited, Vegetable Oil Plant, Flour Mill and Grain Storage, and alterations to the Head Office Building, in progress at the year end.

**Sites—Terminal Elevators, etc.—\$251,645.94:** The following is a summary of the Sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 5.....	34,500.00
Terminal No. 7.....	80,678.30
Elevator Sites.....	1,046.25
Cottage Sites.....	43,799.39
Regina Warehouse Site.....	622.00
	<u>\$251,645.94</u>

**Stock Yards and Equipment—\$39,074.84:** This includes the following items:

	Plant Value	Depreciation	Net Value
Stock Yards.....	\$26,035.46	\$ 6,214.11	\$19,821.35
Assembly Yards.....	2,048.70	301.57	1,747.13
Country Scales and Sheds.....	4,958.07	690.81	4,267.26
Tattoo Equipment.....	7,626.31	3,387.21	4,239.10
	<u>\$40,668.54</u>	<u>\$10,593.70</u>	<u>\$30,074.84</u>

#### DEFERRED CHARGES:

**Overpayment 1929-1930 Pool—Company's Share—\$3,553,622.65:** The following is a summary of this account:

Balance at 31st July, 1945.....\$4,509,269.32

#### Deductions:

**Increase in Province of Saskatchewan**

**4½% Debentures, 1951 Sinking Fund**

**Interest Account:**

Balance at 31st July, 1946.....\$1,180,356.27

Balance at 31st July, 1945.....1,069,643.49

**Increase.....\$ 110,712.78**

**Appropriation from Surplus Income—**

Season 1945-1946.....844,933.89

955,646.67

\$3,553,622.65

#### LIABILITIES

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

**Outstanding Certificates — \$11,892.26:** This represents the amount due on Growers' Certificates covering deliveries to the various seasons' Wheat and Coarse Grains Pools, which have not been presented to Head Office for payment.

##### ACCOUNTS PAYABLE—CURRENT

**Province of Saskatchewan—\$949,251.91:** This amount represents the principal payment due 15th September, 1946, together with interest accrued to 31st July, 1946, on the total liability to the Province in respect of the 1929-1930 Pool Overpayment.

**Sundry—\$2,390,669.15:** This amount consists principally of Accrued Expenses and Loan Accounts.

##### DEFERRED LIABILITIES

**Province of Saskatchewan re 1929-1930 Pool Overpayment—\$4,733,978.92:** This represents the balance owing on the above account after completing payment of the 1946 instalment of principal which is provided for under the heading of "Accounts Payable—Current."

In accordance with terms of our agreement, the amount of \$4,733,978.92 is to be repaid with interest at 5 per cent. per annum in five equal annual payments, the first payment of principal falling due 15th September, 1947.

##### CAPITAL, RESERVES, ETC.

**Elevator Deductions—\$12,188,060.07; Commercial Reserve—\$6,567,851.17:** Funds in respect of Elevator Deductions are invested in Saskatchewan Pool Elevators Limited, and in respect of Commercial Reserve in the remaining investments, loans and fixed assets, etc.

**Capital—\$129,412.00:** No increase has taken place in the subscribed capital during the year.

**Producers' Equity—Old Membership—\$184,842.80:** The following is a summary of this Account:

Balance at 31st July, 1945.....\$186,362.69

**Deduct:**

Prior Season's Adjustments—Net. \$ 34.44

Equity Office Expenses—1945-46... 1,485.45

1,519.89

\$184,842.80



## RESERVE ACCOUNTS

**Modern Press Limited—\$200,739.62:** This represents the surplus earnings of this Company for the past four years, which have been transferred to this Account.

**Transit Compensation Reserve—\$15,269.80:** This represents the amount of fees obtained in excess of claims and expenses in respect of insuring livestock against loss while in transit to Stock Yards and Packing Plants during the past two seasons.

**Saskatchewan Pool Elevators Limited—\$4,494,169.55:** No change has taken place in this Account during the past year.

## EXCESS CHARGES REFUNDS

**Season 1943-1944—\$5,213,445.38:** The following is a statement of this Account:

Balance at 31st July, 1945.....	\$5,213,484.85
Less Adjustment—Season 1945-1946.....	39.47
	<u>\$5,213,445.38</u>

**Season 1944-1945—\$1,003,426.58:** This represents the balance of the amount allocated as an Excess Charges Refund to members on grain delivered to the Company's facilities during Season 1944-1945, after deducting the portion used for the purchase of Reserve Certificates for transfer to their account.

The above amounts are held subject to the condition that the funds may be used for the payment of any income tax which may be levied against the Company.

**Season 1945-1946—\$2,267,885.59:** This amount has been allocated from the past season's surplus earnings of the Elevator Company, less such sum as may be required for payment of income and excess profits taxes on the taxable income of Season 1945-1946 in accordance with a resolution of the Board of Directors dated 28th September, 1946.

## UNDIVIDED SURPLUS

**Saskatchewan Co-operative Livestock Producers Limited—\$84,591.02:** The following is a statement of this Account:

Balance at 1st August, 1945.....	\$ 24,245.33
Surplus Transferred for the year 1945-1946.....	60,345.69
	<u>\$ 84,591.02</u>

**Saskatchewan Pool Elevators Limited—\$1,145,501.75:** The following is a statement of this Account:

Balance at 1st August, 1945.....	\$1,511,357.75
Less Dividend of 3% on Capital Stock.....	365,856.00
	<u>\$1,145,501.75</u>

SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED  
 MODERN PRESS LIMITED  
 SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED  
 SASKATCHEWAN POOL ELEVATORS LIMITED  
 and  
 SASKATCHEWAN POOL TERMINALS LIMITED  
 CONSOLIDATED CAPITAL STATEMENT AS AT 31st JULY, 1946

STATEMENT No. 2

**Capital Receipts**

	Dr.	Cr.
Capital.....		\$ 129,412.00
Commercial Reserve.....		6,567,851.17
Elevator Deductions.....		12,188,060.07
Livestock Pool Equity Account—Old Membership.....		184,842.80
Reserve Accounts—Subsidiary Companies.....		4,710,178.97
Undivided Surplus—Subsidiary Companies.....		1,230,092.77
Excess Charges Refund—Season 1943-1944.....		5,213,445.38
Excess Charges Refund—Season 1944-1945.....		1,003,426.58
Excess Charges Refund—Season 1945-1946.....		2,267,885.59
Deferred Loans Outstanding.....		4,733,978.92
		<hr/>
		\$38,229,174.25

**Capital Expenditures**

**Fixed and Sundry Assets**

Fixed Assets ( <i>Less</i> Reserve for Depreciation).....	\$ 8,817,321.77
Investments and Memberships ( <i>Less</i> Reserve).....	170,071.52

**Deferred Accounts**

Accounts Receivable—Deferred.....	1,636,624.92
Deferred Charges.....	3,661,576.65

**Approved Programme of Building  
and Work Under Construction  
(Estimated Expenditures)**

Vegetable Oil Plant.....	\$ 270,000.00
Flour Mill and Grain Storage.....	1,840,000.00
Head Office Building Alterations....	112,003.35
Country Elevators and Agents' Res- idences.....	728,389.99
Terminals.....	1,581,244.27
Modern Press.....	502,674.09
	<hr/>
	\$ 5,034,311.70

*Less* Paid on Account (Work under  
Construction and Machinery Un-  
der Purchase)..... 514,311.70

**Balance**—Surplus Available as Working Capital for  
Season 1946-1947 (Subject to Dividends and Taxes)....

Dr. Cr.

4,520,000.00

19,423,579.39

\$38,229,174.25 \$38,229,174.25



STATEMENT No. 2 (2)

**CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET as at 31st JULY, 1946**

Current Assets.....	\$36,695,548.36
Current Liabilities.....	12,751,968.97

**Current Position as Per Balance Sheet.....**\$23,943,579.39

*Less:*

Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction.....	<u>4,520,000.00</u>
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**Balance—Surplus Available as Working Capital for Season 1946-1947 (Subject to Dividends and Taxes).....**\$19,423,579.39

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

STATEMENT No. 3

SOURCE OF CAPITAL FUNDS, ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS AND SURPLUS CAPITAL, AS AT 31st JULY, 1946

SOURCE OF CAPITAL FUNDS	Capital	Commercial Reserve	Elevator Deductions	Livestock Pool Equity Account Old Membership	Reserve Accounts	Undivided Surplus	Excess Charges Refund, Seasons '43-'44 '44-'45, '45-'46	Deferred Loans Outstanding	Total
Stock Subscriptions.....	\$129,412.00	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 129,412.00
Deductions from Pool Payments....	—	6,567,851.17	12,188,060.07	—	—	—	—	—	18,755,911.24
Retained From Operations.....	—	—	—	184,842.80	4,710,178.97	1,230,092.77	8,484,757.55	—	14,609,872.09
Province of Saskatchewan—Loan...	—	—	—	—	—	—	—	4,733,978.92	4,733,978.92
<b>TOTAL CAPITAL RECEIPTS.....</b>	<b>\$129,412.00</b>	<b>\$6,567,851.17</b>	<b>\$12,188,060.07</b>	<b>\$184,842.80</b>	<b>\$4,710,178.97</b>	<b>\$1,230,092.77</b>	<b>\$8,484,757.55</b>	<b>\$4,733,978.92</b>	<b>\$38,229,174.25</b>



# ANALYSIS OF EXPENDITURES OF CAPITAL FUNDS

STATEMENT No. 8—Continued

## Deferred Accounts Receivable:

Province of Saskatchewan Sinking Fund Interest Account.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$1,180,356.27	\$1,180,356.27
Growers' Accounts.....	—	16,046.07	—	—	—	—	—	—	16,046.07
Canadian Livestock Co-operative (Western) Limited.....	—	—	—	14,157.28	—	6,465.30	—	—	20,622.58
Intercontinental Pork Packers Ltd. ....	—	35,600.00	—	—	—	—	—	—	35,600.00
Pool Elevator Corporation, Buffalo Investments.....	—	16,301.82	384,000.00	—	—	—	—	—	384,000.00
Fixed Assets.....	129,412.00	279,591.26	153,760.70	9.00	—	—	—	—	170,071.52
Expenditures Approved for Completion of Programme of Building and Work Under Construction and Machinery Under Purchase (Contingent Liability).....	—	2,273,042.18	8,346,996.89	42,539.82	18,781.80	—	—	—	8,817,321.77
Deferred Charges:									
1929-1930 Pool Overpayment—Company's Share.....	—	—	—	—	—	—	—	3,553,622.65	3,553,622.65
Stocks of Repair Parts and Supplies	—	—	107,954.00	—	—	—	—	—	107,954.00
<b>TOTAL CAPITAL EXPENDITURES.....</b>	<b>\$129,412.00</b>	<b>\$2,620,581.33</b>	<b>\$11,057,711.59</b>	<b>\$ 56,706.10</b>	<b>\$ 200,739.62</b>	<b>\$ 6,465.30</b>	<b>\$ —</b>	<b>\$4,733,978.92</b>	<b>\$18,805,594.86</b>
<b>BALANCE—SURPLUS CAPITAL..</b>	<b>\$ —</b>	<b>\$3,947,269.84</b>	<b>\$ 1,130,348.48</b>	<b>\$128,136.70</b>	<b>\$4,509,439.35</b>	<b>\$1,223,627.47</b>	<b>\$8,484,757.55</b>	<b>\$ —</b>	<b>\$19,423,579.39</b>

**TOTAL CURRENT ASSETS—**(As Per Consolidated Balance Sheet—Statement "1")..... **\$36,695,548.36**  
**TOTAL CURRENT LIABILITIES** (As Per Consolidated Balance Sheet—Statement "1")..... **12,751,968.97**

**BALANCE—Current Position.....** **\$23,943,579.39**  
 Less: Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction and Machinery Under Purchase..... **4,520,000.00**  
**BALANCE—Surplus Capital (Subject to Dividends and Taxes).....** **\$19,423,579.39**

**STATEMENT No. 4**

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

**STATEMENT OF ASSETS, DIRECT LIABILITIES AND  
GROWERS' EQUITY**

**As At 31st JULY, 1946**

**ASSETS****Fixed Assets**

(Less Reserve for Depreciation).....	\$ 8,817,321.77
Investments and Memberships	
(Less Reserve).....	170,071.52
Accounts Receivable—Deferred.....	1,636,624.92
Stocks of Repair Parts and Supplies.....	107,954.00

