

**Saskatchewan
Co-operative Wheat Producers
Limited**

**Nineteenth
ANNUAL
REPORT**

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

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**SASKATCHEWAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED**

DIRECTORS' REPORT

Regina, Saskatchewan,
2nd November, 1943.

Twenty years ago—on 29th September, 1923—Saskatchewan Co-operative Wheat Producers Limited was incorporated under the laws of the Province of Saskatchewan. The first permanent Board of Directors was elected in July, 1924. That first Board included in its membership Mr. Thos. Bibby of Prince Albert, as the first director for District 15.

With the passage of time we have lost by death a number of the men who held important posts in the pioneer days of your organization.

It is with deep regret that your Board places on record the loss of another of these pioneers in the death of Mr. Bibby, who passed away since the time of the last annual meeting of delegates. The late Mr. Bibby served as a director from July, 1924, to December, 1926, and, although he had not been active in the work of the organization in recent years, his activities in the early days of the Pool represented a valuable contribution to the development of the co-operative movement in this province.

We have also learned with regret of the death recently of Mr. Harry Knight, of Invermay, who served as a delegate in District 8 in the earlier days of the Pool.

* * *

In submitting this Report to the Nineteenth Annual Meeting of Wheat Pool delegates your Board of Directors has endeavored to present a complete review of the operations of the Pool organization for the year ended 31st July, 1943.

In addition to the operations of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited and the other subsidiary companies which constitute the Saskatchewan Wheat Pool, this Report presents a review of the activities of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited, and Pool Insurance Company, the inter-provincial organizations of which the Saskatchewan Pool is a shareholder.

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 Wheat Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited and Modern Press Limited, as at 31st July, 1943. The usual Explanatory Notes on the principal items of the Consolidated Balance Sheet are also appended.

At the end of the fiscal year 31st July, 1943, total current assets for the whole organization amounted to \$58,969,130.33 and current liabilities amounted to \$44,201,608.96. The difference between these two items, \$14,767,521.37, represents the current position of the organization.

Provision is made in the Consolidated Balance Sheet for a contingent liability in respect of buildings and work under construction, estimated at \$35,000.00. After making provision for this item there remains a balance of \$14,732,521.37 available for working capital for the season

1943-44. This compares with working capital position of \$10,454,514.50 a year ago, an increase during the year of \$4,278,006.87.

No provision has been made in this statement for any liability which may arise in respect of income or excess profits taxes on this year's or prior years' earnings.

Consolidated Capital Statement

Attached to this Report is the usual Consolidated Capital Statement (Statement No. 2), which sets out in detail the current financial position of the organization as at 31st July, 1943. The increase in working capital of \$4,278,006.87 above referred to is accounted for as follows:

Surplus Earnings:

Saskatchewan Co-operative Wheat Producers Limited.....	\$1,012,279.23
Modern Press Limited.....	9,168.06
Saskatchewan Pool Elevators Limited (after payment to parent Company).....	3,288,831.48

Liquidation of Capital:

Depreciation on Fixed Assets.....	1,150,004.10
Write-off on Temporary Storage Bins and Annexes.....	610,761.84
New Capital Subscribed.....	3,807.00
Decrease in Growers' Deferred Accounts Receivable.....	15,417.66
	<u>\$6,090,269.37</u>

Less

Additions to Plant Values of Fixed Assets and Temporary Annexes, including approved programme of Capital Expenditures.....	\$66,716.14
Additions to Stocks and Repair Parts.....	32,976.80
Additions to Investments—Net.....	9,047.00
Payment of Principal to Province of Saskatchewan re 1929-1930 Pool Overpayment	729,885.66
Payment of Excess Charges Refund, Season 1941-42.....	973,446.26
Additional Payments of Excess Charges Refund, Season 1940-41.....	190.64
	<u>\$1,812,262.50</u>
Increase in Working Capital	<u>\$4,278,006.87</u>

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

Statement No. 3 attached to this Report is the usual statement showing in detail the composition of surplus capital as at 31st July, 1943. The various items are largely self-explanatory.

The portion of the Commercial Reserve Fund which is now in liquid form amounts to \$6,041,757.91, an increase over the previous year of \$1,067,367.65. Elevator deductions to the amount of \$886,276.58 are also in liquid form. The liquidation of elevator deductions has been accomplished through provision for depreciation on fixed assets and the writing off of a portion of the expenditures in temporary storage bins, annexes and other deferred charges.

Consolidated Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1943.

Statement No. 4 is the usual Statement of Assets, Direct Liabilities and Growers' Equity as at 31st July, 1943. This statement shows a balance of assets over liabilities of \$20,027,821.47, which represents the equity of the members in the assets of the organization based on book values. The amount shown is subject to payment of any part of this season's surplus earnings which may be allocated for distribution to members as a refund of excess charges, and to any liability which may arise in respect

of income or excess profits taxes on this year's or prior years' surplus.

In comparison with the amount of \$16,595,873.98 shown at 31st July, 1942, the above represents an increase of \$3,431,947.49, accounted for as follows:

Surplus Earnings:

Saskatchewan Co-operative Wheat Producers Limited.....	\$1,012,279.23
Modern Press Limited.....	9,168.06
Saskatchewan Pool Elevators Limited (after payment to parent Company).....	3,288,831.48
New Capital Subscribed.....	3,807.00
Increase in Province of Saskatchewan Sinking Fund Interest Account.....	91,498.62
	<hr/>
	\$4,405,584.39

Less

Payment of Excess Charges Refund:

Season 1940-1941 (Additional).....	\$ 190.64
Season 1941-1942.....	973,446.26

\$ 973,636.90

\$3,431,947.49

The growers' equity, amounting to \$20,027,821.47 represents 73.692% of the book value of the total assets of the organization as compared with 67.805% last year—an increase of 5.887%.

In arriving at this figure no deduction has been made for certain liabilities to shareholders which appear on the balance sheet. These include (a) the sum of \$1,800,000.00, being the amount available for distribution as a refund of excess charges, season 1942-43, which is payable only to those Pool members who delivered grain to Pool Elevators during the season, and (b) the sum of \$1,488,831.48 carried in undivided surplus account, the distribution of which is subject to the decision of the Board.

After deducting the total of these two items from the growers' equity of \$20,027,821.47 there remains a balance of \$16,738,989.91, which is equal to 88.671% of the total amount of \$18,877,653.24 subscribed by Pool members in the form of capital, elevator deductions and commercial reserve. The book value of the capital, elevator deductions and commercial reserve is therefore equal to 88.671% of their face value before provision is made for any Dominion income or excess profits taxes which may accrue. This compares with a book value of 78.695% as at 31st July, 1942, an increase of 9.976%.

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

Statement No. 5 attached to this Report shows payments made to date to the Province of Saskatchewan in connection with the 1929-1930 Pool over-payment liability. It also shows the balance of the regular payments still to be made to the province as provided 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, is \$22,101,297.58. Of this amount \$8,349,297.58 applies as interest and \$13,752,000.00 as principal. Slightly in excess of 60% of the total amount of \$22,101,297.58 has been paid to date.

Of the total amount of \$13,278,515.16 paid to date, the sum of \$6,676,506.85 has been applied as interest and \$6,602,008.31 as principal. The remaining payments to be made amount to \$8,822,782.42, of which \$1,672,790.73 represents interest, leaving a balance of \$7,149,991.69 to

be applied as principal payment in full settlement of the liability.

Saskatchewan Co-operative Wheat Producers Limited

A complete copy of the Financial Statements of Saskatchewan Co-operative Wheat 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, 1943, appears as Statement 1, Page 12, of the Auditors' Report.

Total current assets as at 31st July, 1943, are shown at \$7,195,298.19 and current liabilities at \$1,193,584.52. The difference between these two items, \$6,001,713.67, represents the current position of the parent company and is available as working capital for the organization. This represents an increase of \$1,299,835.84 from the amount of working capital a year ago when this item was shown at \$4,701,877.83.

Explanations of the other items appearing on the Balance Sheet are given in the Auditors' Report.

Income and Expenses

Total income for the year ended 31st July, 1943, amounted to \$1,379,203.33, details of which are shown in Statement 2, Page 13, of the Auditors' Report.

Operating expenses, details of which are shown in Statement 2A, Page 14, of the Auditors' Report, amount to \$366,924.10, leaving a surplus of income over expense of \$1,012,279.23.

Included in the income of the Company is an item of \$979,885.66 which represents a share of the earnings of Saskatchewan Pool Elevators Limited received from that Company (1) to provide the amount of \$729,885.66 required to meet the instalment of principal due to the Province of Saskatchewan on 15th September, 1943, in respect of the 1929-1930 Pool overpayment liability, and (2) to provide an additional amount of \$250,000.00 to liquidate the balance of the Commercial Reserve Fund which had been used in previous years for the same purpose.

Leaving out the item of \$979,885.66, the ordinary income of the Company during the past season amounted to \$399,317.67 as compared with \$397,491.98 last year, an increase of \$1,825.69.

Total expenses amounted to \$366,924.10, and it will be noted that the ordinary income of the Company during the past season was sufficient to meet the expenses of operation and leave a surplus of \$32,393.57. This surplus compares with an operating deficit of \$12,713.64 in the previous year, an improvement of \$45,107.21 accounted for by an increase in ordinary income of \$1,825.69 and a reduction in expenses of \$43,281.52.

Provision has been made for full depreciation on fixed assets.

Saskatchewan Pool Elevators Limited

Saskatchewan Pool Elevators Limited now owns and operates 1091 elevators in all parts of the province. The maximum number of elevators in actual operation during the past season was 1090 compared with 1089 for the previous year.

Grain Handlings

A total of 108,910,718 bushels of all grain was handled through Pool country elevators during the year under

review. The Company also handled 162,088 bushels of grain loaded over the platform, making a total of all grain handled for the year ended 31st July, 1943, of 109,072,806 bushels. Comparative figures for the last three years are as follows:

Country Elevator Receipts:

	1942-1943 (Bushels)	1941-1942 (Bushels)	1940-1941 (Bushels)
Wheat.....	60,307,700	48,185,503	95,156,233
Oats.....	26,469,103	5,363,595	3,836,093
Barley.....	14,582,366	3,009,545	1,855,162
Flax.....	4,030,780	1,482,236	755,964
Rye.....	2,520,769	1,555,674	1,354,461
Total.....	108,910,718	59,596,553	102,957,913
Platform Receipts.....	162,088	279,351	648,709
Total Receipts	109,072,806	59,875,904	103,606,622

The average volume of grain handled per elevator, based on 1090 elevators operated, amounted to practically 100,000 bushels as compared with an average per elevator of 54,676 bushels a year ago.

These receipts represented 39.71% of all grain delivered to country elevators in the province as compared with 42.43% in the previous year. These percentages are based on figures of the Board of Grain Commissioners up to 29th July, 1943.

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

Grading Statement

The Company's grading statement at the end of the fiscal year showed a net grade gain of \$142,451.95. This compares with a net grade gain of \$42,290.00 in the previous year. Travelling superintendents' estimates of grades on stocks in store, in addition to actual government inspection on cars shipped, were used in arriving at the above figures. It should be noted, however, that approximately 53,000,000 bushels (about half in temporary bins) in store at year end still had to pass government inspection. The grade figures are subject to any adjustment necessary when these large stocks are shipped out.

Overages and Shortages

On account of the large stocks in store at the end of the year it was impossible to obtain a weighed cut-off at all points. Overages disclosed by such cut-offs as were made, and by dockage variations at those points where weighups were not obtained, were as follows:

	1942-1943 (Bushels)	1941-1942 (Bushels)	
Overage: Wheat.....	138,361	378,159	
Oats.....	168,200	49,515	
Barley.....	94,203	20,417	
Flax.....	35,358	(4,089)	Shortage
Rye.....	6,170	6,019	

The figures for 1941-42 wheat represent overage on practically two years' business due to the impossibility of taking yearly weighups, except at a small percentage of stations. As the situation at the end of last year was much the same, even extending to coarse grains, no percentages have been worked out.

Insurance

The record for the past year is practically perfect so far as fire losses are concerned. Three minor losses during the year amounted to \$186.14 compared with a loss of

four elevators the year before, which, including loss on grain, amounted to \$134,973.31. Loss ratio for the year was .06% against 46.92% for the previous year.

Financial Statements

The Auditors' Report covering the year's operations of the Company is included in the Financial Statements submitted separately to the delegates.

As in previous years, the only capital commitment to be met was the instalment on the 1929-1930 Pool overpayment liability. This amounted to \$729,885.66 and has been paid to the Sinking Fund Trustees. Interest for the year amounted to \$398,374.14, and payment was made on due dates. There are no direct liabilities against the Company's assets other than the contingent liability in connection with the 1929-1930 Pool overpayment.

It will be noted from the Company's Balance Sheet that total current assets at the end of the year amounted to \$56,049,056.40 and current liabilities to \$47,325,058.60. The difference between these two items represents the current position of the Company. After deducting a further item of \$35,000.00 for new capital outlay, the balance of \$8,688,997.72 shows the working capital position for the current year. This compares with \$5,727,057.83 for the previous year, an increase of \$2,961,939.89.

With the use of the liquid assets of Saskatchewan Co-operative Wheat Producers Limited the total working capital available at the end of the year amounted to \$14,732,521.37 compared with \$10,454,514.50 a year ago, an increase of \$4,278,006.87. These figures are subject to any Dominion income or excess profits taxes that might be levied as well as to the refund of excess elevator charges on grain delivered by Pool members to Pool elevator facilities during the crop year 1942-43.

Payment of \$1,000,000.00 was made to Saskatchewan Co-operative Wheat Producers Limited, representing the balance of the note covering the loan made in connection with the construction of Pool Terminal No. 7, and a further sum of \$250,000.00 was provided to enable a further liquidation of commercial reserve used by the Pool in previous years to meet the principal payments on the 1929-1930 Pool overpayment.

Details of elevator earnings are shown in Statement 2, Page 32, of the Auditors' Report, and details of expenses are shown in Statement 2A, Page 33. These statements show total operating revenue amounting to \$10,505,304.28, with operating expenses of \$5,991,371.78. The difference between the two items of \$4,513,932.50 represents the operating earnings. After deducting depreciation, as shown in Statement 2A amounting to \$816,324.99, the net earnings of the country elevator department are shown at \$3,697,607.51. In this connection, it should be noted that depreciation charged as an expense on temporary bins is approximately \$500,000.00 less than in the previous year.

Saskatchewan Pool Terminals Limited

Statements of earnings and expenses for Saskatchewan Pool Terminals Limited for the year ended 31st July, 1943, are shown as Statements 2 and 2A, Pages 42 and 43, of the Auditors' Report. Total operating revenue amounted to \$2,948,423.67, with operating expense of \$1,560,230.06, leaving operating earnings of \$1,388,193.61 before providing for depreciation. This compares with operating earnings before depreciation of \$1,288,147.03 in the previous year. After providing for depreciation of \$256,828.17, and a deficit of \$2,911.17 in connection with the temporary terminal storage annexes, the net earnings of Saskatchewan

Pool Terminals Limited amounted to \$1,128,454.27 as compared with \$1,024,943.94 the previous year.

Buffalo Terminal

Statement of earnings and expenses for the Buffalo terminal department is shown as Statement 4, Page 35, of the Auditors' Report. This shows total revenue of \$70,000.00, representing the rent received under the terms of the lease, with operating expenses of \$82,114.27, leaving an operating deficit before depreciation of \$12,114.27. After providing for depreciation on buildings and equipment to the extent of \$53,856.16, the total loss for the year is shown at \$65,970.43 as compared with a loss for the previous year of \$112,882.47. It may be noted, however, that operating expenses include an item of \$39,447.11, representing rent paid to Saskatchewan Pool Elevators Limited based on interest on the investment in this plant. If this item were omitted the Buffalo elevator would show an actual cash surplus of \$27,332.84 before providing for depreciation. An increase of over \$8,000.00 in the rental received from the Superior Grain Corporation, and a reduction in repair expenses of \$37,000.00, are the major items accounting for the improvement shown in the operations of this terminal as compared with those of the previous year.

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

Statement 3, Page 34, of the Auditors' Report contains a summary of the earnings of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited for the year ended 31st July, 1943.

The combined operating revenue for the year under review from all departments amounted to \$14,174,540.95. Operating expenses for the season amounted to \$8,287,440.23. The difference between these two items shows combined operating earnings before depreciation of the country and terminal elevator system of \$5,887,100.67. This compares with combined operating earnings from the same operations on the same basis a year ago of \$3,796,697.40. Depreciation to the extent of \$1,127,009.32 has been provided for.

The following summary shows the position for the year ended 31st July, 1943:

Operating Earnings Before Charging Depreciation.....		\$5,887,100.67
Profit on Realization of Assets.....		1,384.93
		<hr/> \$5,888,485.60
Less		
Depreciation.....	\$1,127,009.32	
Proportion of Pool Expenses.....	94,385.00	
Interest on 1929-1930 Pool Overpayment Liability.....	398,374.14	
		<hr/> \$1,619,768.46
Surplus for the Year.....		<hr/> \$4,268,717.14 <hr/>

From this amount payments amounting to \$979,885.66 have been made to Saskatchewan Co-operative Wheat Producers Limited. After deducting these payments the balance of \$3,288,831.41 represents the surplus for the year after meeting all charges and providing for full depreciation on fixed assets at the regular rates. Again it should be noted that no provision is made for the payment of Dominion income or excess profits taxes which may be levied.

Distribution of Surplus

Your Board has given careful consideration to the distribution of this year's surplus amounting to \$3,288,-

831.48 and has decided, in view of all the conditions, that this should be allocated as follows:

For transfer to Excess Charges Refund, Season 1942-43 to be distributed to Pool members as a refund of Excess Charges on deliveries to Pool Elevators during season 1942-43 at the rate of 2c per bushel for wheat and flax, and 1½c per bushel for oats, barley and rye, the time, form and manner of such distribution to be in the discretion of the Board.....	\$1,800,000.00
For transfer to Undivided Surplus Account.....	1,488,831.48
	<u>\$3,288,831.48</u>

Your Board further recommends that the distribution of excess charges for the year ended 31st July, 1943, amounting to \$1,800,000.00, to be made to members of Saskatchewan Co-operative Wheat Producers Limited delivering grain to the Company's elevator facilities for the crop year 1942-43 on the following basis:

An amount to be paid in cash as a refund of excess charges at the rate of 1½c per bushel for wheat and flax and 1c per bushel for oats, barley and rye, provided that all members entitled to a refund of excess charges, whose total refund amounts to the sum of \$5.00 or less, be paid in full in cash; further, that all members who have not been paid in full in cash, in addition to receiving the afore-said 1½c per bushel for wheat and flax and 1c per bushel for oats, barley and rye, shall be credited with a further excess charges refund of ½c per bushel, which credit shall be used for the purchase of deductions in the following order of preference:

1. From estates of deceased members;
2. From growers who have ceased farming and have no further interest in the marketing of grain;
3. From growers who are totally disabled but who may still have an interest in delivering grain; and
4. From growers who have reached the age of 70 years or such lower age as the Board may from time to time determine;

and when purchased to be transferred on the books of Saskatchewan Co-operative Wheat Producers Limited to the members entitled thereto, subject to the condition that the right to receive interest or dividends on such deductions, or any such undertakings in which such deductions may be invested, shall not be transferred to such member.

Statement of Earnings

Attached to this Report is a statement of earnings (Statement No. 7), covering the entire period of operations of the Company from 1st August, 1925, to 31st July, 1943, together with details of the distribution of these earnings.

Potato Shipments to Eastern Canada

To assist in meeting a shortage of seed potatoes in Eastern Canada last spring the Department of Agriculture, with the approval of the Wartime Prices and Trade Board, invited the co-operation of Pool Elevators in assembling carlots of potatoes at points throughout the province where a surplus existed. Altogether 88 carloads were assembled and shipped, returning to the producers an average net price of \$1.82 per 100 lbs., f.o.b. shipping point.

The prices received were considerably higher than those prevailing in the local market, and this extra service provided by Pool agents appears to have been satisfactory, not only to the producers but also to the consignees, as no complaint of any kind was received.

Wartime Salvage

Pool elevator agents have continued to co-operate with the authorities in purchasing scrap metal. Up to

date our agents have reported the purchase of approximately 27,000 tons of scrap iron and steel. Approximately 24,000 tons have been shipped out leaving some 3,000 tons still to be shipped.

Saskatchewan Pool Terminals Limited

Handlings of grain through Saskatchewan Pool Terminals Limited showed a substantial decrease as compared with the previous year, totalling 59,584,430 bushels as against 75,149,694 bushels a year ago.

Two main factors contributed to this reduction in handling (1) the temporary terminal annexes were full at the beginning of the season so that no shipments were made for the purpose of filling this space as was the case a year ago, and (2) the scarcity of lake vessels combined with a shortage of labor at the Head of the Lakes.

