

**Saskatchewan
Co-operative Wheat Producers
Limited**



**FOURTEENTH
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.

**PURVIS HALL
LIBRARIES**

**SEP 1945 REGINA
SASKATCHEWAN
1938**

McGILL UNIVERSITY



*Proposed Agenda of Business for
Annual Meeting*

1. Appointment of Chairman.
2. Notice of Annual Meeting.
3. Resolution to Adopt Agenda.
4. Minutes of Previous Meeting.
5. Report of Resolutions Committee.
6. Report of Board of Directors.
7. Resolution to Receive Directors' Report.
8. Discussion of Directors' Report.
9. Financial Statement and Auditors' Report.
10. Discussion of Financial Statement.
11. Adoption of Directors' Report.
12. Adoption of Financial Statement.
13. Remuneration of Auditors.
14. Appointment of Auditors.
15. Consideration of Amendments to Articles of Association.
16. Consideration of Resolutions set out in Notice of Meeting.
17. Consideration of Resolution tabled at last Annual Meeting recommending that settlement on 1930 Coarse Grains crop be made without delay.
18. Consideration of other matters that may properly come before the Meeting, introduced by Delegates.
19. Fraternal Delegates.
20. Adjournment.

**SASKATCHEWAN CO-OPERATIVE WHEAT
PRODUCERS LIMITED**

Directors' Report

Regina, Saskatchewan,
1st November, 1938.

In submitting this Fourteenth Annual Report to the annual meeting of Wheat Pool delegates, your Board of Directors, as in the past, has endeavoured to present a complete survey of the operations of your organization.

In view of the province-wide nature of Wheat Pool operations, its yearly operating financial statements must at all times reflect the position of the province in terms of yield per acre of its principal grain crops.

For the crop year 1937-38 the acreage seeded to wheat yielded an average of 2.8 bushels per acre, as compared with a long-time average of 16.5 bushels. This was the lowest production yield ever recorded in the history of the province. As was pointed out at the time of our last annual meeting, the effect of this major disaster on the grain growing industry of the province was directly reflected in the operations of your organization for the year under review.

Consolidated Balance Sheet

A copy of the Consolidated Balance Sheet prepared by Messrs. Geo. A. Touche & Co., Auditors, showing the position of the whole organization as at 31st July, 1938, together with explanatory notes on the principal items, will be found attached to this report as Statement No. 1. This Balance Sheet brings together in one statement the accounts of Saskatchewan Co-operative Wheat Producers Limited, Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, and Modern Press Limited.

As at 31st July, 1938, total current assets for the entire organization amounted to \$6,697,240.30, with total current liabilities of \$1,597,746.98. The difference between these two items, amounting to \$5,099,493.32, represents the current position of the Company.

It will be noted that the Balance Sheet provides for a contingent liability in respect of buildings and work under construction estimated at \$50,000.00. After providing for this item, there remains a balance of \$5,049,493.32, which represents the amount available as working capital for the season 1938-39. This compares with a working capital position of \$7,030,237.98 a year ago, and shows a reduction in working capital during the year of \$1,980,744.66.

It will be noted from the Auditors' Report that no provision has been made for the past two years for depreciation in respect of country elevators, coal sheds, agents' residences, and terminal elevators and equipment. This matter will be dealt with later in the report.

Consolidated Capital Statement

Attached to this report will be found the usual Consolidated Capital Statement (Statement No. 2), which sets out in detail the current financial position of the organization as at 31st July, 1938.

As indicated above, working capital is shown as \$5,049,493.32, a decrease of \$1,980,744.66. This decrease is accounted for as follows:

Loss for Year—Pool.....	\$ 22,448.26
Loss for Year—Line and Terminal Depart- ments.....	1,311,545.64
Additions to Plant Values of Fixed Assets, in- cluding amount provided to complete pro- gramme of building and work under con- struction.....	159,381.78
Additions to Investments.....	50.33
Decrease in Reserve Account.....	4,079.57
Payment of Principal to Province of Saskat- chewan re 1929-30 Pool Overpayment Ac- count.....	571,884.52
	<u>\$2,069,330.10</u>
<i>Less</i>	
Additions to Pool Capital.....	\$ 249.00
Liquidation of Capital by provision for depreciation.....	35,747.25
Decrease in Growers' Deferred Ac- counts Receivable.....	293.17
Decrease in Sundry Deferred Charges.....	52,356.02
	<u>88,645.44</u>
	<u><u>\$1,980,744.66</u></u>

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

Statement No. 3 has been prepared for the purpose of showing in detail the position of your surplus capital as at 31st July, 1938. The items in this statement are largely self-explanatory. It may, however, be again worthwhile to point out that no reference is made to depreciation reserve. As has been explained in previous years, for the purposes of accounting, depreciation reserve does not provide new capital but merely liquidates capital previously invested or expended in the fixed assets against which the reserve applies.