<b>Surplus Capital</b> (After Providing for Expenditures to Complete Programme of Building and Work Under Construction and Machinery Under Purchase).....	19,423,579.39
Amount Provided to Complete Programme of Building and Work Under Construction and Machinery Under Purchase.....	4,520,000.00

**TOTAL NET ASSETS**.....\$34,675,551.60

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

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 4,733,978.92	13.652%
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**TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS**.....\$ 4,733,978.92 13.652%

**BALANCE OF ASSETS OVER LIABILITIES**

Growers' Equity (Subject to Payment of Dividends and Taxes).....	29,941,572.68	86.348%
	<u>\$34,675,551.60</u>	<u>100.000%</u>



## SASKATCHEWAN CO-OPERATIVE PRODUCERS LIMITED

STATEMENT OF PAYMENTS OF PRINCIPAL AND INTEREST MADE TO THE PROVINCE OF SASKATCHEWAN IN RESPECT OF THE  
1929-1930 POOL OVERPAYMENT LIABILITY, UP TO AND INCLUDING PAYMENT MADE ON 15th SEPTEMBER, 1946, ALSO  
BALANCE OF REGULAR PAYMENTS TO BE MADE FROM 15th SEPTEMBER, 1947, TO 15th SEPTEMBER, 1951

Original Indebtedness (After allowing for Bond Discount and 1928-1929 Pool Final Payment Loan).....\$13,752,194.98  
 Less: Charged to Surplus Interest Account.....194.98

\$13,752,000.00

## STATEMENT OF PAYMENTS MADE

Date	Total Paid	Interest	Principal	Balance
1st October, 1932.....	\$ 746,739.87	\$ 678,854.87	\$ 67,885.00	\$13,684,115.00
15th September, 1933..	1,099,487.84	651,401.36	448,086.48	13,236,028.52
15th September, 1934..	1,132,292.23	661,801.43	470,490.80	12,765,537.72
15th September, 1935..	1,132,292.23	638,276.89	494,015.34	12,271,522.38
15th September, 1936..	1,132,292.23	613,576.12	518,716.11	11,752,806.27
15th September, 1936..	168,254.05	—	168,254.05	11,584,552.22
15th September, 1937..	1,123,879.52	579,227.60	544,651.92	11,039,900.30
15th September, 1938..	1,123,879.54	551,995.02	571,884.52	10,468,015.78
15th September, 1939..	1,123,879.52	523,400.78	600,478.74	9,867,537.04
15th September, 1940..	1,123,879.54	493,376.86	630,502.68	9,237,034.36
15th September, 1941..	1,123,879.53	461,851.72	662,027.81	8,575,006.55
15th September, 1942..	1,123,879.53	428,750.33	695,129.20	7,879,877.35
15th September, 1943..	1,123,879.53	393,993.87	729,885.66	7,149,991.69
15th September, 1944..	1,123,879.53	357,499.59	766,379.94	6,383,611.75
15th September, 1945..	1,123,879.53	319,180.59	804,698.94	5,578,912.81
15th September, 1946..	1,123,879.53	278,945.64	844,933.89	4,733,978.92
<b>Total Paid.....</b>	<b>\$16,650,153.75</b>	<b>\$ 7,632,132.67</b>	<b>\$ 9,018,021.08</b>	<b>\$ —</b>

## STATEMENT OF PAYMENTS TO BE MADE

Due Date	Amount	Interest	Principal	Balance after Completing Payment
15th September, 1947....	\$ 1,123,879.53	\$ 236,698.95	\$ 887,180.58	\$ 3,846,798.34
15th September, 1948....	1,123,879.53	192,339.92	931,539.61	2,915,258.73
15th September, 1949....	1,123,879.53	145,762.94	978,116.59	1,937,142.14
15th September, 1950....	1,123,879.53	96,857.11	1,027,022.42	910,119.72
15th September, 1951....	955,625.71	45,505.99	910,119.72	—
<b>Total to be Paid..</b>	<b>\$ 5,451,143.83</b>	<b>\$ 717,164.91</b>	<b>\$ 4,733,978.92</b>	<b>\$ —</b>

## SUMMARY

	Amount	Interest	Principal
Paid to 15th September, 1946.....	\$16,650,153.75	\$ 7,632,132.67	\$ 9,018,021.08
Balance to 15th September, 1951.....	5,451,143.83	717,164.91	4,733,978.92
<b>Total.....</b>	<b>\$22,101,297.58</b>	<b>\$ 8,349,297.58</b>	<b>\$13,752,000.00</b>

\*Distribution of Contingency Reserve of Canadian Co-operative Wheat Producers Limited in respect of the 1929-1930 Pools.

## STATEMENT OF GRAIN HANDLINGS

**SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED**  
**AS AT 31st JULY, 1946**

**TOTAL HANDLED (ALL GRAINS)****SASKATCHEWAN POOL ELEVATORS LIMITED**

Country Elevators.....  
 Platform.....

**Total**.....

Number of Elevators Operated.....  
 Average Handling Per Elevator.....

**SASKATCHEWAN POOL TERMINALS LIMITED**

Terminal No. 4.....  
 5.....  
 6.....  
 7.....  
 8.....

**Total**.....

Bushels 1924-1945	Bushels 1945-1946	Bushels 1924-1946
1,641,252,516	123,889,881	1,765,142,397
58,179,604	44,512	58,224,116
<u>1,699,432,120</u>	<u>123,934,393</u>	<u>1,823,366,513</u>
—	1,113	—
—	<u>111,352</u>	—
324,644,325	24,214,173	348,858,498
116,970,706	288,076	117,258,782
377,316,245	25,410,419	402,726,664
414,360,279	46,052,588	460,412,867
28,240,761	—	28,240,761
<u>1,261,532,316</u>	<u>95,965,256</u>	<u>1,357,497,572</u>



# What Every Pool Member Knows

Once upon a time (but this is no fairy tale), when the farmer delivered his grain there were no Pool elevators. He didn't know what the price for his wheat would be when he got to town; when he was paid he left 5 or 6 cents behind to pay for handling charges and maybe a good bit more for good measure if there seemed to be any doubt about whether the price would hold; he got charged for dockage but he didn't have any opportunity to get paid for screenings or separations; he delivered good No. 1 but his customers overseas got the bottom of the grade. Needless to say, if profits on handlings were made, and they were, he never got a smell of them.

He was, to put it briefly, pretty much at the mercy of private elevator companies.

Today, thanks to himself and his neighbours, he has put all that behind him. He can deliver to his own elevators, and if he pays himself too much for handling services, the surplus is returned to him. He knows what goes on in the grain business, because he is in it himself. Handling charges are 3c, terminal mixing troubles have been eliminated. He knows what the price will be when he gets to town. That is co-operation.

## Saskatchewan Pool Elevators Limited

*Head Office: REGINA*

## SASKATCHEWAN POOL ELEVATORS LIMITED

## STATEMENT OF EARNINGS

1st AUGUST, 1925, to 31st JULY, 1946

	Total 1925-1945	Sundry Adjustments	Season 1945-1946	Total 1925-1946
NET EARNINGS.....	\$42,531,139.34	\$ —	\$ 3,590,382.83	\$46,121,522.17
<b>DISTRIBUTION OF EARNINGS</b>				
Excess Charges Refund:				
Paid to Growers.....	\$ 6,756,410.82	\$ —	\$ —	\$ 6,756,410.82
Credits to Growers' Overpayment Accounts.....	2,559,217.44	—	—	2,559,217.44
Reserve Certificates Purchased or to be Purchased in Settlement of Credits.....	2,571,665.88	1,014,439.64	—	3,586,105.52
Allocated for Distribution on Deliveries for Season 1943-1944 (Subject to Taxes).....	5,213,484.85	(39.47)	—	5,213,445.38
Allocated for Distribution on Deliveries for Season 1944-1945 (Subject to Taxes).....	2,017,826.75	(1,014,400.17)	—	1,003,426.58
Allocated for Distribution on Deliveries for Season 1945-1946 (Subject to Taxes).....	—	—	2,267,885.59	2,267,885.59
Total Excess Charges Refund.....	\$19,118,605.74	\$ —	\$ 2,267,885.59	\$21,386,491.33
Farm Storage Paid to Growers.....	306,456.74	—	—	306,456.74
Share of Pool Expenses.....	1,392,273.15	—	119,058.45	1,511,331.60
Dividends to Pool.....	2,646,985.80	365,856.00	—	3,012,841.80
Share of Earnings to Pool re Principal Payments 1929-1930 Pool Overpayment Liability, etc.....	5,748,329.09	—	919,422.44	6,667,751.53
Interest Paid on 1929-1930 Pool Overpayment Liability.....	7,312,961.52	—	284,016.35	7,596,977.87
Transferred to Reserve Account.....	4,494,169.55	—	—	4,494,169.55
Transferred to Undivided Surplus Account.....	1,511,357.75	(365,856.00)	—	1,145,501.75
Total.....	\$42,531,139.34	—	\$ 3,590,382.83	\$46,121,522.17

(Bracketed Items Represent Deductions).



**STATEMENT No. 7—Continued**

Net Earnings (as above).....	\$46,121,522.17
Depreciation Reserve as at 31st July, 1946.....	17,613,353.30
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in Respect of the Purchase of the Assets of the latter Company).....	2,150,331.29
<b>TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1946.....</b>	<b><u><u>\$65,885,206.76</u></u></b>

**NOTE:** Sundry Adjustments Shown in the Second Column Comprise the Following:—

- (a) Distribution of portion of 1944-1945 Excess Charges Refund set aside for purchase of Reserve Certificates amounting to \$1,014,400.17 and adjustment of 1943-1944 Excess Charges refund set aside for purchase of Reserve Certificates amounting to \$39.47. Total \$1,014,439.64.
- (b) Payment of Dividend to Pool—\$365,856.00—Charged to Undivided Surplus Account.

## LIBRARY RECORD FOR 1945-1946

	Books Mailed	Books Returned	Requests Books	Catalogues	Postage
<b>1945</b>					
August.....	626	647	30	15	\$35.26
September.....	618	632	35	23	33.07
October.....	716	684	60	57	42.30
November.....	817	755	97	43	54.34
December.....	801	790	86	37	42.17
<b>1946</b>					
January.....	886	806	152	41	49.93
February.....	1056	980	166	36	67.09
March.....	1071	1089	75	21	59.81
April.....	816	865	30	8	47.79
May.....	718	770	18	1	40.20
June.....	553	598	15	6	30.83
July.....	556	575	14	5	30.26
<b>Totals.....</b>	<b>9234</b>	<b>9191</b>	<b>778</b>	<b>293</b>	<b>\$533.05</b>

## Number of Borrowers as at 31st July, 1946:

Wheat Pool Members.....	1,713
Pool Elevator Agents.....	170
<b>Total.....</b>	<b>1,883</b>



**STATEMENT No. 9**

**WHEAT POOL COMMITTEES—1945-1946**

**TOTAL NUMBER OF COMMITTEES**

Sub-District	1	2	3	4	5	6	7	8	9	10	11	T'tl.
District 1.....	3	4	7	10	7	7	8	11	6	8	—	71
District 2.....	5	4	5	8	5	5	9	8	13	5	—	67
District 3.....	3	4	3	4	7	3	3	5	3	8	—	43
District 4.....	3	8	9	5	5	2	4	7	3	6	—	52
District 5.....	9	7	5	8	7	3	6	10	9	5	—	69
District 6.....	9	10	7	8	9	12	11	7	7	8	—	88
District 7.....	8	5	5	5	7	9	6	5	7	4	7	68
District 8.....	8	9	10	9	8	8	6	7	5	3	—	73
District 9.....	6	7	5	8	3	9	6	7	6	7	—	64
District 10.....	6	6	4	8	14	8	4	7	4	9	—	70
District 11.....	9	11	12	5	5	7	12	7	10	9	—	87
District 12.....	10	7	9	7	6	7	7	8	11	8	—	80
District 13.....	9	12	3	10	8	7	12	7	9	11	7	95
District 14.....	5	7	8	11	3	7	7	12	7	9	7	83
District 15.....	9	8	9	8	8	5	8	5	6	8	4	78
District 16.....	7	8	9	7	4	11	5	9	7	8	10	85
<u>1,173</u>												