Pool terminal elevators were operated full time and, speaking generally, the annexes were filled practically to capacity until after the opening of navigation last spring. Receipts for the various terminal elevators as compared with last season are as follows:

	1942-1943	1941-1942
Elevator No. 4.....	12,767,232	17,560,376
Elevator No. 5.....	7,240,890	6,056,902
Elevator No. 6.....	17,439,644	21,947,809
Elevator No. 7.....	22,136,664	29,584,607

Grain in store in Pool terminals at 31st July, 1943, amounted to 20,176,242 bushels, approximately 10,750,000 bushels less than the amount in store a year ago. This difference in stocks is accounted for almost entirely by the fact that the temporary storage attached to Elevator No. 7 was shipped out subsequent to the opening of navigation.

During the year under review 136,267 cars of grain were unloaded at the Head of the Lakes, of which Saskatchewan Pool Terminals Limited unloaded 32,193 cars, or 23.625%, as compared with 24.8% of the 182,820 cars unloaded the previous year.

Pool Terminal No. 7 again had the largest individual handling of cars at any single elevator at the Lakehead, a total of 11,400 cars being unloaded.

Saskatchewan Pool Terminals Limited shipped 70,333,900 bushels of grain during the year, representing some 10,700,000 bushels more than was received, and slightly over 5,000,000 bushels more than was shipped the previous season. These heavy shipments are reflected in the reduced stocks which are carried into the new season. It may be of interest to delegates to note that of these shipments some 13,000,000 bushels, or approximately 18½% of the total, were shipped by rail. Including screenings, Pool Terminals loaded 7,695 cars for eastern destinations, representing 23.8% of the cars unloaded during the season. This is a most unusual situation in terminal operation and is due entirely to transportation difficulties and the shortage of vessel space.

Screenings

During the season Saskatchewan Pool Terminals Limited disposed of 14,711 tons of refuse screenings at an average price of \$12.53 per ton, 5,570 tons of one feed screenings at an average price of \$21.50 per ton (the ceiling price), 2,041 tons of mustard seed at an average price of \$28.97 per ton, 5,968 tons of flax screenings at an average price of \$25.44 per ton, and 245,410 bushels of mixed feed oats at an average price of 48 5/8c per bushel. The demand for all classes of screenings was strong through-

out the year and at higher prices than those prevailing the previous year.

In line with the Company's policy the terminal elevators and equipment were maintained in first class operating condition throughout the year. Some difficulty was encountered in securing necessary equipment and labor, but all essential work was either completed or in hand for early completion.

Churchill

There was no movement of grain through the Port of Churchill during the year under review. Wheat in store at the beginning and at the end of the year was 2,617,696 bushels. These stocks were owned by the Canadian Wheat Board and, as indicated in our last Report, our Export Department keeps in touch with the situation and has asked for an opportunity to work on stocks at Churchill when there is any likelihood of shipments being made from this point.

Shipping and Export Department

Total sales of grain in all positions made by the Export Department amounted to 37,477,925 bushels compared with 32,791,020 bushels in the previous year. The volume of wheat handled was less by some 2,750,000 bushels, but there was a large increase in the sale of oats and a moderate increase in barley which accounts for the overall increase compared with the previous year.

The following figures show the total sales of all grains in all positions as compared with the previous year:

	1942-1943 (Bushels)	1941-1942 (Bushels)
Wheat.....	27,597,306	30,283,620
Oats.....	8,213,752	1,079,799
Barley.....	1,564,383	1,302,062
Flax.....	—	14,379
Rye.....	102,483	111,159
Screenings.....	5,630 tons	4,620 tons

Export sales of wheat during the current year amounted to 14,250,000 bushels as compared with 20,900,000 bushels in the previous year. While no official statistics are available, it is certain that last year's exports of wheat were substantially less than a year ago. From the information available, your Board is satisfied that our percentage of business with the British Government has been well maintained throughout the year.

Seed Grain Distribution

During the year under review this department purchased and distributed the following quantities of registered and certified seed grain:

Wheat	Bushels
Thatcher.....	8,695
Apex.....	605
Marquis.....	350
Renown.....	128
Regent.....	180
Oats	
Victory.....	6,056
Vanguard.....	2,634
Banner.....	702
Barley	
Plush.....	1,000
Regal.....	864
Rex.....	50
Flax	
Redwing.....	2,116
Bison.....	4,544
Royal.....	30
	<u>27,954 bushels</u>

This total of 27,954 bushels compares with 24,042 bushels handled during the previous year.

Forage Crop Seeds

In addition to seed grain, the department purchased and distributed 37,270 lbs. of forage crop seeds.

Current Policy

For the current season registered and certified seed grain will be handled generally on the same basis as last year except that larger quantities of popular varieties will be purchased in anticipation of sale, particularly at those points where suitable storage facilities are available.

Last season there was practically no demand for carlots of bulk commercial seed, only one car being moved as against twelve cars the year before. Present indications are that there will be a heavy demand for this class of seed grain, particularly from Ontario and Quebec. A partial crop failure in these provinces is likely to result in a serious shortage of oats and barley suitable for seed. The Seed Department will keep in close touch with this demand and will also endeavor to establish market contacts for this class of seed grain in the United States.

With regard to forage crop seeds, the department will arrange to secure supplies from the Forage Crops Growers' Co-operative Marketing Association so far as that organization can supply them.

General

In view of the exceptional conditions prevailing during the past year, when the largest crop ever produced in Western Canada was harvested, a few figures of a general nature may be of interest to Pool members. These figures are compiled from reports of the Sanford Evans Statistical Service:

Deliveries from Prairie Farms (million bushels)

	1942-1943 (Bushels)	Per Acre	1941-1942 (Bushels)
Wheat.....	265.7	12.86	224.5
Oats.....	119.5	12.4	32.7
Barley.....	85.0	13.3	26.4
Rye.....	9.7	7.8	5.3
Flax.....	11.4	7.8	4.9
Total.....	491.4	—	293.6

Loaded at Country Points (million bushels)—(Railway figures)

Wheat.....	175.0 bushels	3.37 bushels per week
Coarse Grains.....	189.6 bushels	3.65 bushels per week
Total.....	364.6 bushels	7.02 bushels per week

Carryover on Prairie Farms (thousands of bushels)

	July 31, 1943 (Bushels)	July 31, 1942 (Bushels)
Wheat.....	194,000	9,200
Oats.....	102,000	11,952
Barley.....	40,000	4,194
Rye.....	6,000	145
Flax.....	385	19

Disappearance (million bushels)

	1942-1943	Rate per week	Disappearance 1941-1942
Wheat.....	275.2	5.3	277.8
Oats.....	92.9	1.8	33.2
Barley.....	62.8	1.2	24.8
Rye.....	3.7	.07	8.2
Flax.....	9.0	.17	4.5
Total.....	443.6	8.5	348.5

Disappearance of Coarse Grains in U.S. (million bushels)

	1942-1943 Rate per Week	
Oats.....	57.1	1 09
Barley.....	34.6	.66
Total.....	91.7	1.75

Car Distribution

At the beginning of the last crop year Pool Elevators were fortunate in having around 30,000,000 bushels of space in country elevators and bins when the 1942 crop started to move. Because of this position we were able to handle 39.71% of all grain delivered in the country during the year, in spite of the fact that the policy of distributing cars was continued on the basis of permanent country elevator space under a 30 car cycle.

Early in July the three Pool organizations started negotiations with the Canadian Wheat Board with a view to securing a more equitable car distribution policy. The Pools submitted that the only sound policy upon which cars could be distributed was based on the grower's preference, under which the producer of grain would indicate the elevator to which his grain should be delivered.

In the course of the negotiations, the Wheat Board submitted a counter proposal that it would be advisable to maintain a cycle of car distribution, but that the basis of the cycle should be the average percentage of all grains handled by country elevators at individual points during the seasons 1938-39 and 1939-40. As this was the basis of the proposal submitted by the Pools to the original Car Allotment Committee set up in 1940, it was approved by your organization, and the necessary information was compiled and submitted to the Wheat Board early in September.

At the time of the preparation of this Report the new policy has not been brought into effect.

Under the Wheat Board's proposal the new cycle would operate for the distribution of cars for shipment of wheat to the Head of the Lakes. Country elevator shipments of wheat to U.S. destinations, or to eastern or western domestic markets, as well as coarse grains to any destinations, are not included in the cycle. There is a provision that on wheat shipments to the United States no elevator company will be allowed to ship more than five off-cycle cars from any one station, unless the companies operating at the stations have either shipped an equal number of off-cycle cars, or have had an opportunity of completing such shipments.

Crop Estimates

Estimates of the 1943-44 crop in Saskatchewan this fall are in the neighborhood of 465,000,000 bushels of all grains against 707,000,000 bushels a year ago. However, in view of the large carryover, it is not likely that Pool elevator handlings will be reduced in anything like these proportions, although this will depend largely on the shipments that can be made to open up space in country elevators.

Saskatchewan Wheat Pool Construction Company Limited

No elevators were built or acquired during the year. The work of the Construction Department consisted mainly of repairs and renewals necessary to existing plants. Eleven cottages were purchased and put into good repair, as it was considered more economic to buy than to build at present high prices for material.

The number of elevators owned by the Company is 1091. The rated storage capacity in the country and at Port Arthur is as follows:

Country Elevators and Permanent Annexes	37,132,800 bushels
Temporary Bins.....	26,217,000 bushels
Total Country	63,349,800 bushels
Terminal Capacity—Port Arthur	23,000,000 bushels
Temporary Bins.....	10,000,000 bushels
Total Terminal	33,000,000 bushels
Total Country and Terminal	96,349,000 bushels

The construction programme for the year was considerably below that of last year, due to government restrictions, scarcity of material and labor shortage.

Laboratory Service

During the year under review 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 past three years:

	Germination	Moisture
1942-1943.....	26,140	9,163
1941-1942.....	17,516	6,500
1940-1941.....	10,194	3,649

In addition to these tests the department also checked many hundreds of samples of grain for weight and dockage, etc.

Modern Press Limited

Financial Statements

Details of the operation of Modern Press Limited for the year ended 31st July, 1943, are contained in the Financial Statements and Auditors' Reports submitted separately to the delegates.

After providing for depreciation on fixed assets amounting to \$9,514.68, the operations of the Company show a surplus of \$9,514.83, made up of a surplus of \$13,053.19 on the operations of the commercial printing department less a deficit of \$3,538.36 on the publication of The Western Producer. After deducting an item of \$346.77, representing a loss on realization of assets, the net surplus of \$9,168.06 compares with a deficit for the previous year of \$24,058.13.

Job Printing Department

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

	1942-1943	1941-1942	Increase (Decrease)
Job Sales, etc.	\$93,669.67	\$86,103.29	\$7,566.38
Cost of Stock	30,084.86	33,690.02	(3,605 16)
Expenses	45,774.28	41,334.89	4,439.39
Profit Before Depreciation	17,810.53	11,078.38	6,732.15
Depreciation	4,757.34	2,479.79	2,277.55
Net Profit	<u>\$13,053.19</u>	<u>\$ 8,598.59</u>	<u>\$4,454.60</u>

The Western Producer

As already indicated, the deficit arising from the publication of The Western Producer for the year ended 31st July, 1943, amounted to \$3,538.36, after providing for

depreciation amounting to \$4,757.34. This compares with a deficit a year ago of \$32,656.72.

A comparison of the financial operations of The Western Producer for the year under review with those of the previous season is shown below:

	1942-1943	1941-1942	Increase (decrease)
Advertising.....	\$112,008.91	\$84,362.28	\$27,646.63
Subscriptions.....	25,864.66	22,258.37	3,606.29
Miscellaneous.....	2,207.32	1,496.17	711.15
Total Revenue.....	140,080.89	108,116.82	31,964.07
Newsprint.....	41,823.36	40,917.56	905.80
Expenses.....	97,038.55	97,376.19	(337.64)
Loss Before Depre-			
ciation.....	(1,218.98)	30,176.93	(31,395.91)
Depreciation.....	4,757.34	2,479.79	2,277.55
Loss for the Year.....	\$ 3,538.36	\$32,656.72	(\$29,118.46)

The decrease in loss in the publication of The Western Producer for the past year is due to a substantial increase in advertising revenue.

The price of newsprint, the largest single item of expense in the publication of The Western Producer, was increased by \$4.00 per ton on 1st March, and another increase of \$4.00 became effective 1st September, representing an approximate increase of \$5,600.00 per year in newsprint costs. A substantial saving in news ink costs has been effected through buying in carload lots in conjunction with another publishing company in Saskatoon, shipment being made via lake and rail. The rise of one cent in first class postal rates on 1st April was another added expense.

The following figures provide a fairly comprehensive picture of production costs incidental to the publication of The Western Producer in the last three years:

	1940-1941	1941-1942	1942-1943
Total Gross Press Run...	5,252,920	5,470,758	5,619,097
Total Net Press Run.....	5,217,225	5,416,740	5,568,765
Total Spoiled Copies.....	34,695	54,018	50,332
% Spoils to Net Run.....	.66%	.997%	.904%
Average Net Run Per Issue.....	98,438	104,168	107,091
Cost Per Copy (Net Run).....	2.6506c	2.5988c	2.5790c
Cost of 52 Issues (Per Copy).....	\$1.3783	\$1.3514	\$1.3411
Lowest Net Press Run..	96,025	100,450	104,625
Highest Net Press Run..	101,475	106,350	109,650

Circulation

Total net paid circulation as at 31st July, 1943, was 104,159 copies; 47,348 subscriptions were received during the year, representing a decrease from the previous year of 3,068. Distribution of circulation by provinces at the end of the year for the two-year period is as follows:

	1942-1943	1941-1942
Saskatchewan.....	57,466	58,386
Alberta.....	30,565	31,140
Manitoba.....	10,342	9,514
British Columbia.....	4,364	3,714
Miscellaneous.....	1,422	1,624
Total.....	104,159	104,378

These figures show a loss of 219 as compared with net paid circulation at the end of the last fiscal year.

Editorial

As in the past, the general editorial policy of The Western Producer has been designed to support to the best of its ability the legitimate claims of agriculture; to ad-

vance on all occasions the cause of co-operation; and to explain and interpret the views of farmers generally to the rest of the Dominion. In the wider field, the progress of the war was covered and outstanding events at home and abroad were reported.

Judging from views expressed in letters, the paper has maintained the confidence of its readers. The absence of any serious criticism may be taken as an indication of continuing loyalty and support. Specifically there have been highly favorable reactions from such groups as old-age pensioners, soldier settlers, and others whose cases we have undertaken from time to time to lay before the public.

The Western Producer passes a milestone this year which may well be recorded here.

It was twenty years ago—in August, 1923—that the first issue of the paper, then called "The Progressive," appeared. It asserted at its masthead that it was "a weekly newspaper published in the interest of western producers." It was from this caption that, later on when it was considered desirable to change the name, the new name was chosen.

The first editorial in the first number of The Western Producer may still be of interest, especially to older members. It reads as follows:

"To supply what has almost become a necessity in Saskatchewan The Progressive makes its appearance. It is almost essential that the farmers of Saskatchewan should have some medium through which their views can be explained to others and discussed among themselves. It is almost a necessity that the producers of the West should have some channel through which they can obtain unbiased information concerning political and economic developments. It is essential, if progress is to be maintained, that the business of supplying news and attempting to supply ideas to the people of Western Canada should not fall permanently into the hands of one or two great commercial corporations, the directors of which are unknown to the people, and the policies of which may sometimes be dictated by motives foreign to the welfare of the agricultural population. Because these things are almost essential, and because the Saskatchewan producers have felt for some time that in periods of crisis they are at the mercy of newspaper interests which may not be friendly, or which may turn unfriendly, a demand has grown up for a paper which will at all times uphold the just claims and set forth the considered views of progressive people of Saskatchewan. It is to supply that demand that The Progressive is being published. The policy of the paper will be in line with the policies of the Saskatchewan Grain Growers' Association as enunciated from time to time. The Progressive is being published earlier than was at first intended. Complete mechanical arrangements for its production in the form which it will permanently take have not yet been made, but the trend of the Wheat Pool agitation and the sly, indefinite opposition with which the idea is meeting, hastened on the publication of the paper. The first issues must be considered as emergency issues, published largely for the purpose of giving the Saskatchewan Wheat Pool as much support as can be rendered. It is not the intention of the editors to make any high-sounding promises as to the contents of The Progressive when it gets under way. Subscribers to a new paper must always take it more or less on trust. All we can say at present is that, with the loyal support of the people of Saskatchewan, The Progressive can and will develop into a power to be reckoned with. Its chief purpose will be to weld the producers of Saskatchewan into a united force and to be of assistance to them in combatting the ills—political and economic—which beset them."

In order that the record may be complete, it may be worth while recording the basic recommendations submitted to, and approved by the first permanent Board of Directors, under which The Progressive changed its name and became the official organ of the Wheat Pool. These recommendations included:

1. That the name of the newspaper should be changed to conform with the requirements of a paper carrying authentic news of co-operative marketing association activities.

2. That so far as its editorial policy was concerned, while the paper should be free to discuss political questions and to criticize or comment on public activities as it saw fit, it should maintain an independent stand in these matters; further, it should avoid any course which might tend to identify it in the public mind as being the organ of any political party, either federal or provincial.
3. While the paper should regard itself as a strong advocate of the pooling idea (and co-operative marketing generally), and should do its utmost to retain and strengthen the support of Wheat Pool contract signers, it should feel free at all times to offer constructive criticism of the business generally, as and when the necessity might arise.

Looking ahead your Board believes that the present plant and equipment of Modern Press Limited will be inadequate to meet the needs of an expanding business. Because of wartime restrictions, it is practically impossible at present to make the changes which we believe necessary. In the meantime, however, the management of Modern Press Limited has been authorized to survey the present plant and equipment and prepare plans for expansion in the early postwar period, so that Modern Press Limited will be fully modernized to the point where it may become one of the best equipped printing plants in Western Canada.

The need for additional features in *The Western Producer* is also recognized, and the editor has been authorized to prepare and submit proposals for changes, including additions to editorial personnel, so that the paper may become the most attractive publication in its field in Western Canada.

Agricultural Department

The work of the Agricultural Department has been conducted in accordance with the policies determined by experience in reporting agricultural events across Western Canada.

The *Western Producer* has been represented at most of the major shows and sales of live stock in Manitoba, Saskatchewan and Alberta, and at one or two of the outstanding shows and sales in the vast interior live stock country of British Columbia, where it is believed additional circulation could be obtained possibly following the war.

Conventions and annual meetings of seed growers, field husbandmen, livestock associations and kindred organizations have been fully reported during the year.

Western Producer reports of these agricultural activities have been well received.

In the issue of 10th December, 1942, a special supplementary section dealing with the care and repair of farm machinery was included. This supplement carried articles by leading agricultural engineers in each of the prairie provinces, and was supported by the Agricultural Engineering Committee of the Agricultural Supplies Board.

Several articles dealing with custom charges for the use of farm machinery were carried on the agricultural pages of *The Western Producer*. One of the most acceptable of these was the survey conducted by the Saskatchewan Wheat Pool in co-operation with the University of Saskatchewan.

An attempt was made to persuade the management of Class B fairs in Western Canada to alter the system of recording livestock judging at the summer fairs, *The Western Producer* supplying the forms necessary in the keeping of more accurate records. These forms were well received and there is little doubt that in future years they will be of great assistance to the fairs involved.

Women's Section

The Women's Section of The Western Producer has reflected many of the wartime contributions and problems of farm women. Shortage of farm help has placed a heavy burden on farm women who are helping to maintain the high level of production necessary to provide food for home consumption and maintaining supplies of butter, bacon, eggs, and other commodities to Britain.

Due to shortage of many everyday food products, the pre-war family cook-book has been laid aside and attention given to the use of substitutes and wartime cookery in general. Publicity has also been given to continued protests against the very inadequate canning sugar ration.

The increase in old-age pensions, though still very inadequate, shows that continued publicity for the pensioner's cause has been worth while.

The Garden Page, under the direction of Mrs. S. V. Haight, still maintains its interest. Mr. Alfred C. Wendell, Neudorf, suggested a contest for prairie gardeners, "My Experience in Fruit Growing," offering prizes of his own nursery stock, and this brought in helpful and inspiring material for the Garden Page. Mr. W. W. Ashley again ran an announcement in The Western Producer and raised the total packets of elm seed distributed during the past seven years to 15,194.

The Club Page, devoted to the activities of Homemakers, United Farm Women, etc., has been regularly maintained throughout the year. Thanks are specially due to Professor Bertha Oxner, Director of Women's Work, University of Saskatchewan, for her contribution to this page.