It will be noted from this statement that the full amount set aside in undivided profits, along with a portion of the Sinking Fund Reserve Account, has been used to meet the payments of principal to the Province of Saskatchewan in connection with the 1929-30 Pool Overpayment liability. The balance of the Sinking Fund Account in liquid form amounts to \$48,266.02 and in order to provide for the payment of principal due to the province in 1939, amounting to \$600,478.74, the net earnings of the Elevator Company (from which funds for the payment are obtained) will require to be sufficiently large during the coming season to permit a sum equal to the difference between the two amounts above stated being credited to undivided profits.

Statement of Assets, Direct Liabilities and Growers' Equity

Attached hereto will be found the usual Statement of Assets, Direct Liabilities and Growers' Equity (Statement No. 4), as at 31st July, 1938. This statement shows a balance of assets over liabilities of \$10,490,102.82, which represents the equity of growers in the assets of the association based on book values. This represents a decrease of \$1,208,107.81 from the

amount shown at 31st July, 1937. This decrease is accounted for as follows:

Loss for the Year—Pool.....	\$ 22,448.26
Loss for the Year—Line and Terminals Depts.	1,311,545.64
Decrease in Reserve Account.....	4,079.57
	<u>\$1,338,073.47</u>
<i>Less</i>	
Increase in Capital.....	\$ 249.00
Additions to Surplus Interest and Sinking Fund Interest Accounts.....	129,423.49
Decrease in Growers' Deferred Accounts Receivable.....	293.17
	<u>129,965.66</u>
	<u>\$1,208,107.81</u>

The above amount represents the decrease which has taken place in the assets of the organization during the year, less the decrease in direct liabilities as a result of the payment of the 1938 instalment of principal in connection with the 1929-30 Pool overpayment which is provided for in the statement.

The Growers' Equity is shown as 50.053 per cent. of the book value of the Company's assets, as compared with 51.448 per cent. last year, a decrease of 1.359 per cent. The value of the Growers' Equity, namely, \$10,490,102.82, is equivalent to 55.612 per cent. of the total amount of \$18,862,800.24 which has been subscribed by Pool members in the form of capital, elevator deductions and commercial reserves. This compares with a percentage figure of 62.018 per cent. as at 31st July, 1937, a decrease of 6.406 per cent.

In arriving at these figures, the fixed assets of the organization have been included at their present book values, with no allowance for depreciation on country elevators, coal sheds, agents' residences, and terminals having been provided during the past two years.

With more favourable conditions prevailing, your Board is hopeful that the earnings for the present season will be sufficiently large to enable the organization to return to the policy of providing a liberal allowance for depreciation on fixed assets.

Saskatchewan Co-operative Wheat Producers Limited

Financial Statements

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

It will be noted that total current assets as at 31st July, 1938, amount to \$4,237,512.13, and current liabilities to \$861,189.35. The difference between these two items, \$3,376,322.78, represents the current position of the parent company, and is available for the purposes of working capital for the organization. This represents a decrease of \$4,745.67 from the amount of working capital quoted a year ago when this item was shown as \$3,381,068.45. Explanations of the items appearing in this Balance Sheet are given in the Auditors' Report.

Income and Expense

Total income for the year ended 31st July, 1938, amounted to \$325,685.96. Details of income are

shown in Statement No. 2, Page 20 of the Auditors' Report.

Total operating expense, details of which are set out in Statement No. 2A, Page 21 of the Auditors' Report, amounting to \$348,134.22, shows an excess of expenses over income of \$22,448.26. It may be noted that last year's account showed an item of "Special Income" amounting to \$143,274.28, representing our share of the distribution by Central of the Contingency Reserve Fund. Excluding this special item, the above results show an improvement of \$52,547.43 as compared with the results of the previous year's operations. This improvement is accounted for by an increase in earnings of \$18,803.31, and a decrease in expenses of \$33,744.12. The amount of the deficit has been charged to the Company's share of the 1929-30 Pool Overpayment, to which account all surpluses in recent years have been credited.

There is included in the operating expenses of the Company the sum of \$40,802.76 representing the operating deficit of Modern Press Limited for the year ended 31st July, 1938.

Provision has also been made for depreciation on certain fixed assets amounting to \$6,995.69.

The statement of expenses also includes a special non-recurring item for legal fees and expenses in connection with the Royal Grain Inquiry Commission amounting to \$4,165.20, as well as Saskatchewan's share of interprovincial Pool expenses amounting to \$3,075.94. The cost of publishing "New Breaking" (less the amount realized from the sale of the book) amounting to \$4,018.56, has been charged to this year's accounts of the Publicity Department. Any monies realized from the sale of copies of the book on hand will of course be credited against this amount.