**STATEMENT No. 10**

**COMMITTEES REORGANIZED**

1945-1946

Sub-District	1	2	3	4	5	6	7	8	9	10	11	T'tl.
District 1.....	3	4	7	10	7	7	8	11	6	7	—	70
District 2.....	5	4	5	8	4	5	9	8	13	5	—	66
District 3.....	3	3	3	4	6	3	3	5	3	8	—	41
District 4.....	3	8	9	5	5	2	4	7	3	6	—	52
District 5.....	8	7	5	8	7	3	6	8	8	5	—	65
District 6.....	7	10	7	8	8	11	11	6	7	7	—	82
District 7.....	8	5	5	5	5	7	6	4	7	4	6	62
District 8.....	8	8	10	9	8	7	5	5	4	3	—	67
District 9.....	6	6	5	7	3	9	6	7	5	6	—	60
District 10.....	6	6	3	7	14	8	4	7	4	9	—	68
District 11.....	8	9	11	5	4	7	7	5	9	8	—	73
District 12.....	9	7	9	7	5	6	7	7	10	8	—	75
District 13.....	8	11	2	10	6	5	9	4	9	8	7	79
District 14.....	4	7	7	11	3	4	7	12	6	9	6	76
District 15.....	7	5	9	7	8	4	7	4	5	7	3	66
District 16.....	7	7	9	7	4	11	4	8	7	8	9	81
<u>1,083</u>												

## CANADIAN POOL AGENCIES LIMITED, WINNIPEG, MANITOBA

## BALANCE SHEET AS AT 31st JULY, 1946

## ASSETS

Agency Assets.....		\$13,954.53
Cash in Agency Bank Accounts.....	\$ 3,006.03	
Accounts Receivable.....	10,948.50	
		<u>\$13,954.53</u>
Shareholders' and Patrons' Assets.....		\$79,095.26
Cash.....		\$22,061.77
In General Bank Accounts.....	\$21,991.77	
On Hand.....	70.00	
		<u>\$22,061.77</u>
Accounts Receivable.....		\$21,246.71
Commissions—Per Contra.....	\$ 8,749.72	
Loan Accounts—Secured.....	11,680.56	
Pool Insurance Company.....	75.72	
Miscellaneous.....	740.71	
		<u>\$21,246.71</u>

## LIABILITIES

Agency Liabilities.....		\$13,954.53
Accounts Payable—Insurance.....	\$ 5,204.81	
Commissions Payable—Per Contra.....	8,749.72	
		<u>\$13,954.53</u>
Shareholders' Liabilities and Reserve.....		\$21,112.05
Miscellaneous Accounts Payable.....	\$ 1,112.05	
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>\$20,000.00</u>
		<u>\$21,112.05</u>



<b>Investments—at Cost</b> .....	\$35,086.78
\$35,000.00 Dominion of Canada Bonds 3½% Maturing June 1, 1966.....	\$35,086.78
(Quoted Value July 31, 1946—\$37,231.25)	
<b>Membership Deposits</b> .....	200.00
Insurance Agents' Associations.....	\$ 200.00
<b>Furniture and Fixtures</b> .....	500.00
Cost.....	\$ 6,601.91
Less Depreciation Reserve.....	6,101.91
	\$ 500.00
	<u>\$79,095.26</u>

\$93,049.79

<b>Capital Stock</b> .....	\$20,000.00
Authorized.....	<u>\$20,000.00</u>
Issued and Fully Paid.....	\$20,000.00
(2,000 Shares of \$10.00 each)	
<b>Surplus (See Report)—Per Exhibit B</b> .....	\$37,983.21

Signed on Behalf of the Board:

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

\$93,049.79

### AUDITORS' REPORT

We have audited the accounts of Canadian Pool Agencies Limited for the year ended 31st July, 1946, and have received all the information and explanations we have required. Bank balances have been confirmed by certificates obtained 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. No provision has been made in the accounts for taxes on income, if any, for the year under review or prior periods. When that liability is finally determined the surplus shown will be reduced by the amount thereof and by such allocations as may then be made by your Board.

We certify that, in our opinion, the above Balance Sheet and related statements are properly drawn up so as to exhibit, respectively, a true and correct view of the financial position of Canadian Pool Agencies Limited as at 31st July, 1946, 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, 11th October, 1946.

(Signed) MILLAR, MacDONALD & CO., *Chartered Accountants*.

**EXHIBIT B****STATEMENT No. 12****CANADIAN POOL AGENCIES LIMITED  
WINNIPEG, MANITOBA****SUMMARY OF SURPLUS ACCOUNT  
For the Year Ended 31st July, 1946**

	<i>Debit</i>	<i>Credit</i>
Balance at Credit 31st July, 1945.....		\$ 67,767.02
Distributed During 1945-1946:		
Patronage Dividend, Year 1944-1945.....	\$ 67,767.02	
Alberta Wheat Pool.....	\$ 12,709.11	
Manitoba Pool Elevators	12,420.73	
Saskatchewan Co-operative Producers Limited..	42,637.18	
	<u>\$ 67,767.02</u>	
	67,767.02	67,767.02
Surplus Realized on Sale of Bonds.....		2,757.18
Surplus for Year Ended 31st July, 1946, as per Exhibit C.....		35,226.03
Total at Credit 31st July, 1946 (see Report) as Per Balance Sheet—Exhibit A.....	37,983.21	
	<u>\$105,750.23</u>	<u>\$105,750.23</u>



**CANADIAN POOL AGENCIES LIMITED**  
**WINNIPEG, MANITOBA**

**STATEMENT OF INCOME AND EXPENDITURE**

For the Year Ended 31st July, 1946

**Income**

Commissions.....		\$43,746.37
Fire.....	\$ 5,704.09	
Bonds.....	19,189.72	
Accident and Sickness.....	189.67	
Liability.....	2,943.50	
Automobile.....	2,610.97	
Robbery and Burglary.....	404.36	
Floater.....	381.54	
Windstorm and Cyclone.....	72.43	
Sprinkler Leakage.....	.75	
Steam Boiler.....	49.42	
Riot and Civil Commotion.....	156.09	
Plate Glass.....	177.79	
Hail.....	22.90	
Lake Marine and Outturn.....	7,606.86	
Contingent.....	3,971.66	
Overriding.....	300.00	
	<u>43,781.75</u>	
Less Brokerage Paid.....	35.38	
	<u>\$43,746.37</u>	

**Other Income.....\$ 2,373.65**

Interest and Exchange—General.....	359.99
Interest on Investments.....	2,013.66
	<u>\$ 2,373.65</u>

**Total Income for Year.....\$46,120.02**

**Expenses.....\$10,893.99**

Salaries.....	\$ 7,236.09
Directors' Fees and Expenses.....	478.03
Rent and Light.....	782.21
Telephone and Telegraph.....	269.03
Printing and Stationery.....	423.55
Postage and Excise.....	143.12
Taxes and Licenses.....	280.53
Travelling Expense.....	175.47
Legal and Audit.....	735.14
Insurance.....	44.24
Annuity Expense.....	218.17
Miscellaneous.....	408.41

11,193.99

*Deduct:*

Recovery from Interprovincial Pool..... 300.00

\$10,893.99

Balance—Surplus (see Report) for Year Ended 31st July,  
 1946, Carried to Exhibit B..... \$35,226.03

**POOL INSURANCE COMPANY**  
**BALANCE SHEET AS AT DECEMBER 31st, 1945**

**ASSETS**

Cash in Bank.....	\$286,651.35
Bank of Montreal—General Account.....	\$ 22,714.75
—Savings Account.....	263,936.60
	<u>\$286,651.35</u>
Accounts Receivable.....	\$ 23,595.50
Canadian Pool Agencies Limited.....	\$ 23,002.35
Advances to Inspection Staff.....	468.11
Miscellaneous.....	125.04
	<u>\$ 23,595.50</u>
Investments.....	\$249,106.25
Dominion of Canada Bonds:	Par Value
1935 Loan 3% Due 1955.....	\$ 50,000.00
Second War Loan 3% Due 1952.....	5,000.00
Sixth Victory Loan 3% Due 1960.....	107,500.00
Eighth Victory Loan 3% Due 1963.....	87,500.00
	<u>\$250,000.00</u>

**LIABILITIES**

Current Liabilities.....	\$ 60,793.56
Accounts Payable.....	\$ 54,176.24
Fire Losses in Process.....	1,483.55
Taxes Accrued.....	5,133.77
	<u>\$ 60,793.56</u>
Reserve for Unearned Income.....	\$ 65,946.19
Unexpired Portion of Premium Income.....	\$ 26,952.76
Unexpired Portion of Reinsurance Commis- sions.....	40,784.09
	<u>\$ 67,736.85</u>
Less Commissions Paid on Business Not Yet Taken Into Income.....	\$ 1,790.66
	<u>\$ 65,946.19</u>



Market Value.....	<u>\$254,842.50</u>	
Interest Accrued Thereon.....	\$	1,087.50
Automobiles.....	\$	1,800.00

Capital Stock.....		\$185,000.00
Authorized—5,000 Shares at \$100.00.....	\$500,000.00	
Subscribed—2,500 Shares at \$100.00.....	<u>\$250,000.00</u>	
Paid Up Thereon.....		\$185,000.00
Capital Surplus.....		\$ 36,128.26
Premium at 12% on Capital Stock Subscribed.....	\$ 30,000.00	
Surplus Realized on Investments Sold.....	6,128.26	
		<u>\$ 36,128.26</u>

Shareholders' and Patrons' Equities—as Per Exhibit B.....\$214,372.59

Allocated as Follows:

Shareholders' Dividend.....1.85

Patrons' Dividend:

Alberta Wheat Pool.....42,274.37

Alberta Pool Elevators Limited.....25,377.24

Manitoba Pool Elevators.....30,261.58

Saskatchewan Pool Elevators Limited.....116,457.55

\$214,372.59

\$562,240.60

Signed on Behalf of the Board:

JOHN H. WESSON, *Director*

W. J. PARKER, *Director*

\$562,240.60

#### AUDITORS' CERTIFICATE

In our opinion the Balance Sheet of Pool Insurance Company as at December 31st, 1945, 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 transactions coming within our notice were, in our opinion, within the powers and objects of the Company. Responsibility for the payment of income tax is disclaimed by the Company and no provision of any income tax liability has been made on the Balance Sheet.

Winnipeg, Manitoba, February 23rd, 1946.

(Signed) MILLAR, MacDONALD & CO., *Chartered Accountants.*

## EXHIBIT "B"

STATEMENT No. 15

## POOL INSURANCE COMPANY

SUMMARY OF SHAREHOLDERS' AND PATRONS' EQUITY  
ACCOUNT

For the Year Ended December 31st, 1945

	Debit	Credit
Balance at Credit December 31st, 1944.....		\$210,395.09
Distributed During Year 1945.....	\$210,395.09	
Shareholders' Dividend, Year 1944:		
Alberta Wheat Pool.....\$	.55	
Manitoba Pool Elevators.....	.37	
Saskatchewan Pool Ele-		
vators Limited.....	.93	
Patrons' Dividend, Year 1944:		
Alberta Wheat Pool.....	59,165.47	
Manitoba Pool Elevators.....	29,039.24	
Saskatchewan Pool Elevators		
Limited.....	122,188.53	
	<u>\$210,395.09</u>	<u>210,395.09</u>
		210,395.09
Shareholders' and Patrons' Equi-		
ties for Year Ended December		
31st, 1945, as per Exhibit C.....		214,372.59
Allocated as Follows:		
Shareholders' Dividend.....\$	1.85	
Patrons' Dividend.....	214,370.74	
	<u>214,372.59</u>	
Total at Credit December 31st,		
1945, as per Balance Sheet—		
Exhibit A.....	214,372.59	
Allocated as Follows:		
Shareholders' Dividend:		
Alberta Wheat Pool.....\$	.55	
Manitoba Pool Elevators.....	.37	
Saskatchewan Pool Elevators		
Limited.....	.93	
Patrons' Dividend:		
Alberta Wheat Pool.....\$	42,274.37	
Alberta Pool Elevators Lim-		
ited.....	25,377.24	
Manitoba Pool Elevators.....	30,261.58	
Saskatchewan Pool Elevators		
Limited.....	116,457.55	
	<u>\$214,372.59</u>	<u>214,372.59</u>
		\$424,767.68
		<u>\$424,767.68</u>