The up-to-date and interesting book reviews contributed by Miss Jessie Montgomery, Alberta University Extension Library, continue to be popular.

Special mention might be made of the generous response to publicity on behalf of Sailors' Christmas Ditty Bags, which brought hundreds of dollars and bags to western branches of the Navy League of Canada.

Patriotic, social and welfare services such as the Red Cross, Canadian Institute for the Blind, Tuberculosis League, State Medicine, as well as Aid to Russia, Greece and China campaigns, have received considerable attention.

In April the Women's Editor attended a rationing conference held in Toronto between the Agricultural Press and representatives of the Department of Agriculture and the Wartime Prices and Trade Board. Representatives of farm papers from New Brunswick to Alberta were present, as well as leading officials of the other bodies mentioned.

Youth Section

The Young Co-operators' pages continue to attract much excellent work from older children and young people, affording excellent training in self-expression. A large proportion of our Young Co-operators are now in uniform.

Nature Study has always been an outstanding feature, and the Bird Lore columns have attracted favorable attention from the Saskatchewan Natural History Society.

It is worth noting that boys are attracted in considerable number to the Teen-Age pages of Young Co-operators. Two successive leaders have been elected from among them. Many teachers are among the Young Co-operators, and their influence in cultural matters on the rising generation will be influenced by their connection with the Young Co-operators' Club.

The Hobby Corner continued to attract worthwhile attention, and a Snapshot Contest brought in many attractive pictures. This contest was judged by a member of the Saskatoon Camera Club.

Judging by the year's correspondence, from both old and young, a greater recognition of the part The Western Producer plays in the rural life of Western Canada is noted.

Reader Service

Again orders received during the year would indicate that the Reader Service feature of The Western Producer continues to gain in popularity, the total of all the services listed below showing an increase of 16,408 over the previous year. The heading, "Household Arts", covers a wide range of embroidery, crocheted and knitted designs, instructions for making quilts, rugs, cushions, etc., while the Home Service booklets deal with a wide variety of subjects.

The following statement shows the number of orders received during the year under review as compared with the previous year:

	1942-1943	1941-1942
Household Arts.....	18,421	14,433
Home Service Booklets.....	5,900	6,014
Dress Patterns and Fashion Books.....	16,004	8,094
Dress Patterns (20c).....	13,204	8,580
Total.....	53,529	37,121

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 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, 1943, and Statements of Income and Expense, and of Patrons' Equity in this interprovincial subsidiary, are also attached as Statements Nos. 11, 12, and 13.

Pool Insurance Company

In accordance with the Insurance Act the fiscal year of Pool Insurance Company ends on 31st December. A report of the operations of this interprovincial subsidiary for the last completed year is attached to and forms part of this Report.

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

Publicity

For the year ended 31st July, 1943, all routine activities of the Publicity Department were maintained. In a general way publicity has been directed toward emphasizing the principles of co-operation, with particular reference to their application to the marketing of farm products, but with a broader vision of achieving better living conditions on the farms of Saskatchewan. Emphasis has also been placed upon the important role which co-operation must play in post-war reconstruction.

Radio

Sunday afternoon news broadcasts from CKCK, Regina, which were started in October, 1939, have been

continued throughout the year. These broadcasts have a particular value because they are on the air on the one day in which the largest possible membership of the Pool can listen. The news service for this broadcast is provided by British United Press which is one of the recognized news services available in Canada.

Hockey broadcasts have continued to hold an important place in the Saskatchewan Wheat Pool's broadcast programme. During the winter season 1942-43 twenty-six games of the Saskatchewan Senior Hockey Series were broadcast. As in the previous year, these broadcasts were carried over CKRM (formerly known as CJRM) Regina, and CKBI, Prince Albert. This set-up gave both northern and southern coverage, and, while there are still districts in which Wheat Pool hockey broadcasts are difficult to pick up, the two-station hookup has to a large extent eliminated the difficulty.

Hockey schedules distributed through Pool agents were in good demand, indicating considerable interest in the series. The hockey broadcasts unquestionably build up a very large audience for the inter-period talks by which it is possible to reach out to a large percentage of the people of Saskatchewan. This has been an effective way of keeping the membership informed on current matters affecting Pool members.

Throughout the year daily broadcasts were continued over CKCK, Regina, which were devoted to mid-session and closing grain prices, market news and details of government policy affecting agriculture. The co-operation review and news broadcasts which were on the air from Monday to Friday of each week were aimed at disseminating news of co-operative development, both in Saskatchewan, throughout Canada, and in other parts of the world. Special stress was placed upon co-operative development which could most readily be applied to Western Canada.

Library

The facilities of the Pool Lending Library have been in good demand throughout the year, borrowings showing a slight increase over last year. There was a marked increase in reading during the winter months, but this was offset by reduced reading during the summer months. This probably reflects the increased production on the farm, plus the shortage of labor, which leaves borrowers less time to devote to reading. Another factor which has reduced the borrowings has been the number of members who have enlisted and left the province, and who temporarily are not using the services of the library.

Notwithstanding this condition, however, books sent out during the months of May, June, and July, which are normally the low months, were in excess of 700 per month. The high peak in reader demand came in the month of March, when 1,315 books were mailed.

Post office regulations are still in effect, which allow the free return of books borrowed from the library, and these regulations have made it possible to continue a reader service at practically no cost to the borrower.

Attached to this Report (Statement No. 8) is a table covering the operations of the Library for the year under review.

The policy of purchasing books of good quality has been maintained. Reader interest continues to centre largely around current events and world affairs. In buying books every effort has been made to meet the demand of the reading public, although at the same time the objective of keeping a reasonable balance in the various classifications of books has been kept in mind.

Travelling libraries are still in circulation, but not much interest has been shown in these units. Each unit consists of two dozen books. These are available for placement in country elevators in care of the agent for use of patrons. These units were placed in circulation before the new postage regulations went into effect, allowing borrowers to return books free of charge. Since the new regulations became operative, books can be obtained from the general library at no cost to the borrower, and this may be one of the factors which have reduced the effectiveness of the travelling units. A much wider selection of books is available in the main library, and can be obtained by borrowers for probably less effort than through the travelling units. No provision is being made for extending the travelling library facilities.

Advertising

The department has continued its policy of concentrating its advertising in *The Western Producer* and the weekly newspapers published in Saskatchewan. The three Pools have continued the policy of placing a series of joint advertisements in *The Western Producer*. In addition to placing advertisements in the weekly press, the Saskatchewan Wheat Pool has maintained a very amicable relationship with the members of the weekly press of the province through the Saskatchewan division of the Canadian Weekly Newspapers' Association. Weekly papers reach out to a great many farmers in Saskatchewan who are not served by the daily press. They are consequently a valuable advertising medium.

Calendars

The Pool district map has been maintained as the feature of the Saskatchewan Wheat Pool calendar. Approximately 140,000 copies were distributed and the supply was only sufficient to take care of the demand. Pool calendars still are in demand at air training centres, where the maps, together with the place names of the elevators, are valuable aids to navigators charting courses over the sky lanes for student flyers.

Exhibitions

The Wheat Pool was again represented at Class "A" exhibitions at Regina and Saskatoon, and at all Class "B" fairs throughout the province. Rest rooms were established where members could call and spend an hour or two. Large numbers of people visited these booths, and literature and maps were distributed. Through the medium of these exhibits and rest rooms it was possible to establish contact with hundreds of rural residents of the province.

Last May the annual conference of the Canadian Association for Adult Education was held in London, Ontario. The Saskatchewan Wheat Pool was represented at the conference, and an exhibit showing the educational work which is carried on by the Wheat Pool was sent to the conference. The exhibit placed emphasis upon the library services, the various publications, the educational work of the field staff, and the broadcasting services which are maintained. Much interest was shown by eastern delegates to the conference in the scope of the educational work which the Wheat Pool is carrying on. This has led to a closer link between the Pool and the Canadian Association for Adult Education.

Crop Report

The Saskatchewan Wheat Pool crop report has become almost an institution. Through its weekly publication in

The Western Producer, and widespread use in some of the provincial dailies and radio news comment, it provides a valuable medium of publicity.

Junior Co-operative Activities

Variety Tests

Because of the acute labor shortage and the need of all available help for actual farm work, your Board hesitated to continue the variety testing program which has been carried on each year since 1935. However, with the development of a number of new and promising varieties, it was felt that these tests were of considerable importance, and that, with a simplified plan of sowing the plots, and with the aid of younger co-operators, the work could be continued.

In order that the tests could be conducted efficiently by boys and girls from twelve to fourteen years of age, the plan of each test was simplified from that used in previous years, and little difficulty was experienced in laying out and sowing the test in accordance with instructions. The work was again carried out under the direction of Dr. J. B. Harrington, Professor of Field Husbandry, University of Saskatchewan.

With the increased importance of food crops, it was decided that a barley test should be the main part of the 1943 project. Five varieties were selected, Plush, Prospect, Rex, Newal, and O.P.R.1, the latter being a semi-smooth awned variety recently developed at the University of Saskatchewan, which it is hoped will provide a reasonably smooth awned variety acceptable to maltsters. In all, 158 individual barley tests were conducted, covering the whole of the grain growing area of the province.

A small amount of New Thatch wheat was obtained from the University of Saskatchewan. This variety is an H 44 x Thatcher cross, and is the result of continued plant breeding work in the United States. It is resistant to leaf rust as well as to stem rust, and in preliminary tests in the United States proved to be a higher yielder and of better color than Thatcher. It has not yet been ascertained whether New Thatch will be suitable for widespread use in Saskatchewan. The result of our 1943 wheat tests, in which this variety has been tested with Thatcher, Regent and Apex, should produce some valuable information along this line. In all there were fifty wheat tests, and an effort was made to distribute them as widely as possible.

The necessity of increased flax production, and the epidemic of flax rust during the past two years, has stimulated the search for new and better flax varieties.

With the co-operation of Mr. E. J. Mitchell, Secretary of the Flax Institute of the United States, we were able to obtain three new rust resistant flax varieties, C.I. 1045, recently named Victory, C.I. 977, known as Koto, and C.I. 1045, a Golden selection. Hitherto none of these varieties had been tested in Canada. Owing to the small amount of seed available, only thirty-two tests were possible, but it is hoped that some valuable information will be obtained in comparing the new varieties with Royal, Redwing and Bison, which were included in the tests.

Despite unfavorable weather conditions over a wide area of the province, a large percentage of the tests reached maturity and the material has been received from the co-operators. The work of threshing and grading the different samples is now being carried out, and it is hoped the results in booklet form will be distributed to members early in the coming year. The eighty-page booklet con-

taining the results of the 1942 test project was given wide distribution.

These variety tests, producing as they do accurate information in connection with new varieties, are valuable in many ways and play an important part in the agricultural welfare of the province. The reports are used extensively by the Saskatchewan Cereal Variety Committee in formulating recommendations, and are of considerable assistance to plant breeders by making available data in connection with new varieties when sown under widely different soil and climatic conditions in all parts of the province.

The results of the tests are of value to Pool members and farmers generally by providing information as to the most suitable varieties to be used in the areas in which they reside. Junior co-operators also learn the correct method of making accurate tests of different grain varieties and at the same time they are able to study the distinguishing characteristics of each variety and to recognize the variety when grown under field conditions.

Junior Club Activities

During the year under review assistance to the Junior Club Movement, directed by the Extension Department of the University of Saskatchewan and by the Department of Women's Work, has continued to be an important objective in Pool activities, supported by Pool elevator agents, delegates, committees and the field staff. This assistance is gratefully acknowledged by the university authorities.

In addition to the 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.

In former years a Dominion grant was available to assist in carrying on this work but, as previously reported, this grant was cancelled early in the war period. Without this practical assistance from the Pool to the University, it is almost certain that this work would have to be discontinued, or at least very greatly reduced.

Homecraft Clubs

Seventy-six girls' homecraft clubs have been active during the period under review. Some of these groups have studied only one project during the twelve months' period, but others have been active throughout the year carrying on both a summer and winter project.

A detailed report of the activities of these clubs is being prepared and will be distributed separately to the delegates.

Junior Seed Clubs

There was again a substantial decrease in the number of seed clubs operated during the past season. However, in spite of inevitable difficulties, fifty-two clubs with 864 members carried on during the year.

It is interesting to note that there has been a much greater reduction in the number of clubs growing wheat than in the clubs interested in the production of oats and barley.

There was also a substantial reduction in the number of contract barley clubs, whose members grew ten acres of O.A.C. 21 barley under contract for the Canadian Malting Company. This reduction was due principally to the difficulty the clubs encountered in shipping their barley under quota restrictions. Steps to remove this difficulty are being taken.

The work of the corn clubs during the year was a complete failure due to cold spring and early summer weather.

Grass and alfalfa clubs are gradually developing a greater interest and there is a possibility that there will be a wider development in this field.

Two potato clubs were organized in the Yorkton district. These have done good work and are already a good source of certified seed.

An interesting observation from the activities of these clubs is that Thatcher wheat is apparently the most popular variety, but there appears to be no special preference for varieties in either oats or barley.

A separate memorandum is being prepared for distribution to the delegates showing details of the work of these clubs during the year under review.

Country Organization Department

Wheat Pool Committees

The number of Wheat Pool Committees on record as at 31st July, 1943, was 1170 as compared with 1176 in 1942 and 1179 in 1941. Three new committees were organized during the year, while nine committees ceased to exist as a result of amalgamations and changes due to a re-organization of territory. Statement No. 9, attached to this Report, shows the distribution of committees by districts and sub-districts. Statement No. 10 shows, by district and sub-district, that during the year 984 committees reported re-organization, including the three new committees, indicating that 186 Wheat Pool Committees failed to report their annual meetings. This compares with 139 in 1942.

There are various reasons for this condition, the chief of which was the lateness of the annual general meeting of delegates which did not complete its deliberations until the end of the first week in December. The unfavorable weather following necessitated the postponement of a large number of local annual meetings. Harvesting operations, which in many cases were delayed until the spring, and the shortage of farm labor during the spring and summer months, created further difficulties. Sixty-one Wheat Pool Committees have not reported re-organization for more than two years as compared with fifty-four last year.

War conditions continue to handicap the efficiency of our country organization. The country has been drained of its young men who can be depended upon to give active service; while the shortage of farm help has laid heavy burdens on the shoulders of the older men who are hard put to it to carry on their own farming operations. In these circumstances the duty of building and extending the influence of co-operative ideals into the post-war period must rest in fewer hands; and the responsibility of the delegates for maintaining an effective organization in their respective sub-districts must be more keenly recognized.

Committee Conventions

The programme of Wheat Pool committee conventions was again carried out during the months of May, June, and July. Shortage of farm labor had some effect on the attendance, but keen interest was evident from the vigorous discussions that arose on a number of items on the agenda.

The new agenda resulted in much better discussions, and in more attention being given to the functions of

committees, than has been evident in the past. There was also a more general participation in the discussions.

Altogether 129 conventions were held as compared with 128 in 1942. There were 99 single sub-district meetings; 28 were joint meetings in which two sub-districts participated; and three conventions in which three sub-districts participated. In all, 164 sub-districts took part in these conventions.

Co-operative Education

Educational material in the form of monthly programs was sent out to Wheat Pool committees and others interested again during the past year. A number of these programmes dealt with matters of direct concern to this organization, such as the functions of Wheat Pool Committees, election of delegates, summary of resolutions passed at the annual general meeting of delegates, and distribution of surplus earnings. The two programmes that received the greatest amount of comment were State Medicine and one entitled "First Principles," which dealt with the manifesto issued by the Canadian Association for Adult Education at its annual meeting held in May, 1943.

The manifesto above mentioned is worthy of the attention of Wheat Pool delegates, committees, and all other co-operative workers. The principles enunciate the proposition that in post-war planning human rights should supercede the rights of property; that the wellbeing of mankind as a whole should take precedence over that of the individual or of any group in society; that social controls should be made to operate to this end; and that the way to bring about this state of society can best be worked out through the "democratic middle way of voluntary co-operation," which has evolved a form of society based on equity and justice; where rights are balanced with responsibilities.

In the field of visual education the 16mm silent pictures are still being used extensively. However, the National Film Board circuits, advertising activities of implement companies, packers and other industries, and the efforts of private enterprise, are carrying the portable "talkie" more and more into the rural sections of the province. Coupled with this, the fact that the moving picture industry has ceased to produce silent films presents some question as to the future use of silent motion picture equipment.

Our agreement with the National Film Board continues. The Board has loaned us six sound projectors together with 110 volt portable power plants and complete equipment; films are supplied regularly. We undertake to show N.F.B. films on an average of ten times per month, and have the privilege of using the equipment for our own purpose as well.

Our efforts to obtain satisfactory co-operative sound films have not been very successful, and the inadequate supply of gasoline has made it impossible to use this equipment fully. There is no doubt that sound films are a powerful instrument for moulding public opinion, and given the right type of picture they can be used effectively as aids to co-operative education. On the other hand, the equipment is both heavy and bulky; transportation by automobile is difficult, and its use takes a good deal of time that, under existing conditions, may well be spent in other directions.

The use of still pictures in black and white and in color has been extended during the year. Colored slides are very popular and have proved satisfactory substitutes

for motion pictures at large meetings. These slides can be used to introduce local color and bring home the development of the movement in the community in an interesting way and at little cost. The film strips are particularly adapted to the smaller meetings, where educational material can be presented in a concise and informative manner. The still picture can be developed to advantage and may serve well, not only in its own field, but to fill the gap caused by the gradual eclipse of the silent motion picture during the war when sound equipment cannot be secured.

The experiment referred to in the last Annual Report, of working out a practical form of co-operative education for Pool elevator agents, has been extended to cover the whole province during the past year. An office committee, comprising the Co-operative Education Committee of the Board, the Manager, Assistant Manager, General and Divisional Superintendents of the Pool Elevator Department, and representatives of the Country Organization and Publicity Departments, has completed the work of setting up the first series of studies for elevator agents. The organization of the study groups is in the hands of the travelling superintendents. The studies deal with the following subjects:

1. The problem of agriculture and the relation of Pool elevator agents to it.
2. The Wheat Pool system of organization.
3. The relationship of Pool Elevators to growers.
4. How do the terminal elevators relate to the agricultural problem.
5. The relation of Pool elevator agents to general co-operative development.
6. Review of the series.

In some sections the agents have completed four of these studies. Others are only just beginning. Experience indicates that the full extension and success of this project will depend upon the co-operation of the Pool Elevator and Organization Departments in the country, under the leadership of the director of each district.

Further series of studies will be issued in which it is proposed that the day-to-day activities of the elevator agents will be alternated with studies on various phases of the co-operative movement.

Owing to gasoline shortage and restrictions on travel the regional co-operative schools, previously organized under the auspices of the Saskatchewan Wheat Pool Employees' Association and the Co-operative Union of Canada, Saskatchewan Section, were reduced to one. This school, held at Watrous, was an outstanding success, both from the standpoint of attendance and interest.

One-day schools, conducted by the Country Organization Department, however, maintained their popularity again. Local speakers were heavily drawn upon to present the various phases of the co-operative movement, and handled their assignments effectively. Eighteen one-day schools were conducted in co-operation with the Ukrainian Educational Association, most of these in the English language.

The annual co-operative school, conducted at Saskatoon under the auspices of the Extension Department of the University of Saskatchewan and the Co-operation and Markets Branch of the Provincial Department of Agriculture, was held during the first week of July. There were 118 in attendance, including district representatives of the Saskatchewan Wheat Pool and other co-operative officials. Of the 102 students, 48 were registered as farming or helping on farms, 30 as students, 8 as housewives,

2 as teachers, 1 minister, 4 clerks, 1 elevator agent, 4 co-operative store managers, 3 holders of teachers' certificates and 1 C.W.A.C. 63 of these students were between the ages of 15 and 20.

There were students from every Wheat Pool district in the province, the majority of whom attended the school as an extension course from the one-day schools mentioned above. A further breakdown of the 102 students attending shows that 69 were sponsored by the Wheat Pool sub-districts alone, 5 by the Wheat Pool and the local consumers' co-operative, and 28 by consumers' co-operative associations.

As reported elsewhere, the work of the Extension Department of the University of Saskatchewan among the youth of the province was sharply restricted by the calling up of young men to the armed forces. Wherever possible the Country Organization Department of the Wheat Pool has maintained the closest and most cordial relationships with the work of that department, and has received the most helpful co-operation from the director and his staff.

General co-operative activities in connection with the co-ordination agreement have been conducted as in past years.

From 1st August, 1942, to 31st July, 1943, eight live-stock and shipping associations, one trading association, six stores, three sheep production, two grazing, four miscellaneous associations and four community halls were incorporated under the Co-operative Associations Act, making a total of twenty-eight as compared with twenty the previous year. One co-operative marketing association was also incorporated and twenty-six credit unions. In all a total of fifty-four co-operative associations of different types were registered. The Saskatchewan Poultry Pool was also registered in its re-organized form.