Saskatchewan Pool Elevators Limited

Saskatchewan Pool Elevators Limited now owns and operates 1,091 country elevators in all parts of the province. The maximum number of elevators actually in operation during the past season was 914 as compared with 1,029 the previous year.

Grain Handled

A total of 15,172,108 bushels of all grain was handled through Pool country elevators for the year ended 31st July, 1938. The Company also handled a total of 210,514 bushels of grain loaded over the platform, making a total of all grain handled for the year of 15,382,622 bushels.

Comparative figures for the last three years' handling are as follows:

Country Elevator Receipts

	1937-38 (Bushels)	1936-37 (Bushels)	1935-36 (Bushels)
Wheat.....	12,103,184	43,621,558	52,437,630
Oats.....	2,316,286	6,628,739	7,586,521
Barley.....	600,178	3,162,247	3,075,411
Flax.....	76,589	595,641	470,912
Rye.....	75,871	463,802	808,182
Totals.....	<u>15,172,108</u>	<u>54,471,987</u>	<u>64,378,656</u>

Platform Receipts

	(Bushels)
1937-38.....	210,514
1936-37.....	728,996
1935-36.....	917,608

Secondary handlings, not included in the above figures, were unusually large during the year under review and amounted to 9,441,930 bushels of all grades. A large part of this amount was handled through country elevators, the balance being distributed off cars. These handlings represent interstation shipments and also stocks of grain for feed and seed shipped into the province, including a number of cars of grain from the United States.

The average volume of grain per elevator handled during the year amounted to 16,600 bushels as compared with an average per elevator of 52,937 bushels the previous year when 1,029 elevators were open.

In previous years it has been our practice to present the percentage of deliveries at Pool country elevators on the basis of figures supplied by the Board of Grain Commissioners for country deliveries. During the year under review, however, there was an apparent duplication of receipts in the figures of the Board of Grain Commissioners as a result of the inclusion of grain being moved from one elevator to another by truck or rail. In consequence, it would be misleading to use these figures for this report. However, agents' reports of deliveries at those points at which Pool elevators were in operation last year give sufficient indication that our percentage of deliveries compares favourably with the previous year.

Attached to this report will be found the usual Statement of Grain Handlings (Statement No. 5), showing the volume of grain handled by the Company since the inception of the organization.

Grading Statements

The Company's grading statements at the end of the fiscal year showed a net grade loss of \$71,392.90 compared with \$100,726.20 for the previous year, or a net loss of \$8.61 per car as against \$2.94 per car for the previous year.

Overages and Shortages

The following figures show the overages and shortages in all grain handled through Pool country elevators during the past year as compared with the previous season:

	1937-38	1936-37
Overage —Wheat 35,001 bushels.....	.29%	.13%
Oats 32,383 bushels.....	1.40%	1.31%
Barley 8,828 bushels.....	1.47%	.67%
Shortage —Flax 1,927 bushels.....	(2.51%)	(2.61%)
Rye 115 bushels.....	(.15%)	(.49%)

Insurance

Five elevators were destroyed by fire during the year compared with four in the previous year.

Insurance claims for buildings amounted to \$55,-694.23, and grain \$20,277.43, a total of \$75,971.66 compared with \$63,720.37 during the previous year. Loss ratios were 73.41% as compared with 53.1% the previous year. All claims were settled in full by the insurance companies.

Financial Statements

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

For the year under review crop production was very much smaller than in any previous year, and of considerably lower quality. The percentage of cars

of wheat grading within the contract grades was 76% as compared with 88% in the previous season. The estimated net value to farmers at country stations of wheat delivered in Saskatchewan is reported by the Sanford Evans Statistical Service as follows:

1937-38—	18,544,000 bushels valued at	\$18,237,675.25
1936-37—	82,855,000 bushels valued at	\$72,528,072.35
1935-36—	102,563,000 bushels valued at	\$61,579,196.70

As in previous years, the only capital commitment to be met was the instalment on the 1929-30 Pool overpayment. This amounted to \$571,884.52 less \$17,000.00 prepaid at the 31st July, 1937. Interest for the year amounted to \$555,427.07, and payment in each case has been made on due date.

There are no direct liabilities against the Company's assets, but there remains the contingent liability in connection with the 1929-30 Pool overpayment. As indicated above, this amount was reduced by \$571,884.52, and the amount now stands at \$10,468,015.78.