## EXHIBIT "C"

STATEMENT No. 16

**POOL INSURANCE COMPANY**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**For the Year Ended December 31st, 1945**

Premiums on Business Written in 1945.....	\$475,834.60		
Less: Ceded to Other Companies.....	395,351.61		
		\$	80,482.99
Deduct: Increase in Unearned Premium Reserve			5,782.03
<b>Premiums Earned in 1945.....</b>			<b>74,700.96</b>
Deduct: Losses and Adjustment Expense.....	\$ 97,926.56		
Less: Reinsurance Recoveries.....	82,344.59		15,581.97
<b>Net Underwriting Income.....</b>			<b>59,118.99</b>
Add: Commissions on Reinsurance Placed with Other Companies (Earned Portion Only).....			187,287.14
Special Allowances by Lloyds in Lieu of Taxes.....			7,097.88
Inspection Fees on Elevators in British Columbia.....			147.70
<b>Total Revenue Before Commission Paid.....</b>			<b>253,651.71</b>
Deduct: Commissions Paid (on Earned Premiums Only).....			968.85
<b>Balance Available for Expenses and to Patrons and Shareholders.....</b>			<b>252,682.86</b>
<b>Deduct: Expenses:</b>			
Excess Loss Insurance Premium.....	\$ 2,089.80		
Taxes, Licenses and Association Dues.....	11,988.30		
<b>Inspection Service:</b>			
Salaries.....	\$9,837.12		
Board and Lodging.....	2,873.32		
Transportation.....	4,540.13		
Annuities and Group Insurance.....	436.45		
Insurance.....	453.91		
Printing, Postage and Miscellaneous.....	436.50		
			18,577.43
<b>Administration:</b>			
Salaries.....	\$9,152.34		
Rent and Light.....	780.30		
Directors' Fees and Expenses.....	729.54		
Travelling Expenses.....	321.26		
Printing, Postage and Stationery.....	486.09		
Telephone and Telegraph.....	161.50		
Legal and Audit.....	657.14		
Annuities and Unemployment Insurance.....	249.84		
Miscellaneous.....	775.53	13,313.54	45,969.07
			206,713.79
Add: Interest Earned.....			7,658.80
<b>Balance available to patrons and shareholders for the Year 1945—Carried to Exhibit B.....</b>			<b>\$214,372.59</b>

# SASKATCHEWAN CO-OPERATIVE LIVESTOCK PRODUCERS LIMITED

## COMPARATIVE STATEMENT OF HANDLINGS

Seasons 1945-1946 and 1944-1945

	Gross Agency Handlings	Less Handled by Agencies for Country Sections	Season 1945- 1946	Season 1944- 1945	Increase (De- crease)
<b>AGENCIES</b>					
<b>Prince Albert:</b>					
Cattle and Calves..	16,405	7,642	8,763	5,147	3,616
Hogs.....	8,636	42	8,594	12,932	(4,338)
Sheep and Lambs...	5,330	3,599	1,731	1,530	201
<b>Regina:</b>					
Cattle and Calves..	—	—	32,240	21,995	10,245
Hogs.....	—	—	19,037	38,901	(19,864)
Sheep and Lambs...	—	—	6,958	4,859	2,099
<b>Saskatoon:</b>					
Cattle and Calves..	19,761	1,888	17,873	12,885	4,988
Hogs.....	6,530	—	6,530	7,607	(1,077)
Sheep and Lambs...	2,368	214	2,154	3,223	(1,069)
<b>Moose Jaw:</b>					
Cattle and Calves..	15,047	3,108	11,939	10,024	1,915
Hogs.....	4,642	18	4,624	16,409	(11,785)
Sheep and Lambs...	4,004	766	3,238	7,477	(4,239)
<b>COUNTRY SECTIONS</b>					
<b>Prince Albert:</b>					
Cattle and Calves..	—	—	7,670	6,943	727
Hogs.....	—	—	29,826	49,389	(19,563)
Sheep and Lambs...	—	—	3,599	3,255	344
<b>Saskatoon:</b>					
Cattle and Calves...	—	—	3,179)	—	—
Hogs.....	—	—	11,744)	—	—
Sheep.....	—	—	690)	—	—
<b>Moose Jaw:</b>					
Cattle and Calves..	—	—	6,217)	34,722	17,140
Hogs.....	—	—	8,510)	115,683	(34,582)
Sheep and Lambs...	—	—	1,040)	7,007	5,799
<b>St. Boniface:</b>					
Cattle and Calves..	—	—	42,466)	—	—
Hogs.....	—	—	60,847)	—	—
Sheep and Lambs...	—	—	11,076)	—	—
<b>TOTAL—ALL DEPARTMENTS</b>					
Cattle and Calves..	—	—	130,347	91,716	38,631
Hogs.....	—	—	149,712	240,921	(91,209)
Sheep and Lambs...	—	—	30,486	27,351	3,135

**Note:** The difference between the net handling figures for the Prince Albert, Moose Jaw and Saskatoon Country Sections, and the amounts shown as handled for these Country Sections by the Agencies, represents shipments to C.L.C. or direct to Packers in the case of Hogs. St. Boniface Country Section shipments are handled by C.L.C.



# *Still Ahead...*

## THE MOST IMPORTANT JOB!

In the years which have passed the Saskatchewan Wheat Pool has seen the achievement of many concrete improvements in the lot of the farmer, for which it has been responsible. However, *the most important thing that has been done has been to lay a sound foundation for the future.*

Today the Wheat Pool is a strong, democratic and experienced farmer organization. It is united with organized farmers throughout the Dominion, and in many countries of the world.

The big job is ahead—to get, for the first time, real international planning for agriculture aimed at maximum production and security for the farmer. The way has been shown, and we are nearer than ever before to actual accomplishment. Now is the time for every farmer to get behind his organization and see these plans through to completion.

### Saskatchewan Co-operative Producers Ltd.

*Head Office: REGINA*

## CANADIAN LIVESTOCK CO-OPERATIVE (WESTERN) LIMITED

STATEMENT No. 18

## BALANCE SHEET

As At July 31st, 1946

## ASSETS

## Current Assets:

Cash in The Royal Bank of Canada.....	\$ 16,121.45	
Accounts Receivable—Schedule 1.....	\$ 3,775.48	
Less Reserve for Doubtful Accounts.....	358.95	
	3,416.53	
Dominion of Canada Bonds—at Cost.....	20,000.00	
(Market Value \$20,950.00)		
Accrued Interest Thereon.....	300.00	
	20,300.00	
Due from Trust Account.....	73,097.64	
	\$112,935.62	

## Trust Assets:

Sales Accounts Receivable.....	84,768.41	
Inventories—at Cost		
Livestock.....	\$ 5,216.47	
Feed.....	820.30	
	6,036.77	90,805.18

## LIABILITIES

## Current Liabilities:

Accounts Payable.....	\$ 1,300.22	
Buyer's Deposit.....	2,200.00	
Accrued Salaries.....	7,488.98	
Surplus Payable.....	61,268.31	
		\$ 72,257.51

## Trust Liabilities:

Bank Overdraft.....	7,802.70	
Due to Local Associations.....	731.78	
Producers' Livestock Pooling Fund.....	2,319.17	
Transit Compensation Fund.....	3,701.18	
Saskatchewan Compensation Fund.....	2,252.71	
Exchange on Outstanding Cheques.....	900.00	
Due to General Account.....	73,097.64	
		90,805.18
General Reserve.....		4,690.11



**Other Assets:**

Winnipeg Livestock Exchange Memberships.....		550.00	
Office Furniture and Equipment.....	8,399.70		
Less Reserve for Depreciation.....	<u>2,841.31</u>	5,558.39	
Prepaid Operating Expenses.....		645.38	
			<u>\$210,494.57</u>

Approved on Behalf of the Board,  
 LEWIS W. ELLIOTT, *Director*  
 WILFRID MCGREGOR, *Director*

**Members' Equity:**

Alberta Livestock Co-operative Limited.....\$	94.63		
Memberships.....	<u>8.00</u>	102.63	
Manitoba Co-operative Livestock Producers Limited.....	19,232.75		
Memberships.....	<u>8.00</u>	19,240.75	
Saskatchewan Co-operative Livestock Producers Limited.....	23,390.39		
Memberships.....	<u>8.00</u>	23,398.39	42,741.77
			<u>\$210,494.57</u>

This is the Balance Sheet referred to in our report of this date attached hereto.

MILLER, MacDONALD & CO., *Chartered Accountants.*

Winnipeg, Manitoba.  
 August 13th, 1946.

# Canadian Co-operative Wheat Producers Limited

## DIRECTORS' REPORT 1945-1946

To the Shareholders,

Canadian Co-operative Wheat Producers Limited,  
Winnipeg, Manitoba.

Gentlemen:

Four events of outstanding importance to western agriculture have claimed the attention of your Board during the past year, namely:

1. The report and recommendations of the Royal Commission on Co-operatives and the amendments to the Income Tax Act affecting co-operatives;
2. The organization of the Food and Agriculture Organization;
3. The organization of the International Federation of Agricultural Producers;
4. The Wheat Agreement with the United Kingdom.

As these events and their consequences will continue to demand the attention of your Board and the organized farmers during the coming year, we open this report with a summary review of them which may be useful for future reference.

### Income Tax

The report of the Royal Commission on Co-operatives was tabled in the House of Commons on November 26th, 1945, but it was some time before copies of the report were available for study by co-operative leaders. Joint meetings were held by representatives of the Co-operative Union of Canada and the Wheat Pools, and in March a memorandum discussing the recommendations of the Commission, expressing dissent and offering alternative recommendations was presented to the government.

The budget was introduced in the House of Commons on June 27 and it contained a series of resolutions on the taxation of co-operatives, ostensibly designed to implement the recommendations of the Commission. The provisions of the resolutions were decidedly unsatisfactory to the co-operatives and repeated representations to this effect were made to the Minister of Finance and officials of his department. Certain modifications of the government proposals were made, and on August 9 the bill giving legislative effect to the proposals as amended was introduced.

The representatives of the co-operatives, including the Wheat Pools, gave immediate attention to the legislation and again in interviews with the relevant authorities expressed dissatisfaction with the proposals, and obtained some favorable changes. The bill finally passed the House on a vote of 82 to 69.

Briefly, and without going into technical details or modes of application the Income Tax Act as now amended provides that co-operative organizations must pay income tax on:

1. Surplus arising from any business of the organization which is retained by the organization.
2. Surplus arising from non-member business which becomes part of the patronage dividend paid to members.
3. Dividends paid on capital stock.
4. An amount equal to three per cent. of the capital employed, if that amount be actually earned, but which may be reduced by the payment of a contractual annual interest.



The total tax payable by a co-operative is assessed on the sum of 1, 2 and 3, or 4, whichever is the greater.

It is provided:

1. That patronage dividends may be paid to members and non-members.
2. That members may be paid a higher rate of patronage dividend than non-members.
3. That patronage dividends must be paid out or allocated within the financial year of the co-operative or within twelve months of the ending of the year.
4. That if pursuant to a binding obligation the entire surplus of a co-operative is paid out at the same rate to members and non-members it is not subject to tax.
5. That amounts payable to members may be retained in and paid out of a revolving fund but any increase in the total amount of the fund is subject to tax.
6. That members may not receive patronage dividends arising out of non-member business unless tax has been paid on such business.
7. That an amount equal to three per cent. of the capital employed by the co-operative, provided that amount has been actually earned, must be deducted from the surplus as assessable income for tax purposes, but which for tax purposes may be reduced by the payment of interest as a contractual obligation. After such reduction and the payment of tax, the remainder may be dealt with in the discretion of the organization.
8. The prospect of a patronage dividend must be held out by the organization at the beginning of a fiscal year by one of the following methods: By the terms of the charter, articles of association or by-laws of the organization or the statute under which it is incorporated; by contract with its members and customers; by an advertisement appearing at the commencement of the fiscal year in a newspaper having a general circulation in the area in which the organization conducts its business.
9. Co-operatives incorporated under provincial legislation and commencing business after January 1, 1947, are exempt from income tax for three years under conditions of operation set out in the Act.

No retroactive taxation is provided for in the Act, but by administrative rule the Wheat Pools are being held liable for some taxes for the taxation period 1942-45 inclusive.