The total number of associations operating in Saskatchewan under the Co-operative Associations Act is now 780 as compared with 760 in the previous year. There are two associations registered under the Co-operative Marketing Associations Act, and 109 under the Credit Union Act. Under special legislation, seven marketing associations, three wholesaling and manufacturing associations, in addition to a hail insurance, mutual benefit association and a credit society, are registered. Two are registered under the Companies Act of the province, and three under Dominion legislation. In all there are 931 co-operative associations operating in Saskatchewan as compared with 885 in the previous year.

Enrollment of New Members

For the year under review 5946 applications for shares were received of which 3807 were allotted new shares and 2139 shares were transferred. In addition 1905 applications were received in July, of which 1773 were allotted new shares and 132 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.....	1,016	106,640
31st July, 1938.....	370	106,889
31st July, 1939.....	887	107,492
31st July, 1940.....	3,477	110,715
31st July, 1941.....	3,040	113,139
31st July, 1942.....	5,616	117,935
31st July, 1943.....	5,946	121,742

Livestock Marketing

At the last annual meeting the delegates approved a recommendation of the Board that the directors should be authorized to investigate further the possibilities of amalgamating the Livestock and Wheat Pool organizations, and if found possible, the directors were authorized to proceed with the unification of the two organizations on a basis which would be mutually satisfactory.

During the year under review negotiations have been carried on and a general basis has been worked out under which it would be possible to complete such a proposal.

It was found impossible to hold the annual meeting of delegates of the Livestock Pool at the usual time in July, when a decision could be made by that organization. At the time this Report was prepared an effort was being made to hold the annual meeting of the Livestock Pool delegates the week previous to the Wheat Pool meeting, when the whole question will be discussed and a final decision made.

At this time the two Boards of Directors are in agreement as to the basis upon which the amalgamation can be completed. The final decision now lies with the delegates attending the forthcoming annual meeting of the Livestock Pool. Further information will be available at the time of the Wheat Pool meeting.

Industrial Utilization of Farm Crops

At the last annual meeting a resolution was passed instructing the Board of Directors to take immediate action, alone or with other western co-operatives, to secure industrial alcohol plants for the West, to be owned and operated co-operatively, and also authorized the Board to acquire or build plants to carry out the terms of the resolution.

Following the annual meeting, the Board authorized its Executive Committee to secure the necessary information upon which action could be taken. A sub-committee of the Executive made a very complete survey of the whole field. A report of this investigation was supplied to all delegates at the time of its completion.

Briefly, the investigation showed that the cost of producing power alcohol was determined largely by the cost of the basic raw material. Prior to 1940, when the increased demand by war industries made itself felt in the alcohol business, over 70% of the domestic supply of industrial alcohol on the North American continent came from black strap molasses, which is a waste product in the manufacture of sugar. The second major source of industrial alcohol at that time, representing some 15% of the total supply, was synthesis from unsaturated hydrocarbons separated out of petroleum refinery gases. The latest development for the manufacture of alcohol, developed at the Ontario Paper Company's plant at Thorrold, provides for fermentation of carbohydrates in the waste liquors from sulphite pulp.

In view of the wide spread between the cost of producing power alcohol from grain under present conditions, and the present price of gasoline, the Board approved the recommendation of the Executive that, at the present time and under present conditions, no investment should be made in the construction of an alcohol plant or plants for the production of motor fuel. At the same time the Executive was authorized to continue investigations into the whole field of industrial uses for farm crops.

The committee's investigations indicated that there was a need for accurate information on the question of

industrial utilization of farm crops, and recommended that representation should be made to the Government of Canada urging the establishment of an adequate laboratory plant and equipment, with a suitable staff of competent scientists, so that continuous research in this field could be maintained; further, that the work should be supplemented by the construction of a pilot plant which would enable laboratory results to be checked, the plant and equipment to be established in Saskatchewan as the centre of the western agricultural area.

In approving this recommendation, your Board indicated that, in the event of the government being unwilling to meet the total cost of the construction of such a plant, an offer should be made to pay a part of the cost, providing investigation had shown a reasonable possibility of successful operation.

In addition to the foregoing, your Board authorized a further investigation into the possibilities of establishing an up-to-date flax crushing plant in Saskatchewan for the production of linseed and edible oils.

Last month the Dominion Government announced the establishment of a Prairie Regional Committee on the utilization of crops under the National Research Council. Dr. Robt. Newton, President of the University of Alberta, and a former director of the Research Council's Division of Biology and Agriculture, will be the Chairman of the new Committee. It is understood that this Committee will be responsible for the organization and type of research work to be carried on in the West. Its organization meeting is being held early in November, and it is probable that decisions will then be made as to the problems to be dealt with immediately, and also the amount of money which will be required. The Committee will report to the National Research Council who will pass on its requests.

It may be noted that the setup of the Research Council is such that, where a committee of the council functions within an area, the Council could properly accept funds from private sources to assist in this work, or to carry on special researches.

In addition to this development, provision was made in the last estimates of the Dominion Department of Agriculture for the sum of \$200,000.00 to be available for research work. It is understood, however, that research activities carried on under this grant are to be approved by the National Research Council.

A more detailed report, which will bring delegates up to date on the investigations being carried on on behalf of the Board, will be submitted separately to the delegates.

In order to make as much accurate information available as possible to the delegates, the Board has invited Dr. W. H. Cook, Director of the Division of Applied Biology of the National Research Council, Ottawa, to attend this meeting and address the delegates. There is also a possibility that Dr. C. J. Mackenzie, Acting President of the National Research Council, may also find it possible to attend the meeting.

Employees' Superannuation

At the last annual meeting of delegates a recommendation was approved that the Board of Directors be authorized to institute a contributory superannuation plan for Wheat Pool employees, the details of the plan to be worked out by the Board in consultation with the Employees' Association.

Following the annual meeting, various meetings were held with representatives of the Employees' Association,

and a retirement annuity plan was agreed upon which came into effect on 1st April, 1943.

Under the plan employees who entered the service of the organization prior to 1st August, 1939, contribute a percentage of their earnings according to the following schedule:

Age at Entry.....	Contribution.....
21 to 30 years inclusive.....	3% of Salary
31 to 45 years inclusive.....	4% of Salary
46 to 64 years inclusive.....	5% of Salary

For the purposes of the plan the employee's contribution is made on a maximum of \$3,000.00 per annum. Employees who start work after the above date will contribute a portion of their earnings which, combined with a similar amount contributed by the Company, will purchase for such employee at normal retirement age an annuity of \$1.50 per month for each year of completed service. The plan is based on the purchase of Dominion Government annuities guaranteed for a period of five years. Male employees will retire at age 65 and female employees at age 60. The Company reserves the right to retire any employee within five years of the normal retirement date, and with the consent of the employee, his services may be retained for a period not exceeding five years following his normal retirement date.

Current Situation

The present position of western agriculture has been outlined in some detail in the Annual Report of the directors of Canadian Co-operative Wheat Producers Limited.

Following the practice established in recent years, representatives of the three Wheat Pool organizations met the Wheat Sub-committee of the Cabinet on 12th July last, and submitted a memorandum outlining the recommendations of the Pool organizations for the current year's grain policy. This memorandum read as follows:

1.—During the whole course of the war up to date western farmers have tried to carry out the government's wishes by adjusting their farm production. Heavy increases in the production of hogs, cattle, dairy and poultry products were asked for, and these have been forthcoming. Substantial increases in the production of feed grains and flax were required, and for the current crop year the acreage seeded to these grains is probably greater than at any time in the history of the agricultural west.

The government asked for a substantial reduction in acreage seeded to wheat. How well this has been met is evidenced by the fact that the wheat acreage for the current crop year is estimated at 16,320,000 acres as compared with 27,750,000 acres seeded to wheat in 1940, a reduction of 11,430,000 acres. It is necessary to go back 23 years, to 1920, to find a comparably low figure. In that year 16,841,000 acres were seeded to wheat in the three prairie provinces.

2.—At the time the Wartime Prices and Trade Board undertook to establish ceiling prices, there was general agreement that prices of many commodities during the base period selected by the Board were much too low. Since that time some adjustments have been made, although it is doubtful whether these have been sufficient to compensate for rising living costs and a very substantial increase in farm production costs. We believe, however, that the most glaring inequity so far as western farmers are concerned is found in the low price of wheat. Today the price of wheat, basis One Northern, at the Head of the Lakes, is around \$1.05 per bushel, which means a net return

to the western farmer of about 85c per bushel at his shipping point.

3.—It is difficult to state accurately the price received by U. S. farmers for their wheat. Recent market quotations show July wheat trading in Chicago at around \$1.49 per bushel. Western farmers find it difficult to understand why the great disparity should exist between Canadian and U. S. prices for the same commodity.

In order to obtain a proper picture, we believe it is necessary to think of wheat production on the North American continent as a single unit. For the current crop season, for example, seeding in Canada was delayed and the condition of the crop at the moment does not warrant any undue optimism in the matter of yield per acre. Preliminary estimates of U. S. grain production for the current year also indicate a very substantial reduction from last year's crop. During the coming year it is certain that, in addition to its primary use as an important foodstuff, increasing quantities of wheat will be used for feed and also for industrial purposes.

U. S. reports indicate that the wheat carryover in that country at 30th June, 1943, was about 590 million bushels. As a result of the increased use of wheat, and the heavy decrease in production for the current year in that country, the U. S. Bureau of Agricultural Economics estimates that the U. S. wheat carryover as at 30th June, 1944, will probably not exceed 250 million bushels, a substantial part of which has already been committed under international agreement for post-war relief. There is official U. S. support for the belief that substantial quantities of wheat will be imported into that country during the coming year provided transportation facilities can be secured.

It was this situation which the recent United Nations Conference on Food and Agriculture probably had in mind when it recommended that: "As a first step in overcoming the general shortage of food, every effort should be made . . . to increase the acreage under crops for direct human consumption, even to holding back the rebuilding of depleted livestock herds . . ."

It is the opinion of the Wheat Pool organizations that existing Canadian wheat stocks may well provide the medium for one of the most important contributions which Canada will make to the allied war effort. We would also point out that, in our opinion, the present estimates of acreage seeded to wheat in Western Canada indicate that we are rapidly approaching the danger line—if we have not already reached it—in the matter of wheat production. In a period of abundant production it is well to remember that a very large percentage of the Canadian wheat crop is grown in a semi-arid country and that, if stocks are allowed to reach minimum levels, a crop failure in Western Canada could have serious international repercussions. We would like to emphasize that a stable price for wheat, on a basis fair to the producer now, is the best safeguard against a short supply of this important war commodity.

4.—In a widely circulated press report of an address by the Minister of Agriculture, delivered in the U. S. some two weeks ago, the statement is attributed to him that farm prices in Canada had been set at lower levels than those prevailing in the United States. The statement also indicated that in this connection one of the greatest problems of the Dominion Government was to explain to Canadian farmers why they should take \$1.00 a bushel for their wheat, 52c for their oats, 65c for their barley, \$2.25 for their flax, and comparable prices for other farm products. The report went on to quote the Minister: "We

have only one answer. We are fighting a war shoulder to shoulder with our allies, and our sacrifices must be equal to theirs." The Minister was also reported as saying that, by keeping down the prices of farm products in Canada, the Dominion (government) was arranging its own mutual aid to the allies at the expense of the Canadian people.

Since the outbreak of war representatives of the three western Wheat Pools have met with the Cabinet Sub-committee on a number of occasions. At these meetings we have invariably pointed out that western farmers fully appreciate that in times of war civilian sacrifices are inevitable, and that they are prepared to carry their full share of any sacrifice which the Canadian people may be called upon to bear. We submit, however, that the present wide disparity in the prices for agricultural commodities between Canada and the United States (two allied countries), particularly in the matter of wheat prices, cannot be justified on the grounds of equality of sacrifice with our allies. May we also submit that, in keeping down the price of wheat, the mutual aid to our allies is being provided at the expense of one class of Canadians, the western wheat growers, and not by the Canadian people as a whole.

5.—The Canadian wheat situation was under consideration at a meeting of the Boards of Directors of the three western Wheat Pool organizations held in Winnipeg some ten days ago, and it is the opinion of that inter-provincial body which we have been asked to submit to your committee today.

We believe that the price which the producer will receive for his wheat will be influenced to a very considerable degree by the amount of the initial payment established by the Wheat Board.

On 3rd June a resolution was forwarded to the Dominion Government on behalf of the directors of Canadian Co-operative Wheat Producers Limited urging that the Wheat Board Act be amended to provide for an initial price of \$1.00 per bushel.

At the interprovincial meeting above referred to, a resolution was passed endorsing the action of the Central Board, and recommending to the government that it give immediate consideration to the proposals contained in the brief presented by the Canadian Federation of Agriculture in February, that the Wheat Board Act should be amended to provide for an initial price of \$1.00 per bushel.

The meeting regretted that no favorable reply had been received from the government, and asked that representatives of the three Pools should wait upon the Wheat Sub-committee of the Cabinet and impress upon the members the significance of the changed conditions and the warrant they furnish for the increase in the initial payment, which, in the opinion of the meeting, might justly be raised to \$1.20 per bushel, especially as deliveries from the 1943-44 crop will be restricted to approximately fourteen bushels per acre.

We would respectfully urge that prompt consideration be given to this recommendation so that the necessary changes to the Wheat Board Act may be made at the present session of parliament.

In urging immediate action on this recommendation, we do not abandon the position taken at previous meetings with this committee, that a parity price, bearing a fair relationship to the cost of goods and services entering into farm production and living costs, represents the only equitable price basis which wheat growers should be asked to accept.

6.—Present conditions indicate that at the time the new crop begins to move the amount of elevator storage space available for the handling of the 1943-44 crop will be smaller than at any time in the history of grain handling in Western Canada. This will mean restricted delivery quotas at a time when farmers require funds to meet harvesting expenses. Because of these conditions, we have also been asked to reiterate recommendations previously submitted with respect to the payment of farm storage, and also advances against deliverable grain in store on farms.

(a) We are recommending that the Dominion Government should make provision so that farmers may be paid carrying charges on the deliverable portion of their grain which cannot be delivered because of lack of space in country elevators, along the general lines of the policy in force in 1941, and at the same rate as is now paid by the Wheat Board to elevator companies.

It is not necessary to reiterate the arguments in favor of such a policy. It has been suggested that in order to earn the carrying charge there might be a tendency on the part of growers to withhold deliveries at a time when the Wheat Board required stocks to be moved to market. We can only repeat that the financial position of Western Canadian farmers is not such as to encourage the withholding of grain from market when handling and storage space is available.

It is probable that the Province of Saskatchewan, with over 70% of its population living on farms, is more dependent on farm income than any of the other provinces of Canada. It has some significance that, in setting the provincial objectives for the fourth victory loan, out of a total objective of one billion, one hundred million dollars, the Province of Saskatchewan with a population of nearly one million was called upon to raise twenty-two million dollars, or 2% of the national objective.

(b) We also recommend that a special credit should be established for the Canadian Wheat Board, to enable that body to make advances to farmers on the deliverable portion of their wheat. Such advances not to exceed two-thirds of the value of the wheat, and to be made by the Wheat Board through its agents the elevator companies.

Again, because of storage conditions, this matter is of particular importance this year.

It is now apparent that a large amount of new storage will be required on western farms if the 1943 crop is to be successfully harvested. We have already approached the appropriate controllers asking that adequate supplies of lumber and nails be made available for the construction of farm granaries in time to meet the requirements of the 1943 crop. Lumber prices have advanced very materially in recent years, and harvest costs have also shown a constant increase each year since the outbreak of war. The present year is no exception to this trend.

With all these conditions, coupled with delayed deliveries at country elevators, we believe the making available of advances where required may be of very substantial value to a considerable number of farmers in the western provinces.

While this committee may not regard it as relevant, we would like to point out that in the United States an announcement has been made that loans will be made to producers by the Commodity Credit Corporation on a note and chattel mortgage basis for wheat stored on farms. The recent announcement states that loans will vary from the basic rate of \$1.22 per bushel, to take into account

location, grade and quality. For example, the loan rate for No. 2 Hard Winter Wheat at Kansas City for 1943 is \$1.36 per bushel as compared with \$1.27 in 1942. Other loan values at selected terminal markets are as follows:

No. 2 Hard Winter at Chicago.....	\$1.41
No. 1 Dark Northern Spring at Minneapolis.....	1.41
No. 2 Soft Red Winter at Chicago.....	1.41

The United States Department of Agriculture's official announcement also indicates that seven cents per bushel storage allowance will be advanced at the time of the loan on all farm stored wheat.

7.—We would like to emphasize that in view of possible developments in the coming year involving:

- (a) the food requirements of the United Nations;
- (b) the vital food needs of the ravaged countries of Europe;
- (c) the fact that increasing quantities of wheat will be used for feed to maintain the production of protective foods; and
- (d) the fact that increasing quantities of wheat will be used in the production of butadiene in connection with the U. S. synthetic rubber programme, and also for other industrial purposes;

we are facing a challenge which calls for a thoroughly realistic approach to the whole question of wheat production and wheat marketing in Canada.

The recent United Nations Conference on Food and Agriculture, above referred to, expressed the view that food consumption at a level merely sufficient to prevent malnutrition is not enough to provide health and well-being. Similarly, we would suggest that present prices for wheat, which represent subsistence levels only to the producers of this commodity, are quite inadequate to maintain the healthy spirit of national unity so essential in the present critical period of our country's history. It is not in the national interest that wheat growers should continue to be regarded as the poor relation of the Canadian family.

Coarse Grains

We would again like to bring to the attention of this committee the position with respect to the marketing of oats and barley. This matter also received consideration at the interprovincial meeting above referred to, when a resolution was passed reading as follows:

"That this meeting of the three Pool Boards again urges that the Dominion Government authorize the Wheat Board to handle all oats and barley on a pooling basis according to grade, and that the initial prices by the Wheat Board be not lower than the present established ceiling prices."

The unsatisfactory situation in the marketing of these two grains must be apparent to anyone familiar with market reports. Present conditions indicate that large quantities of these grains will be required in Eastern Canada during the coming year, if the livestock programme is to be carried out successfully. In addition, there is a very large demand for these grains from the United States, limited only by the transportation facilities available.

Existing marketing machinery is no longer able to deal with the situation. For example, the ceiling price for oats and barley was established at 51½c per bushel for 2 C.W. oats, and 64¾c for barley. At the present time all grades of oats and barley are being sold at the ceiling price. The ceiling prices, of course, do not apply on sales for export, and substantial premiums are offered by United States importers for these grains. Under these conditions grain companies operating in Western Canada have, for the most part, abandoned the method of hedging their country purchases in the futures market, and very large

transactions are no longer being recorded in the Winnipeg market.

During the present season the growers in the territory closest to this United States market have enjoyed a decided preference over other producers of feed grains in Western Canada. The system adopted by the Dominion Government, of establishing a fee to be paid to the Wheat Board on all oats and barley moving into the United States market, does not equalize this preference, and is, in our opinion, unwieldy and impracticable.

Under the method recommended in the foregoing resolution, it would be possible for the Wheat Board to move oats and barley from any part of Western Canada where stocks were available, as the proceeds of the sale of these grains would be pooled.

Incidentally, if the control of this business continues as at present, it is doubtful if the feed grain requirements of Eastern Canada will always be supplied.

We would very strongly suggest that it is in the interest of the growers of Western Canada that this recommendation should be implemented in time to be effective for the handling and marketing of the 1943-44 crop.

In conclusion we would like to urge early and favorable consideration of the foregoing recommendation by the Dominion Government. It would be greatly appreciated if we could be advised of the decisions of the committee, and of the Dominion Government, with respect to these recommendations at the earliest possible moment."

The current year's marketing policy as announced by the Dominion Government is outlined in the Central Report. Briefly, it provides:

- 1.—That all wheat will be marketed through the Wheat Board for a period of two years.
- 2.—The initial payment to be made by the Wheat Board has been increased from 90c to \$1.25 per bushel, basis One Northern at Lakehead.
- 3.—The fixed price to be paid for flax has been increased from \$2.25 to \$2.50 per bushel, basis 1 C.W. at Lakehead.
- 4.—An advance equalization payment on oats amounting to 10c per bushel will be paid to growers at the time of delivery at country elevator. The same payment will be made on the sale of oats between farmers, provided certain requirements are complied with.
- 5.—An advance equalization payment on barley amounting to 15c per bushel, to be paid at the time of delivery. This will also apply on farm sales, subject to certain conditions.
- 6.—The Winnipeg Grain Exchange will cease to function as a factor in the marketing of wheat. As all flax is marketed through the Wheat Board, and since the Exchange has played little or no part in the marketing of oats and barley for many months, this means that practically its sole activity will be concerned with rye.
- 7.—It was understood that the government had approved a policy of making advances against farm stored grain in those cases where deliveries were delayed as a result of lack of storage space in country elevators. For some reason not yet clear this policy has not been brought into effect.
- 8.—Deliveries to the Wheat Board during the current year will be limited to 14 bushels per authorized acre, representing a total delivery of approximately 280 million bushels during the year.
- 9.—The Wheat Board is empowered to purchase for account of the government the unsold wheat stocks in commercial positions in Canada, including all wheat still held by the Wheat Board delivered in the crop years 1940-41, 1941-42 and 1942-43. This latter action will mean that growers delivering to the Board should receive final settlement as soon as the necessary accounting can be completed.