The case for the co-operatives was well covered and ably put before the government, and the modifications obtained of the original proposals represent, we believe, a change, arising from conviction, in the government's attitude toward the whole proposition regarding the taxation of co-operatives, and a greater appreciation of the social and economic value of co-operatives in the life of the people. It should also be said, we think, that the government was surprised at the opposition which developed among all parties in the House to the proposed taxation of co-operatives, and not less annoyed at the persistent lobbying of the opponents of the co-operative movement.

Altogether, it is our belief that the co-operative movement actually gained in prestige through the controversy engendered by the endeavor to have its progress impeded by the imposition of taxation which could be justified by neither juridical nor moral reasoning. Although the original proposals were modified because of the case put forward by the co-operatives, the tax structure as it affects co-operatives is still so far from a recognition of the fundamental difference between profit-making business and co-operative business, that the movement should not relax its efforts to obtain amendments to the Act as it now stands and especially the removal of the provision compelling the deduction from surplus of an amount equal to

three per cent. of the capital employed, for income tax purposes.

### **Farmers' Income Tax**

Amendments to the Income Tax Act provide that farmers may have their annual income taxed on the basis of the average of the previous three years. For the year 1946 and subsequent years all farmers who wish to avail themselves of this method must file returns each year whether or not they have taxable incomes. In 1948 those who have made returns for 1946 and 1947 will be entitled to average their incomes for 1946, 1947 and 1948. This reform has been advocated and recommended to the government by the organized farmers for many years.

### **Food and Agriculture Organization**

By its final act the United Nations Conference on Food and Agriculture held at Hot Springs, Virginia, May 18-June 3, 1943, recommended to the governments of the United Nations the appointment of an interim commission to continue and carry on the work of the Conference and invited the United States to take the preliminary steps to that end.

The interim commission was duly appointed; it drafted a constitution for a permanent organization which was adopted by the United Nations in August, 1944, laid down plans for its work and called its first meeting at Quebec, October 16-November 1, 1945.

The meeting was attended by thirty-seven delegates from countries that were members of F.A.O.; four member nations were not represented, and four non-member nations were represented by observers only. The signatures of twenty nations were required to the constitution to make F.A.O. a going concern and more than twice that number of signatories was announced at the close of the conference. Sir John Boyd Orr was elected director-general, an executive committee was appointed and plans for financing the organization adopted. At this first conference Sir John Boyd Orr made it very clear that adequate nutrition for every human soul was for him no idle dream but a goal which could and must be achieved, and he laid great stress upon the responsibility of every nation helping to achieve it.

The Second Session of F.A.O. was held in Copenhagen during the month of September, 1946, and although it is outside of the period covered by this report we have considered it advisable to include it as valuable information.

The most important matter coming before the Conference was the recommendation of the Director-General for the establishment of a World Food Board. The functions of this Board were set out as follows:

1. To stabilize prices of agricultural commodities on the world markets, including provision of the necessary funds for stabilizing operations.
2. To establish a world food reserve adequate for any emergency that might arise through failure of crops in any part of the world.
3. To provide funds for financing the disposal of surplus agricultural products on special terms to countries where the need for them is most urgent.
4. To co-operate with organizations concerned with international credits for industrial and agricultural development, and with trade and commodity policy, in order that their common ends might be more quickly and effectively achieved.



Modes of operation of the Board were set out in a special report to the Conference and are summarized as follows:

1. For food, such as wheat, the Board would announce prices as near the long-term normal world average as can be estimated.
2. Around these basic prices the Board would fix certain "commodity points" which might be set ten to fifteen per cent. above or below the basic prices. Whenever the price of the commodity on the world market fell below the lower commodity point the Board would buy quantities offered it. It would be obliged to sell from stock on demand when the price exceeded the upper commodity point.
3. The Board would change the basic price of commodities from time to time, adjustments being made when evidence suggested the long-term price had changed. The Board would build up buffer stocks of food which would have the effect of reducing short-period fluctuations in prices. Under an alternative system the stocks might be financed and held mainly by individual countries. The Board and its committees would determine the basic prices and the co-operating governments would undertake to buy for and sell from stock at the agreed prices.

According to press reports none of the member countries of F.A.O. raised any objection in principle to the proposed Food Board, and Hon. J. G. Gardiner, leader of the Canadian delegation, spoke in favor of it.

A feature of the discussion of this proposal was a speech by F. H. LaGuardia, director-general of U.N.R.R.A., in which he demanded, in order that F.A.O. might properly function, the closing of commodity exchanges. "If you want what is needed," he said, "you will put every gambling grain exchange out of business in Chicago, in Winnipeg, in Liverpool, or wherever it exists."

The World Food Board plan was adopted by the conference which appointed a preparatory commission to study details of the plan. The commission consists of representatives from sixteen member countries; invitations are to be sent to the non-member countries—Russia, Argentina, Siam—to name delegates to the commission. The commission will meet in Washington.

### **U.N.R.R.A.**

The activities of the United Nations Relief and Rehabilitation Administration (U.N.R.R.A.) will end in Europe on December 31, 1946, and in the Orient on March 31, 1947. This organization was formed to meet the emergency food situation following the war and with the cessation of its activities the long-term problem of adequate production and distribution of food will be taken over by the Food and Agriculture Organization (F.A.O.) and the World Food Board.

### **The I.F.A.P.**

The postponed international agricultural conference, referred to in our report last year, was held in London, May 21-31, 1946. Thirty-one nations were represented at this conference, the Canadian delegation being as follows:

- H. H. Hannam, president, Canadian Federation of Agriculture, and chairman of the delegation.
- W. J. Parker, Winnipeg, first vice-president of the Federation and president, Manitoba Pool Elevators.
- J. A. Marion, Montreal, second vice-president of the Federation and president, L'Union Catholique des Cultivateurs de Quebec.
- J. H. Wesson, Regina, president, Canadian Co-operative Producers Limited.
- R. H. M. Bailey, Edmonton, president, Dairy Farmers of Canada.
- R. S. Law, president, United Grain Growers Limited.

Alex. Mercer, Vancouver, general manager, Fraser Valley Milk Producers Limited.

Ben S. Plumer, Calgary, president, Alberta Wheat Pool.

Roy Lick, secretary, Ontario Whole Milk Producers.

Kenneth Betzner, Waterloo, Ont., president, Ontario Federation of Agriculture.

W. H. McEwen, Moncton, managing director, Maritime Co-operative Services Limited.

W. M. Drummond, Ontario Agricultural College, Guelph, economic adviser to the delegation.

C. G. Groff, secretary, Canadian Federation of Agriculture.

Mr. R. J. Scott, director of United Farmers Co-operative, Ontario, was on the original list of delegates but unfortunately was prevented from sailing by illness, and we regret to record that he died on May 21. Others with the Canadian delegation in London were: George Robertson, secretary, Saskatchewan Wheat Pool; George Bickerton, United Farmers of Canada, Saskatchewan Section; Hon. D. L. Campbell, Minister of Agriculture, Manitoba; J. E. Brownlee, vice-president, United Grain Growers Ltd., and three representatives of the agricultural press.

A full report of the conference and the hospitality shown to delegates has been published by the C.F.A., to which we must refer you for details; it is only necessary to record in this report that it was agreed to form an organization with the name of International Federation of Agricultural Producers, on the basis of a draft constitution adopted by the conference, and a provisional council appointed to complete the work of organization. Officers elected for the Federation were: President, James Turner, England; vice-presidents: H. D. Louwes, Holland; M. Martin, France; H. H. Hannam, Canada. Executive members: Professor Ranga, India; A. Hoegsbro-Holm, Denmark; R. C. Gibson, Australia.

The seven officers constitute the provisional council of the organization. On the last day of the conference the provisional council decided to approach the Food and Agriculture Organization with the object of obtaining official recognition of the Federation. It was agreed that the first general meeting of the Federation be held before the end of May, 1947.

The council met three times in Copenhagen during the meeting of F.A.O. and arranged tentatively for the next full meeting of the Federation to be held in the Netherlands, May 12-22, 1947. The president informed the council that the Federation has been placed in the category of international non-governmental organizations with which F.A.O. is to establish a working arrangement, and the Federation has been suggested as the non-governmental organization which the Preparatory Commission for a World Food Board should consult for expert opinion on the agricultural problems involved.

### **The Wheat Agreement**

Hon. J. A. MacKinnon, Minister of Trade and Commerce, announced on July 25, the signing on July 24, of a four-year wheat agreement with the United Kingdom. The principal terms of this agreement are as follows:

The Canadian Government agrees to sell and the United Kingdom Government agrees to purchase the following quantities of wheat, including flour, within the next four crop years, namely: 1946-47 crop year, 160 million bushels; 1947-48 crop year, 160 million bushels; 1948-49 crop year, 140 million bushels; 1949-50 crop year, 140 million bushels. These quantities may be increased if supplies are available and are wanted by the purchaser.



The price to be paid during the period of the agreement is set out as follows for No. 1 Northern in store at the Head of the Lakes, Vancouver or Churchill: For the crop of 1946-47, \$1.55 a bushel; for the crop of 1947-48, \$1.55 a bushel; for the crop of 1948-49 not less than \$1.25 a bushel; for the crop of 1949-50 not less than \$1.00 a bushel.

It is provided that the actual price for the crop year 1948-49 shall be set by negotiation not later than December 31, 1947, and the price for 1949-50 shall be similarly set not later than December 31, 1948. It is further provided that the price set for each of the two last years "will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years."

The United Kingdom agrees "to pay such carrying and forwarding charges as may be mutually arranged." It is also provided that the United Kingdom "may sell or dispose of the wheat and flour purchased under this agreement in whatsoever manner the United Kingdom Government may deem expedient both in regard to destination and price."

The last clause of the agreement is of sufficient importance to be given in full. It reads:

"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 view of the situation created by the conclusion of this bilateral agreement it is desirable to make clear the policy of the organized wheat growers with regard to the international trade in wheat. As far back as 1927 the Pool organizations expressed themselves in favor of the international organization of wheat marketing and the Pools have stood by that policy through all the vicissitudes of the succeeding years. They warmly supported the agreement of 1933 and have consistently urged the Dominion Government to support the International Wheat Council in its efforts to get the necessary international support for a wheat agreement. The Canadian Federation of Agriculture in its memorandum to the government in March of this year asked the government to "give aggressive leadership in working out an international wheat agreement" to include exporting and importing countries.

It seems, however, that it is by no means an easy task to get the necessary international co-operation. On September 26, 1945, Mr. MacKinnon informed the House of Commons that "for the past eight months the Canadian Government has been doing its utmost to reach some agreement with the other wheat exporting nations of the world. A conference was recently held in London at which there were discussions, but the conference broke up without any decision being arrived at because of disagreement among the nations participating."

On October 11, 1945, Mr. St. Laurent told the House that the nations participating in this conference had agreed that its proceedings had to be kept secret.

Recently the International Wheat Council has been meeting in Washington, attended by representatives from Australia, Argentina, Brazil, Canada, China, Denmark, France, Belgium, India, Italy, Netherlands, United Kingdom, United States. The meeting has been called to revise the draft International Wheat Agreement of 1941, which

was suspended because of the war, and make of it an agreement which might be more acceptable to another international conference.

Like the conference mentioned above the proceedings of the conference in Washington have been kept secret, and at the time of writing we are unable to say what progress, if any, has been made toward an international agreement.

The bilateral agreement with Great Britain, with its substantial stabilization of prices over a period of time, is better than no agreement at all and if it proves to be merely the first step to a world agreement such as the organized farmers of Canada have advocated for the last twenty years, and such as the organized farmers of Australia and European countries have advocated for many years, so much the better.

It is encouraging to note that while the four principal wheat exporting countries, with Great Britain the one importing country, not so long ago constituted the entire membership of the International Wheat Council, there are now eight more importing countries in membership.

### **British Versus Canadian Wheat**

The following extract from the Agricultural Bulletin issued by the Economic Reform Club, of London, England, may be of interest as representing a point of view on the value of the Wheat Agreement. At current rate of exchange the shilling is equal to 20.15 cents.

"Some interesting information was extracted from the Minister of Food a few weeks ago when Mr. York asked in the House for some comparative figures for Canadian and home-grown wheat prices. It appears from the written answer that in 1938 Canadian wheat cost us 9/3d a cwt. landed here, in 1945, 15/5d, and in the first half of this year 17s; under the agreement recently concluded and at the new rate of exchange, it will cost 14/4d, presumably f.o.b. Home-grown wheat cost us in 1937-38, 9/11d a cwt.; in 1938-39, 9/7d; in 1945-46, 14/3d; while the figure for the current harvest will average about 14/11d. (Note: The figures for 1945-46 and 1946-47 do not include subsidy payments).

"Now wheat is the one foodstuff above all others that is supposed to be produced 'more economically' abroad, and Canada the country most usually mentioned as being 'better fitted' to grow it. Either such statements are quite invalid, or the Canadian growers have been making large profits out of the British market. We know from various sources, such as the Canadian Press and Dominion experimental stations, that the latter hypothesis cannot be sustained; indeed, the farmers of western Canada have long considered themselves very hard done by. The only conclusion one can come to is that we can, on average, grow wheat at least as economically here as they can in the countries from which we import it, for Canadian prices are substantially below those being asked for U.S. and Argentine grain."

### **Australian Wheat Plan**

The Commonwealth Government of Australia has proposed a wheat stabilization plan to run for five years, with fixed prices, a single marketing organization, and a stabilization fund. The plan, it was announced, would require the consent and co-operation of all the states.

Following are the five points of the plan as announced by the Prime Minister:

1. A guaranteed home consumption price of 5/2 f.o.b. bagged for all wheat marketed in Australia. This included the



present arrangements for a home consumption price for wheat for local flour and covered also all wheat marketed in Australia, including stock feed.

2. A guaranteed price to growers of 5/2 a bushel f.o.b. bagged for all f.a.q. wheat exported during the five seasons 1945-46 to 1949-50. The intention was to provide a guaranteed price for five years, to review it within five years and after any necessary adjustments to extend the period, and to have permanently a guaranteed price for a reasonable term ahead. For example: A review might be made after three years and conditions decided for extending the plan for an additional three years or so after the expiration of the first five-year term.
3. When export prices were in excess of the guaranteed prices, a stabilization contribution by the industry of 60 per cent. of such excess to be paid into a fund to assist the guarantee when export prices were below it.
4. A central organization to be established for marketing Australian wheat crops.
5. Regulation of production to adjust supplies to the markets available.

The plan is being severely criticized by the organized Australian wheat growers who claim that the best evidence available shows the cost of growing wheat to be 5/5½ a bushel, and that 5/2 f.o.b. means only 4/1 for the farmer at the delivery point. They are asking that the price be 5/2 a bushel at delivery points. They also state that the stabilization fund is entirely a producers' fund and would be accumulated entirely at the expense of the growers who, they say, have lost millions during the past few years because the government has prevented the sale of wheat at market prices. They have other criticisms to make but the state Premiers have apparently accepted the plan and are prepared to support it by the necessary state legislation.

The scheme, put forward in the month of January, includes the 1945-46 crop and the growers are up in arms against this inclusion. Their spokesmen insist that the wheat of the 1945-46 crop is held by the government in trust for the growers and "on condition that the proceeds of sales, internal or export, are to be paid to the persons from whom the wheat was acquired and no other."

The growers are raising funds to contest the legal validity of the government's proposal to include the 1945-46 crop proceeds over and above the initial payment of five shillings two pence in the five-year pool. The Minister of Trade and Commerce states that the floor initial price 5/2 was based on the inclusion of the 1945-46 crop, that the legality of the inclusion is beyond question and the government will not consent to its exclusion. The growers are confident they will be able to obtain exclusion of that crop from the plan.

The organized growers are also making the following requests:

That the Commonwealth Government be asked to bear the cost of interest, insurance, storage and handling charges on all wheat carried over in the interest of the nation after the closing date of the normal wheat year ending October 31 each year.

That the Australian Wheat Board be given full power over the handling and sale of wheat and where sales are directed to be made below world parity the difference be made up by the government.

The legislation establishing the scheme has been passed by the Commonwealth parliament, but state enabling legislation is required to bring it into effect.

### **Government Policy, 1945-46**

Early in the crop year 1945-46 Mr. MacKinnon announced that the government had instructed the Canadian Wheat Board to offer wheat for overseas export at \$1.55

a bushel basis No. 1 Northern in store at the Head of the Lakes or Vancouver, and that producers would be guaranteed a minimum of \$1.00 a bushel during the period ending July 31, 1950, on the authorized deliveries for each crop year, with the initial price of \$1.25 a bushel continuing for the 1945-46 crop. The equalization payment on barley was increased to 20 cents a bushel effective August 1, 1945, and all restrictions on wheat deliveries were lifted.

### 1946-47 Policy

On March 20, 1946, Hon. J. A. MacKinnon announced in the House of Commons that the initial payment of \$1.25 a bushel for wheat would be continued for the crop year 1946-47, and no restrictions would be imposed upon deliveries from the farm.

On March 25 Mr. MacKinnon announced that the government had made arrangements whereby producers could sell their wheat at any time they chose within the three months following April 1, 1946, and take cash settlement at any time in 1946, 1947 or 1948. The Minister also announced that the 1945-46 oats program would be continued for 1946-47, with a minimum price of 45 cents a bushel for No. 2 C.W. oats and an equalization payment of ten cents a bushel. The minimum price of 60 cents a bushel for barley would be continued; the equalization payment of fifteen cents a bushel was restored for the 1946-47 crop, plus five cents a bushel premium on barley accepted by maltsters. The restriction on the exportation of barley would be removed for the 1946-47 crop provided the crop be large enough.

The guaranteed price for flaxseed was raised from \$2.75 a bushel to \$3.25 a bushel.

On July 30, 1946, following his announcement of the wheat agreement with Great Britain, Mr. MacKinnon announced an important change in government policy. There would be, he said, an initial payment of \$1.35 a bushel on all wheat delivered to the Wheat Board during the period August 1, 1945-July 31, 1950. On deliveries made from the 1945-46 crop a flat payment of ten cents a bushel on all grades was to be made to raise the initial payment to \$1.35 a bushel. After the ten cents had been paid the remainder received on the 1945-46 crop was to be put into a five-year pool. Participation certificates would be issued on all deliveries made during this period but payment on certificates would not be made until the end of the pool period.

Deliveries from the farm during the last three years of the pool, Mr. MacKinnon said, would depend upon conditions of production and markets and would be determined by the governor-in-council before each new crop year, but in any case the deliverable quantity would not be less than fourteen bushels per authorized acre. The domestic price was to be continued at \$1.25 a bushel with the government assuming carrying charges on domestically consumed wheat and paying a drawback to millers of the difference between 77 3/8 cents a bushel and \$1.25 on wheat for human consumption. The Wheat Board would accept all wheat offered from the 1946-47 crop and would be the sole purchaser of wheat from producers during this pool period. The export price for non-contract countries would be raised to the level of that of the United States.

The inclusion of the 1945-46 crop in the five-year pool created some dissatisfaction among farmers and to a layman at least would seem to be of doubtful legality in the light of the provision in the Wheat Board Act that participation certificates issued in connection with any



crop entitles the producer to share in the equitable distribution of the surplus accruing from the sale of that particular crop.

### **Production, 1945-46**

The area under wheat in the prairie provinces for the 1945-46 crop was slightly above that for the previous year, being 22,566,000 acres as against 22,443,800 acres.

The third estimate of the Dominion Bureau of Statistics gave a production of 282,000,000 bushels of wheat allocated as follows: Manitoba 40,000,000 bushels; Saskatchewan 162,000,000 bushels; Alberta 80,000,000 bushels.

The area seeded to oats was increased from 10,446,900 acres to 10,749,000 but production fell from 370,800,000 bushels to 273,500,000 bushels. The area under barley was increased from 6,763,400 acres to 6,859,000 but production fell from 178,400,000 bushels to 144,000,000 bushels. The area under rye fell from 572,550 acres to 410,000 and production fell from 7,100,000 bushels to 4,476,000 bushels. Flaxseed sowings fell from 1,297,500 acres to 1,034,000 and production declined from 9,405,000 bushels to 7,338,000 bushels.

### **Carryover**

The carryover of wheat in North American positions at July 31, 1946, as reported by the Dominion Bureau of Statistics, was 69,858,181 bushels, which compares with a total of 258,072,830 bushels at July 31, 1945.

Stocks of coarse grains at July 31, 1946, were as follows, with corresponding figures for 1945 in brackets: Oats 75,221,488 bushels (98,255,162); barley 29,634,689 bushels (28,919,181); rye 714,486 bushels (2,023,933); flaxseed 1,643,259 bushels (2,932,111).

### **Stocks on Farms**

Stocks carried on farms in the prairie provinces are recorded as follows, previous year in brackets: Wheat 25,841,000 bushels (27,000,000); oats 40,902,000 bushels (54,500,000); barley 13,250,000 bushels (17,000,000); rye 215,400 bushels (465,000); flaxseed 635,000 bushels (750,000).

Exports of wheat and flour (in terms of wheat) for the crop year under review are reported as 340.2 million bushels as against 342.9 million bushels for the preceding crop year.

### **1946-47 Crop**

The first estimate of the Bureau of Statistics of the 1946-47 wheat crop in the prairie provinces shows a seeded area of 25,178,000 acres as against 22,566,000 in the previous year and production of 420,000,000 bushels as against 282,000,000 for 1945-46. By provinces the estimate is as follows: Manitoba 62,000,000 bushels from 2,835,000 acres; Saskatchewan 216,000,000 bushels from 14,843,000 acres; Alberta 142,000,000 bushels from 7,500,000 acres.

The crop includes 9,900,000 bushels of Durum wheat of which 4,100,000 bushels were produced in Manitoba and 5,800,000 bushels in Saskatchewan. The two provinces last year produced 5,900,000 bushels of Durum wheat.

The area seeded to oats shows a decline from 10,749,000 acres to 9,610,000 acres but production shows an estimated increase from 273,500,000 bushels to 291,000,000 bushels. Barley acreage shows a reduction from 6,859,000 acres to 6,269,000 acres with an increase in production from 144,000,000 bushels to 149,000,000 bushels. Rye shows an increase of 50,000 acres with production rising from

4,476,000 bushels to 6,467,000 bushels. Flaxseed acreage declined from 1,034,000 acres to 990,000 acres with production increasing from 7,338,000 bushels to 8,540,000 bushels.

The final estimate of the three provincial Pool organizations gave the prairie provinces a wheat crop of 420,204,000 bushels, from an estimated acreage of 25,268,500 the figures for each province being as follows: Manitoba 60,000,000 bushels from 2,925,500 acres; Saskatchewan 217,204,000 bushels from 14,843,000 acres; Alberta 143,000,000 bushels from 7,500,000 acres.

### **United States**

The United States Department of Agriculture has estimated the country's wheat crop for 1946-47 at 1,167,319,000 bushels as against 1,123,147,000 bushels for 1945. The current crop reaches an all-time record. Winter wheat is estimated at 879,894,000 bushels and spring wheat at 287,425,000 bushels.

Wheat acreage goals for 1947 have been set at 71.7 million acres as against 71.9 million acres for 1946.

On April 3 the United States Government, hoping to speed up deliveries from the farm to meet the grave food situation in Europe, announced a certificate plan under which producers may elect any date up to March 31, 1947, for payment on wheat delivered. On April 19 the government announced a bonus of 30 cents a bushel on all wheat delivered under this certificate plan up to May 25, provided the farmer selected a date not later than June 15, 1946, for payment.

### **Argentina**

The area under wheat in Argentina for the 1946-47 crop is estimated at 16.2 million acres as against 14.2 million acres for 1945-46, from which an average yield would give a crop of approximately 200 million bushels as against 143.5 million bushels last year.

In April the government announced a bonus of approximately 41 cents a bushel on wheat to encourage deliveries, and recently announced that the bonus would be discontinued after September 18 and the price reduced to approximately \$1.22 (at Canadian exchange rates) and that producers, exporters and grain merchants who have been withholding deliveries would be barred from future dealings with the Agricultural Production Regulating Board which has a monopoly of the grain trade.

### **Australia**

Serious droughts in Queensland and New South Wales are reducing the crop prospects in those states. It is reported that about four-fifths of the acreage in New South Wales may be a total failure. The Wheat Board is shipping wheat to Queensland from South Australia. The forecast for the 1946-47 crop is 155 million bushels, as against 144 million last year.