It may be worth while recording that a considerable number of the recommendations approved by the delegates at the last annual meeting, concerning the handling and marketing of grain, have been accepted by the government

and are now in force for the current year's crop. These include:

- 1.—That all wheat should be handled by the Wheat Board and that for the coming year's crop an initial payment of not less than \$1.00 per bushel, basis One Northern, in store at Lakehead, should be made by the Board.
- 2.—That as long as the present surplus condition exists the Wheat Board should continue to take delivery only of the amount of wheat which it may reasonably be expected to market during the year.
- 3.—That the Board should be authorized to accept delivery of 280 million bushels of wheat.
- 4.—That growers should receive assurance that any wheat which may not be deliverable during the current year will be accepted within the established quotas of next season.
- 5.—That a similar assurance should be given with respect to the delivery of coarse grains.
- 6.—That the guaranteed price for flax should be fixed at not less than \$2.50 per bushel.

Future Policy

It is hardly necessary to re-state the attitude of Saskatchewan farmers toward Canada's war effort. Victory has been the first objective of all their activities during the four years of war. When the full story of Canada's war effort comes to be written the contribution of western Canadian farmers will hold a leading place.

As the war enters its fifth year there is a greater realization that, although as far removed from actual conflict as almost any part of the world, the successful conclusion of hostilities will introduce an important era in the agricultural life of this province.

Two important international events which will exercise a strong influence on the future trend of affairs in this province have received very little public attention.

The first of these was the draft agreement for a United Nations Relief and Rehabilitation Administration, prepared by the United States Government in consultation with the British, Soviet and Chinese Governments, and presented to the governments of all of the United Nations and the other nations associated with them in the war. This agreement provided for the immediate establishment of a Central United Nations Agency to assume responsibility for the relief and rehabilitation of the victims of the war.

The agreement recognized that, immediately upon the liberation of any area by the armed forces of the United Nations, the population of such area must receive aid and relief from their sufferings, including food, clothing and shelter, and recognizes that arrangements must be made for the return of prisoners and exiles to their homes.

These four nations have already approved proposals for the administration of measures for the relief of victims of war through the provision of food, clothing and other essential services, and have invited participation by the governments of other members of the United Nations. If this administration is to function successfully, very large supplies of food will be required.

The other event which may have an important bearing on future agricultural policy in Western Canada was the United Nations Conference on Food and Agriculture, which met at Hot Springs, Virginia, toward the end of May. And, just as Canada's ability to produce food supplies for the United Nations during the war period may be one of the most important contributions which this country has made to the united war effort, so the continued production of essential food supplies to meet the needs of the stricken countries of Europe may well prove to be the great contribution which Canada can make to a more lasting and enduring peace.

Already a joint British-American mission has been at work surveying the possibilities for increasing food production in North and South America to meet the immediate post-war need.

One of the important recommendations of the United Nations Food Conference has a very direct bearing on the production programme of Saskatchewan in the immediate future.

The Conference unanimously recommended to the governments of the forty-four countries represented that, as a first step in overcoming the general shortage of food, every effort should be made to increase the acreage under crops for direct human consumption, and even to holding back the rebuilding of depleted livestock herds and the production of other crops which compete for acreage with essential foods.

The Conference also recommended that those countries, such as Canada, which have been producing more than normal output because of freedom from enemy action, should maintain and wherever possible increase production, provided transportation and the means of production are available to assist in meeting abnormal demands.

If the findings of the Conference are correct, then it is obvious that the time has arrived when every western farm unit should be producing to the maximum those things which it is best suited to produce. The production policy of this province for the immediate future should, therefore, be one of maximum production. In order that this may be secured, certain requirements are essential:

1.—Hitherto farm production has been maintained at its present high level as a result of a period of favorable climatic conditions, combined with longer hours and harder work on the part of Saskatchewan farmers. It is an essential to continued maximum production that the needs of agriculture should be recognized by National Selective Service in the allocation of available manpower.

2.—The most effective method of maintaining maximum farm production is by guaranteeing a fair level of prices for farm commodities over a period of years. The present prices for wheat, while still low when compared with prices prevailing during the first Great War, or even during the period of 1926-29 accepted as the basis for fair wages for labor, will probably be regarded as reasonably fair, provided production costs are not allowed to increase.

While the present wheat surplus may be regarded as an important food bank, it should be more widely recognized that at the end of the current crop year the Canadian wheat surplus will probably represent better than 50% of the surplus stocks of wheat in the world at that time. As the needs of the liberated areas of Europe are met, provided transportation facilities are available, this surplus may move rapidly into consumption.

With regard to coarse grains, we believe that present ceiling prices, including the advance equalization payment, should be established as initial payments.

Flax prices should also be maintained at not less than present levels.

In the event of an increase in production costs, corresponding increases in price levels should be provided.

Your Board believes that acceptance by the Dominion Government of the principle of parity prices for wheat and other grains will, in the long run, provide a basis for price levels which will be in the interest of both producers and consumers.

3.—Your Board reiterates its belief that it is in the national interest that speculation in foodstuffs should be abolished. Speculative trading as a basis for establishing prices for essential farm commodities is unfair to the producer and the consumer. In any period of crisis during the past thirty years speculative trading has failed to measure up.

4.—The Wheat Board Act has been in force since 1935. In recent years the functions of the Wheat Board have expanded beyond its original object of marketing wheat. It is now the instrument through which the handling and shipping, as well as the marketing of grain, is largely regulated. The movement of grain, the allocation of cars, even the construction of elevators or temporary bins for grain storage, is now subject to regulation by the Wheat Board.

For the next few years at least, all indications point to the fact that we must think of marketing wheat in international rather than national terms. Already a tentative international agreement affecting the marketing of wheat has been approved by the principal wheat exporting countries of the world, including Canada.

It is obvious that international agreement calls for government participation. Many of the controls now in force will probably be necessary during the next few years. Under the conditions likely to exist in the post-war period, marketing legislation of the type of the ill-fated Natural Products Marketing Act will undoubtedly be required. In the field of marketing grain, it is probable that a producer-controlled marketing organization, with government participation, is likely to afford the best method for the future.

5.—The work of the P.F.R.A., particularly in the field of water conservation, and in transferring marginal and sub-marginal lands into community pastures, has been of very considerable value to this province in recent years.

Your Board believes that this work should be expanded to develop a national soil conservation policy which would include the conservation of soil, water and forest. Our arable lands represent the most valuable of all of Canada's natural resources, and money spent in their conservation should not be regarded as a subsidy to the farmer, but as a national investment for future generations of Canadians.

6.—The Prairie Farm Assistance Act now in force provides a partial form of price and crop insurance, and has already been of considerable value to the farmers of this province.

Until such time as a practical crop insurance scheme has been worked out, we believe the Prairie Farm Assistance Act should be maintained, and the payments under the Act increased so that they may be more nearly related to the needs of the producers under present-day conditions.

7.—In order that a long-term adequate agricultural policy may be established, it will be necessary to continue to urge the need for such measures as crop insurance, improved agricultural credit facilities, co-operative finance, national health, and those other factors which constitute the foundation of social security for those engaged in agricultural industry.

8.—Reference has been made in the Central Report to the recommendation of the United Nations Food Conference that the co-operative movement should be encouraged.

This resolution recognizes the important part which the co-operative movement has played in many countries, especially in agricultural areas, and urges that where any legal or constitutional obstacles to co-operative development exist the necessary adjustments should be made.

Canada is a member of this Conference, and a Canadian is acting as chairman of the continuing committee set up by the Conference.

Your Board can readily visualize a number of serious difficulties which prevent the fullest development of the co-operative movement in Canada and, in the coming year, will urge upon the Dominion Government the need for removing these obstacles in order that this recommendation may be fully implemented.

In spite of much loose talk about the place which an expanded industrial development will hold in the Canadian economy of the future, agriculture is, and for many years will continue to be, the basic industry of Canada. It is from this source that most of the actual new wealth of the country is produced. Our mineral resources, oilfields, even our timber resources, are all wasting assets, but our farm lands, under proper management, will continue to produce for generations to come.

Full production, with fair prices for farm commodities, will ensure a fair level of farm income which, in turn, will flow into the national economic system and provide employment in the post-war reconstruction period.

The maintenance of farm income is the most important prerequisite to a successful national rehabilitation policy. It will be the intention of your Board of Directors to use all of the resources of the Wheat Pool organization, in co-operation with the organized forces of agriculture from coast to coast, to maintain this objective.

Respectfully submitted,

JOHN H. WESSON
A. F. SPROULE
W. J. BALL
MARSH ADAMS
OLAF NYLUND
HENRY LEWIS
T. G. BOBIER
O. L. GLAZE
J. N. BURRILL
A. D. YOUNG
BROOKS CATTON
L. W. ELLIOTT
N. C. STEWART
H. A. CROFFORD
J. P. JENKINS
A. W. FRIESEN

Parity Principle Sound

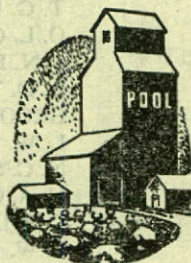
Delegates in session at the 19th annual meeting reaffirmed their faith in the principle of parity prices for agricultural commodities for immediate application, for the post-war reconstruction period and thereafter.

Organized agriculture has a task ahead, to sell to the nation as a whole, agricultural policies best suited to the needs of the industry.

These policies are shaped by the representatives of the men on the land who know their needs. Delegates to the annual meeting of the Saskatchewan Wheat Pool have an important function to interpret the needs of agriculture in terms of a concise set of principles.

In this set of principles enunciated, the principle of parity prices holds an important place.

By supporting Pool Elevators, you are supporting a definite policy for agriculture.



**Saskatchewan Pool
Elevators
Limited**

Head Office: Regina

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 Main Street
WINNIPEG

24th September, 1943.

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

We have examined the books and accounts of Saskatchewan Co-operative Wheat Producers Limited, Modern Press Limited, Saskatchewan Pool Elevators Limited, and Saskatchewan Pool Terminals Limited for the year ended 31st July, 1943, and have reported in statutory form on the Balance Sheets of each of these Companies.

The amounts shown under Deferred Charges as "Overpayment 1929-1930 Pool" and "Operating Expenses 1930-1931 Pool" are 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 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.

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 WHEAT PRODUCERS LIMITED
MODERN PRESS LIMITED**

SASKATCHEWAN POOL ELEVATORS LIMITED

and

SASKATCHEWAN POOL TERMINALS LIMITED

CONSOLIDATED BALANCE SHEET—AT 31st JULY, 1943

STATEMENT No. 1

ASSETS

Cash and Securities

Cash in Banks.....	\$ 1,706,238.12
Cash Funds—Payors.....	223,984.61
Dominion of Canada and Province of Saskatchewan Bonds (at cost) ..	3,985,072.50

\$ 5,915,295.23

Accounts Receivable—Current

Sundry.....	729,739.98
Stocks of Grain—Less Stored Grain.....	52,214,293.53
Stock in Trade—Modern Press Limited.....	12,141.61
Prepaid Taxes, Insurance and Other Expenses.....	97,659.98

Total Current Assets \$58,969,130.33

Accounts Receivable—Deferred

Province of Saskatchewan—Sinking Fund Interest Account.....	\$ 853,219.12
Growers' Accounts.....	29,154.64

882,373.76

Investments and Memberships (at cost)

Canadian Co-operative Wheat Producers Limited.....	\$50,000.00
Canadian Pool Agencies Limited.....	6,670.00
Pool Insurance Company (Amount paid thereon—an amount of \$24,900.00 is uncalled).....	68,306.00

LIABILITIES

Cheques, Vouchers, etc., Outstanding

Cheques and Money Orders.....	\$ 1,694,942.36
Grain Drafts, Cash Tickets, etc.	3,841,107.62
Outstanding Certificates.....	12,056.99

\$ 5,548,106.97

Accounts Payable—Current

Bank Loans.....	\$36,517,500.00
Province of Saskatchewan re 1929-1930 Pool Overpayment—Principal.....	\$729,885.66
Accrued Interest.....	147,342.92

\$877,228.58

Less Prepayment of Principal..... 8,200.00

Sundry.....	869,028.58
	1,266,973.41

\$38,653,501.99

Total Current Liabilities. \$44,201,608.96

Deferred Liabilities

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 7,149,991.69
Excess Charges Refund, Season 1942-1943.....	1,800,000.00

8,949,991.69
12,188,060.07

Elevator Deductions

Consumers' Co-operative Refineries Limited.....	3,400.00	
Saskatchewan Co-operative Credit Society Limited.....	4,500.00	
Winnipeg Grain Exchange.....	25,550.00	
Winnipeg Grain and Produce Exchange Clearing Association Limited.....	12,250.00	
Lake Shippers' Clearance Association.....	3,000.00	
Rural Telephone Shares.....	1,397.00	
	<hr/>	
	175,073.00	
Less Reserve.....	50,000.00	
	<hr/>	
		125,073.00
Fixed Assets (Less Reserve for Depreciation)		
Country Elevators and Coal Sheds.....	\$6,429,841.68	
Terminal Elevators.....	3,878,973.35	
Land, Buildings and Machinery—Regina and Saskatoon.....	133,298.84	
Agents' Residences.....	317,086.49	
Sites—Terminal Elevators, etc.....	366,925.25	
Office Furniture and Fixtures.....	52,879.44	
Automobiles and Sundry Equipment.....	64,339.13	
	<hr/>	
		11,243,344.18
Deferred Charges		
Overpayment 1929-1930 Pool—Company's Share—Less Reductions.....	\$6,296,772.57	
Operating Expenses, 1930-1931 Pool.....	357,546.08	
Temporary Storage Bins—Country Elevators.....	45,602.06	
Stocks of Repair Parts and Supplies.....	113,898.79	
	<hr/>	
		6,813,819.50
	<hr/>	
		\$78,033,740.77
	<hr/>	
		\$78,033,740.77

Commercial Reserve	6,567,851.17
Capital	121,742.00
Reserve Account:	
Modern Press Limited.....	9,168.06
Saskatchewan Pool Elevators Limited.....	\$ 4,506,487.34
	<hr/>
	4,515,655.40
Undivided Surplus Account	1,488,831.48
Contingent Liabilities:	
In respect of Buildings and Work Under Construction—Estimated.....	\$35,000.00
	<hr/>

Signed on behalf of the Board,

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

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

This is the Balance Sheet referred to in our report of 24th September, 1943.

CONSOLIDATED BALANCE SHEET

The following explanations prepared by the Treasurer may be of value in considering the foregoing statement:

ASSETS

CASH AND SECURITIES:

Dominion of Canada and Province of Saskatchewan Bonds—\$3,985,072.50: This represents \$133,000.00 Dominion of Canada 3% Perpetual Bonds, \$1,250,000.00 Dominion of Canada Fourth Victory Loan 3% Bonds, 1957, and \$2,682,000.00 Province of Saskatchewan 4½% Debentures, 1951, at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$729,739.98: This item is composed principally of accrued handling charges on grain in store in Country and Terminal Elevators, clearing house margins, accrued interest on bonds, sundry loans and advances.

Stocks of Grain—Less Stored Grain—\$52,214,293.53: This amount represents the value of grain on hand in various positions at 31st July, 1943, less the liability for stored grain. Values of open market grains have been based upon Winnipeg market cash closing prices at 31st July, 1943, or upon open sales contracts where applicable, after allowance for freight and carrying charges on grain in other than spot or delivery positions. 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—\$12,141.61: 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—\$97,659.98: 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—\$853,219.12: Under the terms of the Supplementary Agreement with the Province of Saskatchewan dated 17th March, 1933, any payments made by the Company 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 4½ Debentures, 1951, such excess payments have been made and are reflected in the Sinking Fund Interest Account.

Growers' Accounts—\$29,154.64: Items comprising this amount are made up as follows:

Advances Against Reserves.....	\$ 1,877.59
Seed Grain Advances Against Reserves.....	19,687.55
Contract Notes, 1928-1933 Pool.....	7,589.50
	<u>\$29,154.64</u>

Investments and Memberships—\$125,073.00: 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 Wheat Producers Limited in Season 1936-1937, to provide against loss in the Company's investment in Canadian Co-operative Wheat Producers Limited. Additions to investments during the year consist of the payment of \$9,996.00 to Pool Insurance Company, representing a premium of \$12.00 per share on the capital stock previously subscribed for, along with a further investment of \$5.00 in shares of Rural Telephone Companies. The share of organization expenses of Pool Insurance Company, previously carried in this account, has been written off as a charge to this season's operations.

FIXED ASSETS:

Country Elevators and Coal Sheds—\$6,429,841.68: Included in this amount are the following items:

	Cost	Depreciation	Net Value
Country Elevators.....	\$15,343,053.67	\$ 8,916,804.78	\$ 6,426,248.89
Coal Sheds.....	6,159.38	2,566.59	3,592.79
	<u>\$15,349,213.05</u>	<u>\$ 8,919,371.37</u>	<u>\$ 6,429,841.68</u>

Terminal Elevators—\$3,878,973.35: The following are the details of the amount shown in respect of this asset:

	Cost	Depreciation	Net Value
Terminal No. 4.....	\$ 3,106,600.93	\$ 2,031,092.63	\$ 1,075,508.30
Terminal No. 5.....	1,204,523.50	790,399.46	414,124.04
Terminal No. 6.....	75,371.80	67,054.86	8,316.94
Terminal No. 7.....	3,979,393.72	2,209,851.74	1,769,541.98
Buffalo Terminal.....	1,795,205.48	1,183,723.39	611,482.09
	<u>\$10,161,095.43</u>	<u>\$ 6,282,122.08</u>	<u>\$ 3,878,973.35</u>

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

Land, Buildings and Machinery, Regina and Saskatoon—\$133,298.84: This includes the following items:

	Cost	Depreciation	Net Value
Regina			
Head Office Building.....	\$180,000.00	\$137,250.00	\$ 42,750.00
Site.....	25,397.75	—	25,397.75
Furniture and Equipment..	11,809.97	11,809.97	—
Saskatoon			
Modern Press Building.....	26,372.15	13,641.85	12,730.30
Site.....	9,200.00	—	9,200.00
Machinery and Equipment	86,248.99	43,028.20	43,220.79
	<u>\$339,028.86</u>	<u>\$205,730.02</u>	<u>\$133,298.84</u>

Agents' Residences—\$317,086.49: Included in this asset are 399 Agents' Residences valued at \$634,001.40, against which there is a Reserve for Depreciation amounting to \$316,914.91.

Sites—Terminal Elevators, etc.—\$366,925.25: The following is a summary of the Sites which comprise this amount:

Terminal No. 4.....	\$ 91,000.00
Terminal No. 5.....	34,500.00
Terminal No. 7.....	80,678.30
Buffalo Terminal.....	123,603.94
Elevator Sites.....	1,031.25
Cottage Sites.....	36,111.76
	<u>\$366,925.25</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$6,296,772.57: The following is a summary of this account:

Balance at 31st July, 1942.....	\$7,380,291.97
Deductions:	
Increase in Province of Saskatchewan 4½% Debentures, 1951, Sinking Fund Interest Account	
Balance at 31st July, 1943.....	\$853,219.12
Balance at 31st July, 1942.....	761,720.50
Increase.....	\$ 91,498.62
Appropriation from Surplus Income, Season 1942-1943.....	992,020.78
	<u>1,083,519.40</u>
Balance at 31st July, 1943.....	\$6,296,772.57

Operating Expenses 1930-1931 Pool—\$357,546.08: The following is a summary of this account:

Operating Expenses of the Season 1930-1931, less
the unused portion of a reserve set up in that
season to provide for deferred accounting.....\$377,804.53

Less

Appropriation from Surplus Income—Season
1942-1943..... 20,258.45

\$357,546.08

Since no provision was made in the 1930 Wheat Crop Equalization Payments Act for the payment of these expenses, the amount remains a charge to be written off against future earnings of the Company.

Temporary Storage Bins—\$45,602.06: This amount represents 10% of the original cost of 456 bins erected in 1939, and 50% of the cost of one bin rebuilt in 1942 after being destroyed by fire in the previous year.

In addition to the above, the Company also owns 723 bins built in 1940, the cost of which was fully written off as a charge to the operations of the two previous seasons, and four temporary terminal annexes which were completely written off this year.

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$12,056.99: 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—\$869,028.58: This amount represents the balance of the principal payment due 15th September, 1943, together with interest accrued to 31st July, 1943, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

Sundry—\$1,266,973.41: This amount consists principally of Accrued Expenses, Customers' Margin Accounts, Loan Accounts and Shippers' Accounts. The latter item comprises the unexpended balance of the portion of the Excess Charges Refund—Season 1941-1942, which was retained for the purchase of deduction certificates to be transferred to the respective members in settlement of one-half of their refund.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$7,149,991.69: This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1943, the balance of which is provided for under the heading of "Accounts Payable—Current."

In accordance with the terms of our agreement, the amount of \$7,149,991.69 is to be repaid with interest at 5% per annum in eight equal annual payments, the first payment of principal falling due 15th September, 1944.

Excess Charges Refund, Season 1942-1943—\$1,800,000.00: This amount represents a portion of the Surplus Earnings, Season 1942-1943, set aside to be distributed to members as an Excess Charges Refund on deliveries of grain to the Company's facilities during that season, at a rate of 2c per bushel for wheat and flax and 1½c per bushel for oats, barley and rye, the time, form and manner of such distribution to be in the discretion of the Board of Directors.

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—\$121,742.00: This amount includes new capital subscribed during the year to the extent of \$3,807.00.

Reserve Account—Modern Press Limited—\$9,168.06: This comprises the surplus earnings of this Company for the year which have been transferred to this account.

Reserve Account—Saskatchewan Pool Elevators Limited—\$4,506,487.34: The following is a statement of this account:

Balance at 1st August, 1942.....	\$3,637,134.84
Transfer of Undivided Profits Account	
Balance at 1st August, 1942.....	\$712,989.40
Less Adjustments to Growers re Excess	
Charges Refund, Season 1940-1941.....	190.64
	<u>\$712,798 76</u>

Excess Charges Refund, Season 1941-1942:

Amount provided out of			
Season 1941-1942			
Earnings.....	\$1,030,000.00		
Amount required.....	973,446.26	56,553.74	769,352.50
			<u>100,000.00</u>
Transfer of Insurance Reserve.....			<u>\$4,506,487.34</u>

Undivided Surplus Account—\$1,488,831.48: This represents the balance of Surplus Earnings of the Elevator Company for this season which has been transferred to this account

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

STATEMENT No. 2

CONSOLIDATED CAPITAL STATEMENT

As at 31st July, 1943

Capital Receipts	Dr.	Cr.
Capital.....	—	\$ 121,742.00
Commercial Reserve.....	—	6,567,851.17
Elevator Deductions.....	—	12,188,060.07
Reserve Accounts—Subsidiary Companies.....	—	4,515,655.40
Undivided Surplus Account.....	—	1,488,831.48
Excess Charges Refund—Season 1942-1943.....	—	1,800,000.00
Deferred Loans Outstanding.....	—	7,149,991.69
	<hr/>	<hr/>
	\$ —	\$33,832,131.81

Capital Expenditures

Fixed and Sundry Assets

Fixed Assets (Less Reserve for Depreciation).....	\$11,243,344.18
Investments and Memberships (Less Reserve).....	125,073.00

Deferred Accounts

Accounts Receivable—Deferred.....	\$ 882,373.76
Deferred Charges.....	6,813,819.50

7,696,193.26

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

Agents' Residences and Sundry Capital Replacements.....	35,000.00
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Balance—Surplus available as Working Capital for Season 1943-1944 (Subject to Dividends and Taxes) 14,732,521.37

\$33,832,131.81

\$33,832,131.81

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET

As at 31st July, 1943

Current Assets.....	\$58,969,130.33
Current Liabilities.....	44,201,608.96

Current Position as Per Balance Sheet..... 14,767,521.37

Less: Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction..... 35,000.00

Balance—Surplus Available as Working Capital for Season 1943-1944 (Subject to Dividends and Taxes)..... \$14,732,521.37

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

STATEMENT No. 3

**SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED
SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL AS AT 31st JULY, 1943**

SOURCE OF CAPITAL FUNDS	Capital	Commercial Reserve	Elevator Deductions	Reserve Accounts	Undivided Surplus Account	Excess Charges Refund Season 1942-1943	Deferred Loans Outstanding	Total
Stock Subscriptions.....	\$ 121,742.00	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 121,742.00
Deductions from Pool Payments.....	—	6,567,851.17	12,188,060.07	—	—	—	—	18,755,911.24
From Surplus Earnings.....	—	—	—	\$ 4,515,655.40	\$ 1,488,831.48	\$ 1,800,000.00	—	7,804,486.88
Province of Saskatchewan—Loan.....	—	—	—	—	—	—	\$ 7,149,991.69	7,149,991.69
TOTAL CAPITAL RECEIPTS.....	\$ 121,742.00	\$ 6,567,851.17	\$ 12,188,060.07	\$ 4,515,655.40	\$ 1,488,831.48	\$ 1,800,000.00	\$ 7,149,991.69	\$ 33,832,131.81
ANALYSIS OF CAPITAL EXPENDITURES								
Advances, etc., to Growers.....	\$ —	\$ 29,154.64	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 29,154.64
Investments.....	18,939.15	65,786.85	40,347.00	—	—	—	—	125,073.00
Fixed Assets (Including Expenditures Approved for Completion of Programme of Building and Work Under Construction).....	102,802.85	71,482.38	11,104,058.95	—	—	—	—	11,278,344.18
1929-1930 Pool Overpayment.....	—	—	—	—	—	—	7,149,991.69	7,149,991.69
Operating Expenses, 1930-1931 Pool.....	—	357,546.08	—	—	—	—	—	357,546.08
Temporary Storage Bins—Country Elevators.....	—	—	45,602.06	—	—	—	—	45,602.06
Stocks of Repair Parts and Supplies.....	—	2,123.31	111,775.48	—	—	—	—	113,898.79
TOTAL CAPITAL EXPENDITURES.....	\$ 121,742.00	\$ 526,093.26	\$ 11,301,783.49	\$ —	\$ —	\$ —	\$ 7,149,991.69	\$ 19,099,610.44
BALANCE—SURPLUS CAPITAL.....	\$ —	\$ 6,041,757.91	\$ 886,276.58	\$ 4,515,655.40	\$ 1,488,831.48	\$ 1,800,000.00	\$ —	\$ 14,732,521.37
TOTAL CURRENT ASSETS—As Per Consolidated Balance Sheet—Statement No. 1.....								\$ 58,969,130.33
TOTAL CURRENT LIABILITIES—As Per Consolidated Balance Sheet—Statement No. 1.....								44,201,608.96
BALANCE—Current Position.....								\$ 14,767,521.37
Less Estimated Capital Expenditures to Complete Programme of Building and Work Under Construction.....								35,000.00
BALANCE—Surplus Capital (Subject to Dividends and Taxes).....								\$ 14,732,521.37

STATEMENT No. 4

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

**STATEMENT OF ASSETS, DIRECT LIABILITIES AND
GROWERS' EQUITY AS AT 31st JULY, 1943**

ASSETS

Fixed Assets (Less Reserve for Depreciation).....	\$11,243,344.18
Investments and Memberships (Less Reserve).....	125,073.00
Other Assets (Deferred Accounts Receivable, etc.)	
Province of Saskatchewan — Sinking Fund Interest Account.....	853,219.12
Growers' Notes and Accounts Receivable	29,154.64
Temporary Storage Bins—Less Amount Written Off.....	45,602.06
Stocks of Repair Parts and Supplies.....	113,898.79
Surplus Capital (After Providing for Expenditures to Complete Programme of Building and Work Under Construction)	14,732,521.37
Amount Provided to Complete Programme of Building and Work Under Construction.....	35,000.00
Total Net Assets.....	\$27,177,813.16

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

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$ 7,149,991.69	26.308%
---	-----------------	---------

TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS.....	\$ 7,149,991.69	26.308%
--	------------------------	----------------

BALANCE OF ASSETS OVER LIABILITIES

Growers' Equity (Subject to Payment of Dividends and Taxes).....	\$20,027,821.47	73.692%
	\$27,177,813.16	100.000%

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

STATEMENT No. 5

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, 1943, ALSO BALANCE OF REGULAR PAYMENTS TO BE MADE FROM 15th SEPTEMBER, 1944, 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
	<u>\$13,752,000.00</u>

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
Total Paid.....	\$13,278,515.16	\$ 6,676,506.85	\$ 6,602,008.31	\$ —

STATEMENT OF PAYMENTS TO BE MADE

Due Date	Amount	Interest	Principal	Balance After Completing Payment
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	278,943.64	844,933.89	4,733,978.92
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	2,913,258.73
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	—
Total to be Paid.....	\$ 8,822,782.42	\$ 1,672,790.73	\$ 7,149,991.69	—

SUMMARY

	Amount	Interest	Principal
Paid to 15th September, 1943.....	\$13,278,515.16	\$ 6,676,506.85	\$ 6,602,008.31
Balance to 15th September, 1951.....	8,822,782.42	1,672,790.73	7,149,991.69
Total.....	\$22,101,297.58	\$ 8,349,297.58	\$13,752,000.00

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

STATEMENT No. 6

STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

AS AT 31st JULY, 1943

TOTAL HANDLED (ALL GRAINS)

	Bushels 1924-1942	Bushels 1942-1943	Bushels 1924-1943		Bushels 1924-1942	Bushels 1942-1943	Bushels 1924-1943
Saskatchewan Pool Elevators Limited				Saskatchewan Pool Terminals Limited			
Country Elevators.....	1,231,765,064	108,910,718	1,340,675,782	Terminal No. 4.....	267,586,264	12,767,232	280,353,496
Platform.....	57,732,836	162,088	57,894,924	Terminal No. 5.....	82,606,333	7,240,890	89,847,223
Total	1,289,497,900	109,072,806	1,398,570,706	Terminal No. 6.....	297,271,058	17,439,644	314,710,702
Number of Elevators Operated.....	—	1,090	—	Terminal No. 7.....	285,177,378	22,136,664	307,314,042
Average Handling Per Elevator.....	—	99,918	—	Terminal No. 8.....	28,240,761	—	28,240,761
				Total	960,881,794	59,584,430	1,020,466,224
				Buffalo Terminal Elevator	131,930,775	—	131,930,775

SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT OF EARNINGS

1st AUGUST, 1925, TO 31st JULY, 1943

	Total 1925-1942	Sundry Adjustments	Season 1942-1943	Total 1925-1943
SURPLUS EARNINGS (After Adjusting for Income Tax Paid and Loss on Realization of Assets).....	\$26,370,276.47	\$ —	*\$ 4,761,476.28	*\$31,131,752.75
DISTRIBUTION OF EARNINGS				
Excess Charges Refund:				
Paid to Growers.....	\$ 4,937,372.17	\$ 510,365.32	\$ —	\$ 5,447,737.49
Credits to Growers' Overpayment Accounts.....	2,559,217.44	—	—	2,559,217.44
Reserve Certificates Purchased or to be Purchased in Settlement of Credits.....	963,429.51	463,271.58	—	1,426,701.09
Allocated for Distribution on Deliveries for Season 1941-1942.....	1,030,000.00	(1,030,000.00)	—	—
Allocated for Distribution on Deliveries for Season 1942-1943.....	—	—	1,800,000.00	1,800,000.00
Total Excess Charges Refund	\$ 9,490,019.12	(\$ 56,363.10)	\$ 1,800,000.00	\$11,233,656.02
Farm Storage Paid to Growers.....	306,456.74	—	—	306,456.74
Share of Pool Expenses.....	1,077,853.15	—	94,385.00	1,172,238.15
Dividends to Pool.....	1,915,273.80	—	—	1,915,273.80
Share of Earnings to Pool re Principal Payments, 1929-1930 Pool Overpayment Liability.....	2,902,070.73	—	979,885.66	3,881,956.39
Interest Paid on 1929-1930 Pool Overpayment Liability.....	6,228,478.69	—	398,374.14	6,626,852.83
Transfer to Reserve Account.....	3,637,134.84	869,352.50	—	4,506,487.34
Transferred to Insurance Reserve.....	100,000.00	(100,000.00)	—	—
Transferred to Undivided Profits Account.....	712,989.40	56,363.10	—	—
	—	(769,352.50)	—	—
Transferred to Undivided Surplus Account.....	—	—	1,488,831.48	1,488,831.48
Total	\$26,370,276.47	\$ —	\$ 4,761,476.28	\$31,131,752.75

STATEMENT No. 7—Continued

Net Earnings (as above)	\$31,131,752.75
Depreciation Reserve as at 31st July, 1943	15,672,828.90
Interest on Mortgages (Paid to Province of Saskatchewan and Liquidator, Saskatchewan Co-operative Elevator Company Limited, from 1st August, 1926, to 31st August, 1933, in Respect of the Purchase of the Assets of the Latter Company).....	2,150,331.29
TOTAL OPERATING EARNINGS—1st August, 1925, to 31st July, 1943	<u>\$48,954,912.94</u>

NOTE: Sundry Adjustments Shown in the Second Column Comprise the following:

- (a) Payment to Growers of Excess Charges Refund, Season 1941-1942 (\$510,244.40); Allocation of Portion Retained for Purchase of Reserve Certificates (\$463,201.86); and Transfer of Unused Portion to Undivided Profits Account (\$56,553.74).
- (b) Adjustment of Excess Charges Refund, Season 1940-1941, Consisting of Additional Payments to Growers (\$120.92) and Purchase of Reserve Certificates (\$69.72). Both Amounts Charged to Undivided Profits Account (\$190.64).
- (c) Transfer of Insurance Reserve (\$100,000.00), and Transfer of Undivided Profits Account (\$769,352.50) to Reserve Account.

*No Provision is Made in the Above Statement for any Liability which may Arise in Respect of Income or Excess Profits Taxes on this Year's or Prior Years' Earnings.

LIBRARY RECORD FOR 1942-1943

	Books Mailed	Books Returned	Requests		Postage
			Books	Catalogues	
1942					
August.....	817	836	42	13	\$45.27
September.....	741	768	40	23	38.00
October.....	736	712	54	28	44.42
November.....	947	932	129	39	53.00
December.....	1,049	923	149	41	58.51
1943					
January.....	1,194	1,115	187	67	64.27
February.....	1,164	1,121	151	51	67.06
March.....	1,315	1,265	206	55	67.67
April.....	1,004	1,032	88	13	61.66
May.....	737	792	42	7	41.07
June.....	827	824	29	7	47.15
July.....	768	792	34	8	41.68
Total.....	11,299	11,112	1,151	352	\$629.76

Number of Borrowers as at 31st July, 1943

Wheat Pool Members.....	1,984
Agents.....	130
	<u>2,114</u>

STATEMENT No. 9**WHEAT POOL COMMITTEES****TOTAL NUMBER OF COMMITTEES****1942-1943**

Sub-district	1	2	3	4	5	6	7	8	9	10	11	T'tl
District 1.....	3	4	7	10	7	6	8	11	6	8	—	70
District 2.....	5	4	5	8	4	5	9	8	14	5	—	67
District 3.....	3	4	3	4	8	5	3	5	3	7	—	45
District 4.....	3	7	10	5	5	2	4	7	3	6	—	52
District 5.....	10	7	5	7	8	4	6	10	9	5	—	71
District 6.....	9	10	7	8	10	12	11	7	7	8	—	89
District 7.....	8	5	5	5	7	8	6	5	11	7	—	67
District 8.....	8	9	10	8	8	8	6	10	6	4	—	77
District 9.....	5	7	5	9	3	9	6	7	6	7	—	64
District 10.....	6	6	4	8	14	8	2	7	4	9	—	68
District 11.....	9	11	12	5	4	7	12	7	11	10	—	88
District 12.....	10	8	9	7	6	7	7	8	12	8	—	82
District 13.....	9	12	3	10	8	7	12	5	9	11	7	91
District 14.....	5	7	8	11	2	7	7	12	8	9	7	83
District 15.....	9	8	9	8	7	5	7	5	5	7	4	74
District 16.....	6	8	9	7	4	11	5	9	7	8	8	82
Total.....	1,170											

STATEMENT No. 10**COMMITTEES RE-ORGANIZED****1942-1943**

Sub-district	1	2	3	4	5	6	7	8	9	10	11	T'tl
District 1.....	3	4	7	10	7	6	6	11	5	6	—	65
District 2.....	5	3	3	8	4	5	8	6	13	5	—	60
District 3.....	3	3	3	3	6	2	3	5	3	6	—	37
District 4.....	3	7	8	5	5	2	4	6	3	6	—	49
District 5.....	8	5	5	7	7	3	4	8	9	4	—	60
District 6.....	8	10	7	5	6	8	8	7	7	6	—	72
District 7.....	6	5	5	5	6	8	6	5	11	6	—	63
District 8.....	8	9	10	8	7	6	6	5	4	2	—	65
District 9.....	5	6	3	7	2	6	6	5	5	5	—	50
District 10.....	4	6	3	6	13	8	2	7	1	7	—	57
District 11.....	4	6	11	3	3	5	8	5	7	6	—	58
District 12.....	10	5	9	7	5	6	7	8	11	6	—	74
District 13.....	7	10	3	10	5	6	8	4	6	9	7	75
District 14.....	5	6	6	11	2	6	5	10	6	8	6	71
District 15.....	7	6	7	8	6	3	5	4	4	4	3	57
District 16.....	6	7	9	6	4	10	3	6	6	7	7	71
Total.....	984											

CANADIAN POOL AGENCIES LIMITED, WINNIPEG, MANITOBA
BALANCE SHEET AS AT JULY 31st, 1943

ASSETS		LIABILITIES	
Agency Assets		Agency Liabilities	\$ 75,541.45
Cash in Agency Bank Accounts.....	\$ 35,825.70	Accounts Payable—Insurance.....	\$ 36,158.10
Accounts Receivable—Insurance.....	39,715.75	Commissions Payable—Per Contra..	39,383.35
	<u>\$ 75,541.45</u>		<u>\$ 75,541.45</u>
Shareholders' and Patrons' Assets		Shareholders' Liabilities and Reserve	21,624.96
Cash.....	\$ 9,445.21	Miscellaneous Accounts Payable.....	\$ 1,624.96
In General Bank Accounts.....	\$ 9,375.21	General Reserve Against Unearned	
On Hand.....	70.00	Income and Investments.....	20,000.00
	<u>\$ 9,445.21</u>	Allocated as Follows:	
Accounts Receivable	53,579.31	Alberta Wheat Pool.....	\$ 5,568.12
Commissions—Per Contra.....	\$ 39,383.35	Manitoba Pool Elevators Ltd.....	3,146.82
Loan Accounts—Secured.....	5,122.02	Sask. Co-operative Wheat Pro-	
Poo Insurance Co.....	8,539.97	ducers Ltd.....	11,285.06
Miscellaneous.....	533.97		<u>\$ 20,000.00</u>
	<u>\$ 53,579.31</u>		<u>\$ 21,624.96</u>

Investments—At Cost	80,198.35
\$80,000 Dominion of Canada Bonds 3½% Maturing June, 1966.....	<u>\$ 80,198.35</u>
(Quoted value July 31, 1943— \$81,600.00)	
Membership Deposits	200.00
Insurance Agents' Associations.....	<u>\$ 200.00</u>
Furniture and Fixtures	500.00
Cost.....	\$ 6,572.81
Less: Depreciation Reserve.....	<u>6,072.81</u>
	<u>\$ 500.00</u>
	<u>\$143,922.87</u>

\$219,464.32

Capital Stock	\$ 20,000.00
Authorized.....	<u>\$ 20,000.00</u>
Issued and Fully Paid (2,000 Shares of \$10.00 each).....	<u>\$ 20,000.00</u>
Patrons' Equity	102,297.91
Allocated as Follows:	
Alberta Wheat Pool.....	\$ 20,127.82
Manitoba Pool Elevators Ltd....	18,425.29
Sask. Co-operative Wheat Pro- ducers Ltd.....	<u>63,744.80</u>
	<u>\$102,297.91</u>
Signed on Behalf of the Board:	
J. H. WESSON, Director	
W. J. PARKER, Director	
	<u>\$219,464.32</u>

AUDITOR'S REPORT

We have audited the accounts of the Canadian Pool Agencies Limited for the year ended July 31st, 1943, and have received all the information and explanations we have required. Bank balances have been confirmed by certificate 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. Responsibility for payment of any income tax is disclaimed by the Company and no provision for any income tax liability has been made on the Balance Sheet.

We certify that, in our opinion, the above Balance Sheet and related operating 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 July 31st, 1943, 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, September 15th, 1943.