### **Soviet Grain Plan**

The new five-year agricultural plan of the U.S.S.R., as reported by the United States Department of Agriculture, provides among other things that by 1950 grain production is to reach 127 million tons, equivalent to 22 per cent. more than pre war; flaxseed is to be increased to 800,000 tons, or 39 per cent. more than in 1940.

### **United Kingdom**

An official crop report places the prospective wheat crop for this year at 69.5 million bushels as against 76.0 million bushels last year.



## **The Food Situation**

Crop prospects throughout Europe, according to the U.S. Department of Agriculture, are considerably better than the production of 1945-46, but the estimates are for crops much below the pre war average. Total production of wheat is put at about 830 million bushels, which is 183 million bushels above last year's crop, but 285 million below the average for 1935-39. Preliminary estimates by F.A.O. place the world shortage of wheat supplies for 1946-47 at approximately one billion bushels.

Competent authorities agree that the food shortage will continue, and that in order to avoid a critical situation in this respect care will have to be exercised in the use of food at least until the 1947 harvest is assured.

In this connection it is of interest to note the estimate of the Food and Agriculture Organization of the necessary increase in food production on pre war supplies to meet its food goals in 1960 with an estimated increase in population of 25 per cent. The estimated increases are: cereals 21 per cent.; roots and tubers 27 per cent.; sugar 12 per cent.; fats 34 per cent.; pulses 80 per cent.; fruits and vegetables 163 per cent.; meat, including poultry, fish and eggs 46 per cent.; milk and milk products 100 per cent. (World Food Survey, p.18). This estimate of food needs indicates the work that lies ahead for agriculture if the ideal of adequate nutrition is to be reached.

## **Interprovincial Pool Meetings**

The full boards of the three Pool organizations met in Winnipeg, January 14-15, 1946, and discussed the report of the Royal Commission on Co-operatives. A number of proposals in connection with the recommendations of the Commission were adopted for consideration by the Co-operative Committee on Income Tax. Grain policy was also discussed and suggestions thereon to be laid before the annual meeting of the Western Agricultural Conference were adopted.

The full boards met again in Winnipeg, July 25-26, and among other things discussed the tax proposals for co-operatives contained in the budget, and the meeting instructed that a telegram be sent to Mr. Milliken, who was at Ottawa, advising him of continued opposition of the Pools in principle to taxation of co-operatives and protesting strongly against the provision of a deduction from surplus of an amount equal to three per cent. of capital employed for assessment for income tax.

The meeting also discussed the Canada-United Kingdom Wheat Agreement. It was agreed that action be taken to have the 1945-46 crop excluded from the pool set up by the government in connection with the agreement and dealt with according to the terms of the Wheat Board Act. Some dissent was registered to a four-year pool, and strong opposition was expressed to the \$1.25 domestic price.

## **Pools' New Offices**

The Dominion Government having purchased the Wheat Pool Building in Winnipeg for the Canadian Wheat Board and the Wheat Board requiring the whole of the building for itself, it became necessary for the Pool organizations to acquire other office space. Acting on behalf of the three Pool organizations, Manitoba Pool Elevators on July 19 purchased the Lombard Building in Winnipeg and reported the purchase to the Interprovincial Pool meeting of July 25-26. The meeting formally approved the purchase by resolution which also stated that ownership of

the property was to be shared equally by Manitoba Pool Elevators and Saskatchewan Wheat Pool, less a nominal participation by Alberta Wheat Pool, and that the title to the property was to be vested in Canadian Co-operative Wheat Producers Limited.

The staffs of the three Pool organizations will occupy the whole of the Lombard Building. The Pools have been occupants of the Wheat Pool Building since June, 1929; the Wheat Board took space in the building in 1935.

### **Western Agricultural Conference**

The twelfth annual meeting of the Western Agricultural Conference was held in Winnipeg, January 16-18, 1946. Delegates were in attendance from the four western provinces and three busy days were spent with 123 resolutions, covering practically every phase of agriculture, on the agenda. Some of the resolutions were consolidated and fifty-five were passed, the remainder being simply passed on without discussion along with the resolutions as passed by the Conference, to the annual meeting of the Canadian Federation of Agriculture.

For the first time the Conference met for three days, the three-day meeting being preferred to meeting twice a year.

In the election of the executive, L. Hutchinson, Alberta Federation of Agriculture, was re-elected president; P. E. French, British Columbia Federation of Agriculture, moved up from second to first vice-president, and C. E. Wood, Manitoba Federation of Agriculture and Co-operation, was elected second vice-president.

Being requested by the secretary of Farm Radio Forum to appoint a western representative to the executive of the Forum, the Conference elected Mrs. H. McRae, Durban, Manitoba.

It was agreed that in order to facilitate the greatly increased business of the Conference a committee consisting of one from each member organization be appointed to prepare resolutions received for the annual meeting.

### **C. F. A. Meeting**

The tenth annual meeting of the Canadian Federation of Agriculture was held in London, Ontario, January 22-23. Some thirty resolutions were passed by the meeting, coming from the various provincial organizations, and an even larger number were dealt with by the board of directors in meetings on January 21 and 24. These resolutions covered an extensive field of agriculture and were embodied in the recommendations to the government subsequently made by the Federation.

As indicative of the recognition now given the Federation as the national voice of agriculture the report of the secretary listed eighteen government boards and advisory committees on which the Federation had been given representation.

The Federation participated in the Dominion-Provincial agricultural production conference in December and also presented recommendations with regard to agriculture to the Dominion-Provincial Conference on Reconstruction held in August and November, 1945.

On March 28, 1946, a delegation from the Federation consisting of the president and thirteen other of the directors and other representatives of member bodies of the Federation met with fourteen members of the government and presented a series of recommendations with regard to agricultural policy. These recommendations as summarized in the memorandum were as follows:



That every possible effort be made to improve the extremely critical farm labor shortage.

Immediate cancellation of the federal tax of three cents a gallon on gasoline for agricultural purposes.

Early revision of the income tax act and regulations to eliminate remaining inequalities in the application of the act to farming operations.

An increase of four cents per pound of the floor price for butter, to relate its price more equitably to present prices for other dairy products.

Effective action to halt the practice of conditional sales of flour with millfeeds to farmers.

Establishment and maintenance of equality for agriculture in a balanced national economy as a fundamental part of the fiscal policy of the nation.

Establishment of a permanent national marketing policy to give encouragement and leadership to the development of an international wheat agreement and the working out of price arrangements which would prevent the wide fluctuations experienced in the past.

Establishment of the Canadian Wheat Board as the sole institution for the marketing of all Canadian cereal crops.

Development of a broad national policy in livestock production and marketing.

Federal legislation which will enable producers to organize and regulate the marketing of their products.

Assistance to provincial governments in programs for the expansion of rural electrification, as part of the federal reconstruction program.

Amendments to the Veterans Land Act and regulations to broaden the scope of the Act.

Provision for some plan of crop insurance to be administered jointly by federal and provincial governments.

Extension of the benefits of P.F.R.A. to all provinces as part of a national program of soil conservation.

### **Report of Canadian Wheat Board**

The annual report of the Canadian Wheat Board for the crop year 1944-45 shows holdings of the Board at the beginning of the crop year as 351,172,280 bushels. Receipts during the year were 353,159,182 bushels, making a total of 704,331,462 bushels. Sales during the year were 538,207,908 bushels, leaving on hand at July 31, 1945, 166,123,554 bushels.

The consolidated balance sheet shows on the 1943 crop account for the period from August 1, 1943, to July 31, 1945, a surplus of \$36,436,169, and on the 1944 crop account for the year ended July 31, 1945, a surplus of \$28,653,390, making a total surplus in these accounts of \$65,089,560.

The Board has made the following payments on participation certificates, basis No. 1 Northern Fort William with relative adjustments for other grades: 1940-41 crop 6.215 cents a bushel; 1941-42 crop 15.336 cents a bushel; 1942-43 crop 12.502 cents a bushel; 1943-44 crop 12.146 cents a bushel. (According to Mr. MacKinnon (July 30, 1946) the payment on the 1944-45 crop would be "upwards of 16 cents a bushel.")

Payments out of surplus from equalization funds have been as follows: April 1, 1943, to July 31, 1943—oats 2.40 cents a bushel, barley 1.43 cents a bushel; crop year 1943-44—oats 5.849 cents a bushel; crop year 1944-45—barley 7.59 cents a bushel. These payments are in addition to the advance equalization payments.

### **P.F.A.A. Levy**

Collections under the Prairie Farm Assistance Act during the crop year ending July 31, 1946, totalled \$3,426,358. For each province the amounts collected were: Alberta \$873,082; Manitoba \$575,408; Saskatchewan \$1,977,736; unallocated \$132.00. Total amount collected since inception of the fund, \$22,719,675.

During the same crop year the amounts paid out of

the fund were as follows: Alberta \$4,317,225; Saskatchewan \$12,408,188; Manitoba \$30,148; total \$16,755,561. The total amount paid out since inception of the fund, \$62,449,267.

### Subsidies

As recorded in The Economic Analyst a total of \$89,314,888 was paid out in 1945 as subsidies on twenty-two items in connection with agriculture for the maintenance of price ceilings and other government policies, which compares with \$104,552,961 paid out in 1944. Of these payments the distribution in the prairie provinces was as follows (previous year in brackets): Manitoba \$3,993,568 (\$4,454,167); Saskatchewan \$8,015,689 (\$19,468,733); Alberta \$10,273,178 (\$14,627,804); making a total of \$22,282,435 (\$38,617,627) for the prairie provinces.

The total of subsidies paid out in the seven years 1939 to 1945 inclusive is now \$410,512,000.

### Cash Income

Subsidies paid directly to farmers in 1945 totalled \$58,206,601. Total of cash farm income for that year is as follows:

Cash income from the sale of farm products including wheat participation certificates.....	\$1,627,639,399
Subsidies paid directly to farmers.....	58,206,601
Total cash income.....	1,685,846,000
Supplementary income from P.F.A.A. (\$5,616,714), P.F.I.A. (\$458.00), W.A.R.A. (\$822,377).....	6,439,000
	<u>\$1,692,285,000</u>

This income compares with \$1,844,174,000 for 1944.

For the prairie provinces the income is estimated as follows, with corresponding figures for 1944 in brackets: Manitoba \$153,697,000 (\$177,416,000); Saskatchewan \$417,746,000 (\$555,319,000); Alberta \$292,367,000 (\$343,426,000). These figures include the following supplementary payments: Manitoba \$296,000 (\$723,000); Saskatchewan \$2,901,000 (\$11,559,000); Alberta \$3,242,000 (\$5,399,000).

### Cash Income, 1946

Cash income of farmers in the prairie provinces for the first six months of 1946 showed a substantial decline as compared with the corresponding period for 1945. The Dominion Bureau of Statistics attributes the decline to smaller marketings of wheat, oats, barley and hogs, which were the cause of a drop of \$50,000,000 in Saskatchewan, \$33,000,000 in Alberta, and \$7,000,000 in Manitoba. Income for the prairie provinces was as follows (corresponding period 1945 in brackets): Manitoba \$51,060,000 (\$58,457,000); Saskatchewan \$111,706,000 (\$162,191,000); Alberta \$97,509,000 (\$130,954,000).

### Co-operative Business

The annual summary of co-operative business organizations in Canada issued by the Economics Division of the Dominion Department of Agriculture, gives the following data for the whole of Canada: Number of associations 1,824; shareholders or members 739,804; sales of products \$500,481,627; sales of merchandise \$81,360,855; other income \$3,807,584. Total co-operative business \$585,650,066. Broken down into western and eastern provinces the figures are:

Number of Associations:	
Western Provinces.....	824
Eastern Provinces.....	994
Interprovincial.....	6
Total.....	1,824



**Shareholders or Members:**

Western Provinces.....	531,756
Eastern Provinces.....	156,040
Interprovincial.....	52,008
Total.....	739,804

**Sales of Products:**

Western Provinces.....	\$336,167,530
Eastern Provinces.....	\$119,061,516
Interprovincial.....	\$ 45,252,581
Total.....	\$500,481,627

**Sales of Merchandise:**

Western Provinces.....	\$35,588,815
Eastern Provinces.....	\$43,615,140
Interprovincial.....	\$ 2,156,900
Total.....	\$81,360,855

**Other Income:**

Western Provinces.....	\$2,042,415
Eastern Provinces.....	\$1,747,799
Interprovincial.....	\$ 17,370
Total.....	\$3,807,584

The total of \$585,650,066 compares with \$527,855,540 for the previous year, and \$352,785,598 for 1943.

It may be mentioned that of the total of \$500,481,627 for co-operative marketing, grain and seeds accounted for \$268,922,757.

The Department computes the co-operative business per occupied farm in each province on the basis of these figures as follows (in the order of magnitude): Saskatchewan \$1,257, British Columbia \$1,083, Alberta \$913, Manitoba \$727, Ontario \$364, Prince Edward Island \$281, Quebec \$271, Nova Scotia \$154, New Brunswick \$112. The average for all Canada was \$683 per farm. It will be noted that only the four western provinces exceeded the national average.

**Freight Assistance**

Preliminary returns indicate that freight assistance during the crop year 1945-46 has been paid on feed grains from the prairie provinces to six other provinces totalling 26,189,613 bushels, which compares with 26,031,963 bushels for the crop year 1944-45. The bulk of the shipments were for Ontario and Quebec. Since the inception of the scheme in October, 1941, over 113 million bushels of wheat have been moved under this policy into feed deficit areas in the Dominion.

**I.C.A and United Nations**

The International Co-operative Alliance, the world federation of co-operatives, which is composed of the national co-operative organizations of thirty-seven countries and claims a total membership of approximately 85,000,000 families, making it the largest voluntary economic organization in the world, has been accepted by the United Nations as a consulting body in the Economic and Social Council.

**Conclusion**

As this report is being prepared, the diplomatic representatives of the United Nations are engaged in Paris in the exceedingly difficult task of drafting by agreement treaties by which it is hoped to bring peace and the opportunities for social reconstruction to the war-torn nations of Europe. It is obvious in these proceedings, as reported in the press, that there are grave differences of ideas and opinions, as well as interests and purposes, to be reconciled in such manner that western civilization may continue to progress in peace, freedom and security.

As means to this end we should give full support to all institutions designed to help the nations to understand each other and to be mutually helpful to each other. Particularly, as coming within our sphere of agriculture, should we put all our strength behind the Food and Agri-

culture Organization and the World Food Board, and as producers of food, demonstrate our capacity to do our full share in achieving the great humane objective of Sir John Boyd Orr to banish the spectre of hunger and undernourishment anywhere and everywhere so far as it lies within the power of man.

Having assisted in the organization of the International Federation of Agricultural Producers we should do all in our power to give it effective influence in the relevant sphere of international operations and in the promotion of human welfare through an abundance of food supplies, and should, through it, press with vigor the co-operative method by which producers the world over may be mutually useful to each other, and by negotiated agreements exchange the fruits of their labor without detriment to their economic well-being and without the economic friction which is so much a cause of international strife.

With regard to the income tax on co-operatives we have a duty to persist in emphasizing the fundamental difference in purpose and function between co-operatives and ordinary profit-making business and insisting upon recognition of that difference in any legislation affecting co-operative business institutions. Especially must we continue to protest against the iniquitous imposition of the arbitrary assessment for income tax of three per cent. of the capital employed by co-operatives. We should never weary of repeating that co-operatives are not institutions designed to create an income by investment but to improve the economic condition of their members by effecting savings through methods of self-help.

Finally, as co-operators with high ideals of citizenship, we ought to take serious notice of the events that are taking place in the world today, gain information on the problems which the nations are facing, and seek for solutions by the application of the principles and the practices of the co-operative movement in the policies of the nations. It is all too apparent that the old values of national prestige and status still prevail over simple human values and that the might of national sovereignty still takes precedence of right and international law. But there are also unmistakable signs of ameliorative changes and now is the critical time for the co-operative movement to demand that human values, social service and law be substituted for the old outworn political and social values. The place to begin with this transformation of values is in our homes and schools in the training of our children. We must assert with conviction that not by purely political or legal changes can war be prevented, peace made permanent, and progress, justice and security assured, but that these desirable social changes demand the creation by the masses of the people of a system of relations based upon mutual co-operation for the achievement of the good life for all men, always and everywhere.

Respectfully submitted,

JOHN H. WESSON, *President*

W. J. PARKER, *Vice-President*

BEN S. PLUMER, *Executive*

E. H. KEITH

GEO. N. McCONNELL

A. D. YOUNG

G. G. COOTE

J. W. BALDWIN

THOS. G. BOBIER



# Canadian Pool Agencies Limited

## DIRECTORS' REPORT, 1945-1946

To the Shareholders,

Canadian Pool Agencies Limited,  
Wheat Pool Building, Winnipeg, Man.

Gentlemen:

We submit herewith, for your approval, the Eighteenth Annual Report and Balance Sheet of your Company, together with statements of Income and Expenses for the year ended July 31st, 1946, showing a surplus of \$37,983.21 as compared with \$67,767.02 last year.

The substantial reduction in the operating results is largely attributable to the reduction in our commission earnings on terminal business, which dropped from \$29,708.00 last year to \$2,870.00 for the current year, as a result of a lessened volume of grain carried in store, together with the demolition of the storage annexes. The fact that there were no three year building policies renewed during the year was also a contributing factor in the decrease of the surplus as compared with the previous year.

Continuing the usual practice, your Agency is operated on the principle that service comes before profit, and in this regard we have been able to secure some reduction in rates, which, while being direct savings to the parent organizations, results in decreased earnings of the Agency.

During the year fourteen types of insurance were handled by the Agency. By far the greatest this year is Fidelity Bond Insurance; next comes Lake Marine and Fire Insurance.

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 and Liabilities

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

*Loan Accounts:* With exception of one loan to finance the purchase of an automobile the loans are 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:* In order to provide funds for the payment of last year's surplus it was necessary to sell \$45,000.00 of the Company's bond holdings. The amount shown under "Investments" represents the cost price 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 \$37,231.25 which is in excess of the cost price of the Bonds. While there may be some fluctuation in the value of these Bonds, it is our belief that they offer the best medium of obtaining an earning without risk of loss.

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

**Furniture and Equipment:** No items of equipment were purchased during the year, and as the assets represented under this heading have been depreciated to their salvage value, no depreciation has been written off this year.

**Accounts Payable:** This amount represents miscellaneous accounts included in this year's expenses, but which had not been paid at the date of the statement.

**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.

### Equity to Shareholders

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

	Number of Shares	Values
Manitoba Pool Elevators.....	666	\$ 6,660.00
Saskatchewan Co-operative Producers Limited.....	667	\$ 6,670.00
Alberta Wheat Pool.....	667	\$ 6,670.00
Total	2,000	\$20,000.00

**Patrons' Equity:** The item of \$37,983.21 represents the excess of income over expenses for the year ended July 31, 1946. This amount is available for payment as patronage dividends, less contingent tax deductions, depending on the outcome of the pending negotiations in connection with our income tax position. We are therefore unable at this time to provide figures showing the allocation of the surplus.

### Income and Expense Accounts

**Income:** We have set out the original sources of commission earnings in the belief that this information may be of interest. You will note that the greatest volume of Income this year was derived from Fidelity Bonds, Lake Marine and Fire Insurance.

**Expenses:** The various expense items are clearly set out in the Statement and represent net figures after charging Pool Insurance Company 50% of those 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, *President*  
W. J. PARKER, *Vice-President*  
BEN S. PLUMER, *Executive*  
GEO. N. McCONNELL  
A. D. YOUNG  
THOS. G. BOBIER  
E. H. KEITH  
J. W. BALDWIN  
G. G. COOTE



Pool Insurance Company  
DIRECTORS' REPORT  
1945-1946

Winnipeg, Manitoba,  
February 26, 1946

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

Gentlemen:

We take pleasure in submitting herewith for your approval the Seventh Annual Report and Financial Statements covering operations for the year ended December 31st, 1945.

The excess of income over expenditures for the year amounts to \$214,372.59 as compared with \$210,395.09 last year. After setting up the usual capital stock dividend the balance has been allocated to the policy-holders, on the basis of their contribution to the surplus. While we experienced a diminishing income, the net result is slightly higher than last year due to a favorable loss record and the fact that we did not pay commission to Canadian Pool Agencies Limited on elevator and grain premiums during the full year 1945. It is unlikely that as good a showing can be expected in the immediate years to follow owing to the decline in stocks of grain held in store.

The total premium income amounted to \$475,834.60 as compared with \$594,655.96 last year, and after placing reinsurance the net earned premium income was \$74,700.96 with net losses of \$15,581.97 or a loss ratio of 20.86% as compared with 36.99% last year. This improved loss experience is due to the decrease in the number of total losses from six in 1944 to two during the year under review.

With the unrestricted purchase of gasoline we are now able to maintain the regular inspection service we desire. We depend to a large extent on the continued year round alertness of the agents in detecting fire hazards, and the co-operation received is, we believe, helping to maintain the good average experience we have enjoyed since the Company commenced operations, and it cannot be stressed too often that continued vigilance in this regard will help improve our record still further.

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 are shown as at December 31st, 1945. The value of the grain is the daily average for the year:

Country Elevators.....	\$29,153,262.00
Grain Therein.....	46,936,555.92
Dwellings.....	1,758,074.00
Furniture and Fixtures and Miscellaneous.....	191,024.00
TOTAL.....	<u>\$78,038,915.92</u>

We continue to follow the underwriting policy as set on August 1st, 1943, namely, that of reinsuring 85% of our liability, excepting dwelling risks.

The records of your Company are examined annually by the Dominion Government's Insurance Department and this enhances the security to the policyholders.

The total revenue shown in the statement of Income and Expenditure is made up of the earned premiums on

our percentage of the risks, and commission earned on the reinsurance, less losses and earned commission paid to Canadian Pool Agencies Limited. In addition, the item of \$7,097.88 is the amount paid to us by Lloyd's in lieu of taxes and Underwriters' Association expenses. The small item of \$147.70 represents an allowance, to cover inspection costs, made by the Insurance Company which insures two elevators in British Columbia. The revenue derived from the insurance on British Columbia elevators is insufficient to warrant our taking out a license in that 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. The next important item covers Taxes, Licenses, and Underwriters' Fees.

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 General and Savings Bank Accounts are shown.

*Accounts Receivable:* Under this heading is an amount due from Canadian Pool Agencies Limited covering business placed with the Company through the Agency, less a balance due to the Agency on inter-office account. The item of \$468.11 represents the amount advanced to our Inspectors to cover travelling expenses.

*Investments:* You will notice the market value of the Company's Investments exceeds the ledger value by \$5,736.25.

*Automobiles:* We have depreciated the value of the four automobiles used by our Fire Prevention Inspectors by \$600.00, leaving the Asset as shown on the Statement at \$1,800.00.

### Liabilities

*Accounts Payable:* This item is composed of premiums due reinsuring companies, and includes some items of expense which had not been paid prior to the year end. The item covering taxes accrued represents War Revenue Tax and Fire Prevention Taxes due the Governments.

*Reserves for Unearned Income:* These reserves are calculated on the basis of one hundred per cent. of the unearned premiums on our own retention and one hundred per cent. of the commission on the unexpired portion of the reinsurance as at December 31st, 1943.

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

Alberta Wheat Pool.....	750 Shares
Saskatchewan Pool Elevators Limited.....	1,250 Shares
Manitoba Pool Elevators.....	500 Shares

The paid-up capital is \$185,000.00 plus \$30,000.00 premium on capital or a total investment of \$215,000.00 divided as follows:

Alberta Wheat Pool.....	\$ 64,500.00
Saskatchewan Pool Elevators Limited.....	107,500.00
Manitoba Pool Elevators.....	43,000.00
	<u>\$215,000.00</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 our unearned premiums before refunds of excess charges are made. This \$30,000.00 together with \$6,128.26 excess realized on Dominion of Canada Bonds sold, creates the capital surplus of \$36,128.26 as shown on the Balance Sheet.

We wish to express the thanks of the Directors for the support and co-operation given to the Company by the Parent Organizations, Managements and Staffs.

Respectfully submitted,

JOHN H. WESSON, *President*  
W. J. PARKER, *Vice-President*  
BEN S. PLUMER, *Executive*  
G. G. COOTE  
G. N. McCONNELL  
A. D. YOUNG  
T. G. BOBIER  
E. H. KEITH  
J. W. BALDWIN

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