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

CANADIAN POOL AGENCIES LIMITED

Winnipeg, Manitoba

SUMMARY OF PATRONS' EQUITY ACCOUNT

For the Year Ended July 31st, 1943

	Debit	Credit
Balance at Credit July 31st, 1942.....		\$103,020.14
Distributed During Year 1942-1943.....	\$103,020.14	
Patronage Dividend Year 1941-1942:		
Alberta Wheat Pool....\$ 24,593.08		
Manitoba Pool Eleva- tors Limited..... 18,407.15		
Saskatchewan Co-op- operative Wheat Producers Limited... 60,019.91		
	<u>\$103,020.14</u>	
	\$103,020.14	\$103,020.14
Patrons' Equities for Year Ended July 31, 1943, as Per Exhibit C.....		102,297.91
Allocated as follows:		
Alberta Wheat Pool....\$ 20,127.82		
Manitoba Pool Eleva- tors Limited..... 18,425.29		
Saskatchewan Co-op- operative Wheat Producers Limited... 63,744.80		
	<u>\$102,297.91</u>	
Total at Credit July 31, 1943, as per Balance Sheet—		
Exhibit A.....	\$102,297.91	
Alberta Wheat Pool.....\$ 20,127.82		
Manitoba Pool Elevators Limited..... 18,425.29		
Saskatchewan Co-opera- tive Wheat Producers Limited..... 63,744.80		
	<u>\$102,297.91</u>	
	<u>\$205,318.05</u>	<u>\$205,318.05</u>

CANADIAN POOL AGENCIES LIMITED

Winnipeg, Manitoba

STATEMENT OF INCOME AND EXPENDITURES

For the Year Ended July 31st, 1943

Income:

Commissions.....	\$111,066.76
Fire.....	\$ 71,784.59
Bonds.....	19,413.95
Accident and Sickness.....	170.36
Liability.....	2,160.18
Automobile.....	2,449.70
Robbery and Burglary.....	336.73
Floater.....	241.04
Windstorm.....	646.60
Sprinkler Leakage.....	.75
Steam Boiler.....	36.77
Riot and Civil Commotion.....	430.56
Plate Glass.....	147.83
War Risks.....	500.00
Lake Marine and Outturn.....	3,342.12
Contingent.....	9,093.43
Overriding.....	350.71
	<hr/>
	\$111,105.32
less: Brokerage Paid.....	38.56
	<hr/>
	\$111,066.76

Other Income.....	3,060.57
Interest and Exchange—General.....	\$ 419.41
Interest on Investments.....	2,600.00
Miscellaneous.....	41.16
	<hr/>
	\$ 3,060.57

Total Income for Year.....	\$114,127.33
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Expenses.....	11,829.42
Salaries (inclusive of cost of living bonus) \$	8,229.90
Directors' Fees and Expenses.....	462.55
Rent and Light.....	926.30
Telephone and Telegraph.....	199.42
Printing and Stationery.....	577.09
Postage and Excise.....	157.04
Taxes and Licenses.....	244.43
Travelling Expense.....	87.59
Depreciation.....	364.60
Audit and Legal.....	395.00
Insurance.....	42.83
Miscellaneous.....	442.67
	<hr/>
	\$ 12,129.42
Deduct: Recovery from Interprovincial Pool.....	300.00
	<hr/>
	\$ 11,829.42

Balance, Equities for Year Ended July 31st, 1943, Carried to Exhibit "B"....	<hr/> <hr/>
	\$102,297.91

POOL INSURANCE COMPANY

BALANCE SHEET

as at December 31st, 1942

ASSETS

Cash in Bank.....	\$119,626.21
Bank of Montreal—General Account.....	\$ 29,072.40
—Savings Account.....	90,553.81
	<u>\$119,626.21</u>
Accounts Receivable.....	78,918.30
Canadian Pool Agencies Limited.....	\$ 48,367.56
Advances to Inspection Staff.....	550 74
From Shareholders, paid in cash February, 23, 1943...	30,000.00
	<u>\$ 78,918.30</u>
Investments—Ledger Value.....	248,578.00
Dominion of Canada Bonds:	Par Value
1935 Loan—3%—Due 1955.....	\$ 50,000.00
Second War Loan—3%—Due 1952.....	37,500.00
First Victory Loan—3%—Due 1952.....	87,500.00
Second Victory Loan—3%—Due 1954.....	75,000.00
	<u>\$250,000.00</u>

LIABILITIES

Accounts Payable.....	\$ 55,515.39
Taxes Accrued.....	4,109.31
Reserves for Unearned Income.....	38,406.86
Unexpired Portion of Premium Income.....	\$16,992.63
Unexpired Portion of Re-Insurance	
Commissions.....	31,485 87
	<u>\$ 48,478.50</u>
Less Commissions Paid on Business Not Yet Taken	
Into Income.....	10,071.64
	<u>\$ 38,406.86</u>
Capital Stock.....	175,000.00
Authorized—5,000 Shares at \$100.00.....	\$500,000.00
Subscribed—2,500 Shares at \$100.00.....	\$250,000.00
Paid-up Thereon.....	<u>\$175,000.00</u>
Premium at 12% on Capital Stock Subscribed.....	30,000.00

POOL INSURANCE COMPANY

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended December 31st, 1942

Premiums on Business Written in 1942.....	\$443,119.17	
Less Ceded to Other Companies.....	391,994.74	
		\$ 51,124.43
Add Decrease in Unearned Premium Reserve.....		43.88
Premiums Earned in 1942.....		\$ 51,168.31
Deduct: Losses and Adjustment Expense.....	\$127,767.53	
Less Re-insurance Recoveries.....	114,838.43	
		12,929.10
Net Underwriting Income.....		\$ 38,239.21
Add: Commissions on Re-insurance Placed with Other Companies (earned portion only).....		184,050.02
Special Allowance by Lloyd's in Lieu of Taxes.....		8,493.22
Inspection Fees on Elevators in British Columbia.....		94.21
Total Revenue Before Commission Paid.....		\$230,876.66
Deduct: Commissions Paid (on earned premiums only).....		46,627.37
Balance Available for Expenses and to Patrons and Shareholders.....		\$184,249.29
Deduct Expenses:		
Excess Loss Insurance Premium.....	\$ 2,398.94	
Taxes, Licenses and Association Dues.....	8,983.29	
Inspection Service:		
Salaries.....	\$9,701.84	
Board and Lodging.....	2,758.56	
Transportation.....	4,165.71	
Insurance.....	547.95	
Printing, Stationery and Miscellaneous.....	404.33	
		17,578.39
Administration:		
Salaries.....	\$8,430.35	
Rent and Light.....	978.78	
Directors' Fees and Expenses.....	1,486.85	
Legal Expense.....	218.40	
Audit.....	350.00	
Travelling Expense.....	674.30	
Miscellaneous.....	1,023.93	
		13,162.61
		42,123.23
		\$142,126.06
Add: Interest Earned.....		7,230.49
Balance Available to Patrons and Shareholders for the Year 1942.....		\$149,356.55

Canadian Co-operative Wheat Producers Limited

DIRECTORS' REPORT 1942-1943

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

Gentlemen:

Although not an event occurring within the crop year 1942-43 which this report covers, your Board considers the announcement of Hon. J. A. MacKinnon on September 28th with regard to wheat marketing policy, to be of such importance and of such close connection with the activities of the Pools during the last few years as to make it desirable to set it out as a preface to our report.

Mr. MacKinnon announced that futures trading in wheat on the Winnipeg Grain Exchange was suspended as from that date; that all unused stocks of wheat except those held on the farms would be taken over by the Wheat Board on the basis of the previous day's open market closing prices; that the accounting for the deliveries from the crops of 1940-41, 1941-42 and 1942-43 would be closed, and a final payment made on participation certificates as soon as the accounting was complete; that an initial payment of \$1.25 a bushel basis No. 1 Northern, Fort William, had been authorized for the crop years 1943-44 and 1944-45 and the issue of participation certificates would be continued.

Your Board received the announcement of this new policy with great satisfaction, for it represents the culmination of some years of persistent recommendation by the Pools and the Canadian Federation of Agriculture. Ever since the beginning of the war we have urged that the marketing of wheat should be assumed as a national responsibility and regulated in such manner as to make it definitely a part of the nation's war effort. Indeed, before the outbreak of war, with the growing wheat surpluses and the accompanying hedging pressure on the market, the Pools urged upon the Wheat Sub-committee of the Cabinet at a meeting on June 14th, 1938, that a wheat crisis was impending, and that the Wheat Board should be authorized to take delivery of all wheat.

On May 10th, 1940, a delegation from the Canadian Federation of Agriculture was received by the government and presented a memorandum in which, among other things, it was recommended that "the control and marketing of all Canadian wheat should be placed in the hands of the Canadian Wheat Board."

From that date onwards the Pools have persistently and consistently recommended the policy now adopted by the government. We have urged increases in the initial payment and suggested, as this report will show, that the conditions warranted an increase as high as \$1.20 but, inasmuch as we could not possibly know as much about the actual situation and the prospects as the federal government, we did not press the \$1.20 figure but remained with our repeated request for \$1.00, plus, of course, participation certificates. We also asked for a cut-off on previous crop deliveries and for a final payment on the deliveries from those crops. The adoption of this new policy by the government is a complete vindication of the attitude of the organized farmers towards the wheat

problem and its connection with the war effort and, though it comes late and only after strong efforts by the farmers themselves, this recent action by the Dominion Government, taken in conjunction with other concessions made to the agricultural producers, is evidence of the increasing prestige of the organized farmers.

Board Meetings

Your Board held four meetings during the crop year. The major questions discussed at these meetings were in connection with handling charges and street spreads, car allocations, and wheat marketing conditions. These questions were also discussed at a series of meetings of the full boards of the Pools. On October 4th, 1942, the executive of your Board met Hon. J. A. MacKinnon and arranged for a meeting with the Wheat Committee of the Cabinet for October 8th to discuss unsettled questions.

One change was made in the Board during the year, W. J. Ball, Pelly, Saskatchewan, taking the place of J. P. Jenkins, Kelvington, Saskatchewan.

Production

Nature turned a smiling face to the North American continent in the crop season 1942-43. From the smallest area sown to wheat since 1920—20,653,000 acres, a reduction of 487,000 on 1941—the prairie provinces harvested one of the largest, if not the largest crop in their history, and an equally spectacular crop of coarse grains, the sown area of which was increased by 4,077,000 acres over that of 1941. The third estimate of the Bureau of Statistics gave the production of the prairie provinces as 565,000,000 bushels, but the Bureau, in the Monthly Wheat Review for September, states that preliminary disposition data appeared to indicate an over estimate of about 36,500,000 bushels and sets the prairie production at 528,437,000 bushels. As this figure, however, is not yet official, we give the figures of the third estimate as follows: (previous years in brackets): Wheat 565,000,000 bushels (296,000,000); oats 500,000,000 bushels (178,000,000); barley 241,000,000 bushels (94,700,000); rye 23,000,000 bushels (9,989,000); flaxseed 14,700,000 bushels (5,641,000).

Deliveries of wheat from the farms to elevators were begun at five bushels per authorized acre up to a maximum of 15 bushels with an overall delivery for the three provinces of 280,000,000 bushels. Actual deliveries, however, were 261,871,275 bushels (227,854,572 bushels in 1941 on an overall quota of 230,000,000 bushels).

The huge crop added considerably to the carryover. At July 31st, 1942, stocks on hand totalled 423,752,337 bushels; on the corresponding date 1943 stocks totalled 601,477,184 bushels. In the same period stocks of coarse grains rose as follows: Oats from 28,607,188 bushels to 149,324,136 bushels; barley from 10,821,462 bushels to 69,253,707 bushels; rye from 3,353,203 bushels to 15,277,088 bushels; flaxseed from 1,027,040 bushels to 3,740,121 bushels.

The use of wheat for other than human food has helped considerably in keeping down stocks. The Bureau of Statistics estimates that 43,420,000 bushels of wheat were fed to livestock in the prairie provinces in 1941-42 and 60,000,000 bushels in 1942-43. About 4,500,000 bushels were used in the production of alcohol. It is estimated that between seven and eight million bushels will be used for a similar purpose in 1943-44. Approximately 197,000,000 bushels of wheat were held on farms at July 31st, 1943, as against less than 11,000,000 at the corresponding date of 1942.

Wheat stocks in the four exporting nations of Argentina, Australia, Canada, and the United States, as at July 31st, 1943, are estimated at approximately 1578 million bushels, an increase of 157 million bushels over the previous year. According to the Bureau of Statistics this surplus is not entirely due to loss of markets because of the war, as the disposition of wheat by the four countries, in the four years of war, is 400,000,000 bushels in excess of the disposition in the four years preceding the war. International trading has shrunk approximately 20%, but increased domestic use has offset the loss of this trade. In this domestic use there has to be included over 73 million bushels released for fuel by the Government of Argentina.

It is estimated that in the three wheat surplus nations of Canada, the United States and Argentina, over 600 million bushels of wheat will be used during the next year in feed for livestock, as fuel, and in the manufacture of industrial alcohol. This is more wheat than the average annual import demand before the war. Even with that colossal diversion of uses for a valuable food the exporting nations will have enough wheat on hand to meet anticipated European demands for at least two years.

1943-1944 Crop

The area under wheat for the 1943-44 crop was reduced to 16,729,000 acres, the smallest acreage since 1918. The first estimate of the Dominion Bureau of Statistics gives the following production for the prairie provinces, last year's figures in brackets: Wheat 279,000,000 bushels (565,000,000); oats 407,000,000 bushels (500,000,000); barley 211,000,000 bushels (241,000,000); rye 7,219,000 bushels (23,000,000); flaxseed 17,400,000 bushels (14,700,000). The estimates of the three Pools give a total of 279,743,700 bushels of wheat for the prairie provinces.

About six million bushels of wheat were shipped from Canada to Greece during the 1942 crop year as a free gift from the Canadian people. Shipping of this wheat began in August, 1942, and has been continued at the rate of about 500,000 bushels a month. The wheat is carried in Swedish vessels and distribution in Greece is in the hands of the International Red Cross. Mr. MacKinnon informed the House of Commons that shipments would continue as long as shipping space and wheat were available.

Interprovincial Pool Meetings

Three meetings of the full boards and officials of the three Pools were held during the year. The first of these meetings was held in Regina, August 11th-12th, 1942, at which there was considerable discussion of handling charges and street spreads, and it was agreed to recommend to the Wheat Board a reduction in the charges, and also a reduction in storage charges. It was also decided to recommend to the government the continuance of farm storage and the establishment of a system of advances on deliverable farm stored wheat.

The second meeting was held in Winnipeg, June 29th-30th, 1943, at which it was decided to make the following recommendations to the Wheat Sub-committee of the Cabinet:

1. That the initial payment on wheat delivered to the Wheat Board be raised to \$1.00 a bushel.
2. That storage be paid on deliverable farm stored wheat.
3. That arrangements be made to make advances on deliverable farm stored wheat.
4. That provision be made for an adequate supply of lumber and hardware for the building of farm granaries.
5. That the Wheat Board handle all oats and barley on a pooling basis and issue participation certificates, the initial payment to be established at ceiling prices.

It was the opinion of this meeting that the initial payment on wheat might well be \$1.20 a bushel in view of the changed conditions and advancing open market prices.

Mr. Wesson reported to this meeting the invitation sent to the Canadian Federation of Agriculture from the National Farmers' Union of Great Britain to send two representatives to the United Kingdom to learn at first hand the agricultural situation in that country. The meeting decided that there was an abundance of information available on the British agricultural situation and that there did not seem to be any necessity at the present time to send representatives merely for the purpose indicated in the invitation.

It was also arranged at this meeting, after a long discussion with the Wheat Board, that officials of the Pools meet with the Board and endeavor to work out a plan of car allocation which would enable the Pool member to deliver his grain to his own elevator.

The third meeting was held in Regina, August 27th-28th, 1943, and included a session with Hon. Jas. G. Gardiner, Minister of Agriculture. The subjects discussed at this meeting included: marketing of all grain through the Canadian Wheat Board; raising of the initial payment on wheat to \$1.00 a bushel; initial payment on oats and barley to be not less than the ceiling price, with final payments on participation certificates of proceeds from sales to the United States or compensation from the federal treasury for the loss of this market; closing of the accounting for the deliveries from 1940-41 and 1941-42 crops and a payment on the participation certificates; the issue of participation certificates to cover proceeds on the export sales of flax in excess of domestic prices; the advance in open market wheat prices and the increasing street spreads; car allocation, and the position of the rye growers.

Meeting with the Government

The Executive of your Board met the Wheat Subcommittee of the Cabinet on July 12th, 1943, and submitted a memorandum containing the decisions of the interprovincial Pool meeting on June 29th-30th. The memorandum laid stress upon the compliance of the farmers with government policy and their efforts to maintain production with insufficient means. Comparing prices of wheat in Canada with the higher price in the United States, it claimed there was no justification for the disparity, and while it asked only for \$1.00 initial payment, it pointed out that in the changed conditions the initial payment might justly be raised to \$1.20 a bushel. It was also recommended that the Wheat Board handle all oats and barley on a pooling basis so that the benefit of the United States market might be obtained for the producer; that farm storage be paid, and that advances be arranged on deliverable farm stored wheat.

Western Agricultural Conference

Meeting in Calgary, January 26th-27th, immediately prior to the annual meeting of the Canadian Federation of Agriculture, the Western Agricultural Conference, composed of delegates from the four western provinces, prepared and discussed resolutions to be taken to the meeting of the Federation.

The Conference heard reports from Alberta, Saskatchewan and Manitoba, and Hon. L. Maynard, of the Government of Alberta, gave a review of the farm debt situation.

Resolutions adopted by the Conference for presentation to the Federation meeting dealt with grain, livestock, farm labor, speculation in foodstuffs, economic security, distribution of surplus war material, elimination of income tax deductions from wages of farm workers, and crop insurance.

J. H. Wesson was re-elected President of the Western Agricultural Conference; L. Hutchinson, First Vice-President; E. J. Chambers, Second Vice-President.

Canadian Federation of Agriculture

The Seventh Annual Meeting of the Canadian Federation of Agriculture was held at Calgary, January 28th-30th. This was the second annual meeting held in the West. The Secretary's report at this meeting revealed the growing prestige of the organization, its activities showing association with such other organizations as the League of Nations Society in Canada; the National Reconstruction Committee; Farm Radio Forum; and special committees in connection with war-time policies.

Matters discussed in the meeting included: farm labor; rationing; food supplies and reserves; livestock marketing; dairy production; grain policies; national health problems; post-war reconstruction.

During the meeting Hon. J. A. MacKinnon announced in the House of Commons the government's wheat policy for 1943. Delegates to the meeting expressed resentment at the announcement, and a telegram was sent to the Minister voicing strong protests against the adoption of the policy without first giving the Federation an opportunity to present the views of organized agriculture.

The decisions of the meeting were set out as recommendations in a memorandum presented to the government at Ottawa by a delegation from the Federation on February 9th, 1943. The memorandum expressed regret that the government wheat policy had been announced before the Federation had been given the opportunity to present the recommendations of its annual meeting, but accepted the interview with the government as an assurance that the views of the organized farmers would receive full consideration. The government was urged to build up reserves of food; to prevent speculation in foodstuffs; and to make every effort to provide man-power adequate to fulfil the production demands. The recommendations may be summarized as follows:

1. That the initial payment for wheat be raised to \$1.00 and that the price for wheat used in domestic consumption be \$1.35 a bushel.
2. That the over-all quota of delivery of wheat for 1943 be 280 million bushels and that wheat deliverable in 1942 but not delivered be included in the 1943 quota.
3. That the price of flax be raised from \$2.25 a bushel to \$2.50.
4. That advances be made on deliverable farm stored grain and that farm storage be paid.
5. That a bonus of \$4.00 an acre be paid on land taken out of cultivation and seeded to grass and continued at \$2.00 an acre for two additional years if the land be kept in grass.
6. That a comprehensive national policy of soil conservation be adopted.
7. That the Canadian Wheat Board handle all oats and barley, set initial prices at prevailing ceiling prices and issue participation certificates.
8. That a guarantee of adequate prices for livestock be given for the duration of the war and two years after the end of the war.
9. That a Board of Livestock Commissioners be appointed to administer the Livestock and Livestock Products Acts.
10. That adequate prices for dairy products be set.

11. That a Ministry of Food be established with regional food boards to co-ordinate production, processing, distribution and rationing.
12. That for income tax purposes the farm income should be averaged over a period of more than two years.
13. That farmers should be relieved of the responsibility of collecting income tax from farm workers.
14. That co-operatives should be excluded from Wartime Prices and Trade Board Order No. 184.
15. The working out of a plan of adequate crop insurance
16. Reiteration of the policy of the Federation for parity prices for all farm products.

The recommendations of the Interprovincial Farm Debt Conference were endorsed by the Federation in the memorandum to the government.

The Government Wheat Policy

As noted above, the wheat policy of the government was announced by Hon. J. A. MacKinnon on January 29th, 1943. There was little change from the 1942 policy: the initial payment of 90 cents a bushel, the over-all delivery quota of 280 million bushels, the fixed price of \$2.25 for flax, and the minimum prices for barley and oats were continued. Deliveries from the farm were restricted to 14 bushels on the 1940 authorized acreage, beginning at three bushels an acre, instead of 15 bushels beginning at five bushels as in 1942; deliveries from previous crops, however, were permitted on the 1943 quota. Payment for storage on the farm on deliverable wheat was discontinued. Bonuses on land taken out of wheat and fallowed or seeded to grass were continued at \$2.00 an acre on the reduction from the seeding of 1940. New breaking would be figured at 80% as wheat and 20% as coarse grains.

The programme of the government, Mr. MacKinnon said, had been decided upon after careful discussion with the Wheat Board, and after receiving recommendations from a conference of Dominion and Provincial agricultural officials and the Federation of Agriculture, and after consultations with United States and Canadian agricultural authorities.

Coarse Grains

Although the Pools and the Canadian Federation of Agriculture had recommended that, in order to allow producers the benefit of export to the higher market of the United States, all oats and barley should be handled by the Wheat Board and participation certificates issued, no action was taken by the government in the matter until April 6th, 1943, when Mr. MacKinnon announced in the House of Commons that the Wheat Board had been instructed to charge an equalization fee on the issuance of export permits to exporters of oats and barley. The amount collected on these equalization charges, Mr. MacKinnon said, would be distributed to producers on a pro rata basis at the end of the crop year, effective on deliveries as from April 1st, 1943.

Mr. MacKinnon also announced that the ceiling on rye would be removed.

An initial advance of 15 cents a bushel on barley and 10 cents a bushel on oats, on account of collection of the equalization fees, to be paid at the time of delivery, has been announced by Mr. MacKinnon for the crop year beginning August 1st, 1943. A final payment will be made at the end of the crop year if the equalization fund permits.

At the same time Mr. MacKinnon announced an increase in the price of flax seed from \$2.25 to \$2.50 a bushel, basis 1 C.W., Fort William.

Subsidies

In the House of Commons on July 8th, 1943, Hon. Jas. G. Gardiner gave the following list of subsidies paid for the encouragement of agricultural production in the calendar year 1942. The figures include some amounts paid on 1941 production but the money was paid out in 1942:

Prairie farm assistance.....	\$14,471,060
Prairie farm income.....	18,175,114
Wheat acreage reduction.....	32,297,670
Cheese quality payments.....	1,730,919
Butter subsidy.....	7,000,933
Cheese factory subsidies.....	203,732
Fluid and concentrated milk subsidy.....	3,846,036
Fertilizer subsidy.....	975,275
Feed freight assistance.....	9,832,004
Feed wheat—8-cent drawback.....	333,720
Egg price subsidy.....	918,224
Subsidy on strawberries by the Wartime Prices and Trade Board.....	42,233
Apple assistance.....	2,257,620
Beef cattle purchase by the Wartime Prices and Trade Board (estimated).....	800,000
Fruit and vegetable subsidies to canners.....	741,000
Provincial subsidies on hogs and cheese for 1942 (estimated).....	4,500,000
Total of subsidies and acreage payments.....	<u>\$98,125,540</u>

From August, 1942, to July, 1943, under the freight assistance policy, freight has been paid on shipments from the west to the east as follows: wheat 16.2 million bushels; oats 18.6 million bushels; barley 14.9 million bushels; rye 500,000 bushels.

Prairie Farm Assistance Act

Collections under the Prairie Farm Assistance Act during the crop year ending July 31, 1943, totalled \$2,729,075.54, of which \$1,862,633.43 was from wheat, \$420,277.42 from oats, \$398,270.20 from barley and \$47,571.43 from rye, the balance being unallocated. The total collected under this Act now stands at \$9,193,033.24.

Organization Fees

As a matter of interest in relation to the organization of farmers, we refer to the innovation with regard to the collection of fees introduced in Ontario. The provincial government amended the Municipal Act to provide for the collection of fees for membership in the Ontario Federation of Agriculture along with the municipal taxes. Payment is entirely voluntary and the farmer who desires to pay his fees to the Federation in this way must notify the municipality to that effect. The fee is set at one-fifth of one mill on the farm assessment. It is estimated it will average about \$1.00 per farm.

It is a remarkable coincidence, but perhaps an indication of a modern trend, that this system came into force in Ontario almost at the same time as a system in Southern Rhodesia in which all farmers must take out a licence and the licence fee is turned over to the Farmers' Union of Southern Rhodesia. The farmer who does not take out a licence cannot sell his produce.

The Co-operative Movement

The co-operative enterprises in the prairie provinces, both marketing and consumer, reflect in their substantial increases in business the economic benefits of practically full employment. Consumer co-operatives and credit unions are developing rapidly in the three provinces, more especially in Saskatchewan. All the co-operative whole-sales report increases in business, and the same applies to

the only co-operative oil refinery in Canada situated at Regina. In brief, it may be said that, as business concerns, all co-operative enterprises are sharing in what is generally termed "war prosperity."

B.C. Marketing Inquiry

An inquiry by a one-man commission, His Honour Judge A. M. Harper, into the working of the various schemes set up under the Natural Products Marketing (British Columbia) Act resulted in a clean bill of health for organized, controlled marketing under such legislation. The inquiry covered three marketing schemes: British Columbia Coast Vegetable Marketing Board; British Columbia Interior Marketing Board; British Columbia Fruit Board. The report, dated September 14th, 1942, summarized the benefits claimed by growers to be:

1. Orderly marketing
2. Greater efficiency in distribution
3. Better grading and quality
4. Better prices for the grower
5. More equality of opportunity to the grower in the sale of his produce.

Judge Harper recommended that amendments should be made to Canada's constitutional act to give validity to marketing legislation. He also said:

The policy of central selling has been proven by experience to have given the grower an equal bargaining position with distributional agencies. Having been tested and having been proved that in this way the grower can make contact with the ultimate consumer, with increasing bargaining powers in competitive markets, it calls for continuous effort in an endeavor to place the solution of the problem of distribution upon a firm foundation. Unrestricted competition of grower against grower has been demonstrated in the past experience of the growers of the Okanagan Valley to lead to financial disaster.

Complaints were made to the Commission in connection with the administration of the boards but apparently only one grower "preferred the system of free enterprise without control of any nature. The preponderating weight of evidence of producers was to the effect that whilst many complained of injustices and inequalities in the administration of the Boards, they did not seek their abolition."

It may be noted here that organized and controlled marketing under legislation of this kind was approved for agriculture within the British Commonwealth at the Empire Producers' Conference held at Sydney, New South Wales, in 1938.

Obituary

We regret to record the death of Mr. John I. McFarland on February 6th, 1943. Mr. McFarland, in 1930, when the Dominion Government undertook to stabilize the wheat market through the facilities of the Wheat Pool, became general manager of the Central Selling Agency of the Pools and held that position during the most trying period of Canada's wheat business and a period of crisis for the Pools, serving without remuneration. When the Canadian Wheat Board was established and took over the wheat held by the Pools, Mr. McFarland became first head of the Board but resigned shortly afterwards. Mr. McFarland was held in very high esteem by the farmers of the prairie provinces and, on his retirement from the Wheat Board, at a meeting in Calgary attended by 700 farmers he was presented with an illuminated address in which his services to the western farmers were recognized with warm appreciation.

Coming to the Wheat Pool with an outlook developed by many years of experience in the grain business, tem-

pered by strong humanitarian sentiments, Mr. McFarland was gradually won over to a planned collective system of grain marketing and a defence of the policy of the Pools. He supported the International Wheat Agreement of 1933 and kept Canada's exports within the quota allotted to this country in that ill-fated agreement. In his death the Pools lost a good friend and one who, had he lived, would undoubtedly have supported full adherence to the plans outlined in the new international agreement.

We regret also to record the death of Mr. W. C. Follitt on March 13th, 1943. Mr. Follitt joined the Wheat Pools in 1925, becoming coarse grains salesman for the Central Selling Agency. From 1931 to 1935 he was manager of the Winnipeg office of the Alberta Wheat Pool. He was a member of the sales staff of the Wheat Board of 1935 and 1936 and rejoined the Alberta Wheat Pool in the latter year. He was appointed to the Wheat Board in September, 1938, and was with the Board at the time of his death.

The organized farmers also lost a stalwart in the passing of Hon. W. R. Motherwell on May 24th, 1943, at the age of 83 years. Dr. Motherwell was a pioneer in the organization of western agriculture and he gave long and valuable service in the advancement of agriculture and in promoting the betterment of rural life. The services of Dr. Motherwell were recognized by the Canadian Federation of Agriculture which, in 1939, elected him its honorary president.

Occupied Farms

The number of occupied farms in the prairie provinces, according to the census of 1941, was 296,441 as against 288,079 in 1931. Tenant operators increased by 1,072 in Manitoba, 12,708 in Saskatchewan, 5,067 in Alberta. The increase in tenant farmers is significant and reflects the extent to which the prairie provinces and especially Saskatchewan became a depressed area during the decade.

Food in Europe

Although it is reported that crops are fair to good in mid-European countries, the general food situation, according to the best information available, reveals a serious deficiency. A computation appearing in *Foreign Agriculture*, published by the United States Department of Agriculture, gives an estimate of this deficiency in comparison with pre-war conditions, which, worked out in terms of imports required, would correspond to 10,000,000 tons of bread, 2,500,000 tons of fats and oils, 4,000,000 to 5,000,000 tons of meat and eggs, and substantial quantities of dried milk, cheese and fruit.

In addition, there are the import needs of the United Kingdom to be considered and the possible special needs of the Soviet Union. Obviously these post-war requirements could not be immediately met, neither the supplies nor the transportation facilities being available, but the figures, allowing for inevitable error of fact, can be taken as indicating the extent of the potential need for agricultural products.

Forty-four United Nations were represented at a Conference on Food and Agriculture held at Hot Springs, Virginia, May 18th to June 3rd, 1943. In a declaration unanimously agreed to, the Conference stated, among other recommendations, that the production of food must be greatly expanded, with an expansion of the whole world economy to provide the purchasing power sufficient to maintain an adequate diet for all; an adequate supply of

credit at low interest rates should be supplied to farmers; the co-operative movement should be encouraged and each nation should examine its laws, regulations and institutions to determine if legal or institutional obstacles to co-operative development exist, in order to make desirable adjustments. Mr. L. B. Pearson, Minister-Counsellor at the Canadian Legation in Washington, was recently chosen chairman of the continuing committee set up by the conference.

If the Canadian farmer is expected to prepare to meet an extraordinary need for food and to increase or maintain maximum production, he should be given a guarantee of prices for a reasonable period after the end of the war.

After the War

The great task which the United Nations will face when peace comes once again will be not only the distribution of needed relief to the innocent who are suffering in Europe, but assisting in the organization of civil and economic life to enable the nations to recover from the ravages of the Nazi hordes. This is only to say that the destruction wrought by war must be replaced by the construction of peaceful co-operation and, in that work, the great movement of which our Pools are a part, can render valuable service. The new science of nutrition is making plain what the needs of humanity are and what is demanded of farmers everywhere, and the co-operative farmers of Western Canada are with co-operators everywhere, ready when "the war drums beat no longer and the battle flags are furled", to transform our drives for victory on the field of battle into drives for victory on the field of human wellbeing.

Respectfully submitted,

JOHN H. WESSON W. J. PARKER GEO. BENNETT GEO. N. McCONNELL W. J. BALL J. W. BALDWIN A. D. YOUNG G. G. COOTE BEN S. PLUMER	} <i>Executive</i>
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Canadian Pool Agencies Limited

DIRECTORS' REPORT

1942-1943

October 12th, 1943.

To the Shareholders,

Canadian Pool Agencies Limited,

Wheat Pool Building, Winnipeg, Manitoba.

Gentlemen:

We submit herewith for your approval our Fifteenth Annual Report and Statements covering the fiscal year ended July 31st, 1943, and it is with pleasure we report that satisfactory progress has been made.

The surplus for the year amounts to \$102,297.91 as compared with \$103,020.14 last year. It had not been anticipated that this favorable showing would be made owing to the reduced rates in effect for fire insurance on country elevators and grain, but the increase in the value of grain in store in the country elevators, and particularly the terminal storage sheds, helped to provide additional income.

The reduced rates referred to resulted in a direct saving to the three Pool organizations of \$122,000.00 as compared with the rates in effect last season, and, as the principle upon which the Agency operates puts service before profit, this year's results are concrete evidence of the value of your Agency.

Fourteen types of insurance were handled by your Agency. By far the greatest income is derived from Fire Insurance; next comes fidelity bonds then Lake marine insurance. We have connections for placing every type of insurance.

The operating surplus, in accordance with the usual practice, is paid within a few months of the close of business as a patronage dividend to the three provincial Pools, based on the amount of business contributed.

Appended hereto is the Balance Sheet and Statements of Patrons' Equity and Income and Expenses of your Company as at July 31st, 1943.

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 from the Agency Trust Funds.

Loan Accounts: There is very little demand for automobile financing and we only have two loans of this type on our books at the present time. The balance of the loans is composed of personal loans that are guaranteed by one of the parent organizations. Interest is thus earned on a small part of our surplus funds without tying them up for any lengthy period. In addition, the Agency secures

new insurance on property and automobiles so purchased. Insurance once obtained in this manner is also 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 amount due from Pool Insurance Company to make the adjustment.

Investments: The amount shown under this heading represents the cost price of purchases of \$80,000.00 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 \$81,600.00, which is in excess of the cost price of the Bonds. While there has been some fluctuation in the value of these Bonds, it is our belief that they offer the best medium of obtaining an earning without undue risk of loss.

Membership Deposits: This represents deposits which we are required to make to the Insurance Agents' Associations 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: During the year some small items of equipment were purchased, which slightly increased the total cost price of our equipment. However, we continue to carry this asset at the nominal sum of \$500.00 by adding to the depreciation reserve the sum of \$364.60.

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. We did not increase the reserve account this year 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	Value
Manitoba Pool Elevators Limited.....	666	\$ 6,660.00
Saskatchewan Co-operative Wheat Producers Limited.....	667	6,670.00
Alberta Wheat Pool.....	667	6,670.00
Total.....	<u>2,000</u>	<u>\$20,000.00</u>

Patrons' Equity: The item of \$102,297.91 represents the surplus earnings for the year ended July 31st, 1943. This amount is available for payment as patronage dividends and represents a return of 92.10% of the total commission received by your Agency. Divided on the basis of patronage each Pool will receive the following:

Alberta.....	\$ 20,127.82
Manitoba.....	18,425.29
Saskatchewan.....	63,744.80
	<u>\$102,297.91</u>

Further details of Patrons' Equity are shown in Exhibit "B".

Profit and Loss Account

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 is derived from fire insurance, automobile insurance, fidelity bonds and Lake marine 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 Interprovincial Pool Account.

Respectfully submitted,

JOHN H. WESSON

W. J. PARKER

GEO. BENNETT

G. G. COOTE

G. N. McCONNELL

J. W. BALDWIN

A. D. YOUNG

W. J. BALL

BEN S. PLUMER

Pool Insurance Company

DIRECTORS' REPORT

1942-43

Winnipeg, Manitoba,
February 23rd, 1943.

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

Gentlemen:

We take pleasure in submitting herewith for your approval the Fourth Annual Report and Financial Statements covering operations for the year ended December 31st, 1942.

The result for the year is a surplus of \$149,356.55, as compared with \$166,376.75 last year. This decline in the surplus is due mainly to the reductions in the Country Elevator and Grain rates, which were effective August 1st, 1942, and an increased loss ratio. The direct saving to the parent organizations due to the reductions in the rates more than makes up for the loss to your Company in income and reinsurance commission. We wish to mention also that we expect the surplus for next year to be less, as the reductions in the rates will be in effect for twelve months as compared with only five months during the year under review.

As it is necessary to comply with the provisions of the Act incorporating the Company by the payment of a stock dividend, a dividend totalling \$1.75 has been declared, which leaves \$149,354.80 available for patronage dividends. This amount has been allocated to the respective Pools on the basis of their contribution to the surplus.

We wish to point out that no general reserves have been set up, nor has any provision been made for income tax, as responsibility for payment of any income tax has been disclaimed.

The total premium income amounted to \$443,119.17 as compared with \$551,650.23 last year and after placing reinsurance, the net premium income was \$51,168.31 with net losses of \$12,929.10; or a loss ratio of 25.27% as compared with 11.69% last year. This ratio is still well below the average since the Pools started business, and we must anticipate a higher ratio due to the lowering of the premium rates.

During the year four elevators and their contents were totally destroyed by fire, and six partial losses were recorded; four at elevators and two at the agents' dwellings.

The co-operation between the country elevator agents and our fire inspectors in eliminating as far as is humanly possible the fire hazards around the elevators is helping to maintain a favorable record.

As a matter of interest we list hereunder the value of the properties insured by your Company. The building values change from time to time, and the values shown are as at December 31st, 1942. The value of the grain is the daily average for the year.

Country Grain Elevators.....	\$24,371,730.00
Grain Therein	41,495,897.17
Dwellings	1,343,627.00
Furniture, Fixtures and Miscellaneous.....	82,150.00
	<hr/>
	\$67,293,404.17

The Underwriting policy of your Company has remained the same since inception, namely, the reinsuring

of 90% of the liability on country elevators and grain, and office furniture and fixtures, with no reinsurance on the dwellings.

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.

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. The item of \$550.74 represents the amount advanced to our inspectors to cover travelling expenses.

Investments: You will notice that the market value of our bonds is higher than the ledger value.

Automobiles: At the beginning of the year we purchased four new automobiles, and we expect them to last another two years. We have charged \$1,421.27 to depreciation, leaving the asset at \$4,000.00 as shown on the statement, which is close to the present value of the automobiles. The automobiles are used by our fire prevention inspectors.

Liabilities

Accounts Payable: This amount is composed of premiums due reinsuring companies, and includes some small items such as Audit Fees. The item covering taxes accrued represents Corporation and Fire Prevention Taxes due the governments.

Reserves for Unearned Income: These reserves are calculated on the basis of one hundred percent of the unearned premiums on our own retention and one hundred percent of the commission on the unexpired portion of the reinsurance as at December 31st, 1942.

Capital Stock: The ownership of the Capital Stock of Pool Insurance Company is held by the three Provincial Pool Organizations; the Alberta Wheat Pool and the Saskatchewan Co-operative Wheat Producers Limited hold 833 shares each, while the Manitoba Pool Elevators Limited hold 834 shares. The paid-up proportions are:

Manitoba Pool Elevators Limited.....	\$ 58,380.00
Saskatchewan Co-operative Wheat Producers Limited.....	58,310.00
Alberta Wheat Pool.....	58,310.00
	<u>\$175,000.00</u>

You will observe from the Balance Sheet that the investments exceed the paid-up Capital Stock by \$75,000.00. This amount is provided from the unearned income and commission, and part of our current income. This is a favorable position in which your Company finds itself in that our investments in Dominion Government Bonds are greater than the capital invested in the Company.

Profit and Loss Account

Income: The Total Revenue shown in the Statement 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 \$8,493.22 is the amount paid to us by Lloyd's for their share of taxes and Underwriters' Association expenses. The small item of \$94.21 is an allowance from the Insurance Company

insuring two elevators in British Columbia to cover inspection costs. There is not sufficient revenue derived from the insurance on the British Columbia elevators to warrant our taking out a license in that province.

Expenses: By far the greatest expense is in connection with the operation of the Inspection Service. This service provides inspection of each elevator at least twice a year. The next important item covers Corporation 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 in equal proportions.

Respectfully submitted,

J. H. WESSON	} Executive
W. J. PARKER	
GEO. BENNETT	
G. N. McCONNELL	
J. W. BALDWIN	
A. D. YOUNG	
W. J. BALL	
G. G. COOTE	
BEN S. PLUMER	

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Just Somebody's Idea

Twenty years or so ago the Saskatchewan Wheat Pool was just an idea in somebody's head. Now it is the biggest farmers' co-operative marketing organization in the world.

The Pool started to grow from a small beginning, and like a tree, kept growing and branching out. Now it is an organization with a membership of more than 100,000 farmers.

Other co-operatives can, and are being started in the same way. The loyal support of the men and women who comprise the organization is one of the greatest assets of any co-operative. With it, success is assured. Without it, there is little chance of success.

Support your own organization and build strong the foundations of the co-operative movement.



**Saskatchewan Pool
Elevators
Limited**

Head Office: Regina