It will be noted from the Balance Sheet that total current assets of Saskatchewan Pool Elevators Limited as at 31st July, 1938, is shown at \$4,376,278.88, with total current liabilities of \$2,683,535.89. The difference between these two items, amounting to \$1,692,742.99, represents the current position of the Company at the end of the fiscal year. After providing for contingent liabilities of \$50,000.00 in connection with building programme and work under construction, the balance of \$1,642,742.99 represents the amount available as working capital at the beginning of the present season. This compares with \$3,628,875.54 for the previous year, and shows a decrease of \$1,986,132.55. With the use of the working capital of Saskatchewan Co-operative Wheat Producers Limited, the total available working capital for the organization amounts to \$5,049,493.32 compared with last year's total of \$7,030,237.98, a difference of \$1,980,744.66.

It may be noted that during the year under review our borrowings from the banks were very limited. For the current season, with the larger crop and the change in the market setup, all working capital will be used and substantial borrowings will be the rule.

Details of elevator earnings and expenses for the year ended 31st July, 1938, are shown in Statement No. 2, page 47 of the Auditors' Report. This statement shows total operating revenue amounting to \$2,059,443.52. After deducting operating expenses amounting to \$2,310,368.33, and depreciation on office furniture and fixtures, autos and sundry equipment amounting to \$12,533.50, there is shown a net loss in country elevator operation of \$263,458.31. As already indicated, no provision has been made for depreciation on fixed assets. For the previous year, a comparable figure showed net earnings of the system amounting to \$583,796.21. The country elevator system showed a net loss per bushel, before depreciation, for the year under review of 1.631 cents per bushel, as compared with a net earning of 1.076 cents per bushel for the previous year.

Terminal Elevator Earnings and Expenses

The Profit and Loss Account of Saskatchewan Pool Terminals Limited for the year ended 31st July, 1938, appears as Statement No. 2, page 59 of the Auditors'

Report. Total operating revenue amounts to \$321,805.22, with operating expenses amounting to \$741,149.58, leaving an operating deficit, before depreciation, amounting to \$419,344.36. This compares with operating earnings, before depreciation, of \$264,800.14 for the previous year, or a comparative loss per bushel of grain handled through Pool terminals of 4.730 cents as compared with earnings of .601 cents per bushel the previous year. The principal reason for this adverse comparison is, of course, the lack of volume in the terminals and the impossibility of carrying stocks on which carrying charges could be secured.

Buffalo Terminal

Profit and Loss Account for the Buffalo terminal department is shown as Statement No. 4, page 49 of the Auditors' Report. This shows an operating revenue consisting of rental received under lease of \$60,200.04, with operating expenses of \$85,991.29, leaving an operating deficit of \$25,791.25 before providing for depreciation. It should be noted, however, that the operating expenses include an item of \$52,013.55 which represents the interest on the investment in this plant. Omitting this item, the Buffalo plant showed an actual cash return of \$26,222.30 in excess of the actual cash outlay for expenses. This compares with an actual cash return of \$25,729.99 for the previous year. The Buffalo terminal continues to be operated under lease by the Cargill Grain Company of Minneapolis.

Combined Profit and Loss Accounts

Statement No. 3, page 48 of the Auditors' Report shows the combined summary of Profit and Loss Accounts of Saskatchewan Pool Elevators Limited and Saskatchewan Pool Terminals Limited. Total operating revenue for the year under review amounted to \$2,441,448.78. Operating expense for the season amounted to \$3,137,509.20, leaving a combined deficit from the operations of the country and terminal system of \$696,060.42. After deducting sundry items of depreciation amounting to \$12,765.78, but before provision for depreciation on fixed assets, there is shown a net deficit of \$708,826.20. The following statement shows a summary of the Profit and Loss Account:

Operating Deficit before depreciation.....	\$ 696,060.42
Depreciation (exclusive of plant).....	12,765.78
	<hr/> 708,826.20
<i>Add:</i>	
Proportion of Pool Expense.....	\$ 52,620.91
Interest on 1929-30 Pool Overpayment	
Liability accrued to 31st July,	
1938.....	555,427.07
	<hr/> 608,047.98
	<hr/> \$1,316,874.18
<i>Deduct:</i>	
Profit on Realization of Assets.....	5,328.54
	<hr/>
Loss for Year before Depreciation.....	<u>\$1,311,545.64</u>

The full amount of this loss has been charged to Reserve Account.

The above charge will reduce the balance at the credit of Reserve Account from \$3,121,370.51 to \$1,809,824.87. With a return to more normal conditions, it will be the policy of the Board to rebuild the Reserve Account to its former position.

Attached to this report will be found Statement of Earnings (Statement No. 6) covering the entire period of the operations of the Company from 1st August, 1925, to 31st July, 1938, together with details of the distribution of these earnings.

Reference has already been made to the fact that, due to existing conditions, for the second year no provision has been made for depreciation on fixed assets. The total depreciation reserve on the fixed assets of the Company amount to \$10,884,845.70 as at 31st July, 1938. This amount is equal to 41.947% of the book value of these assets. With this amount provided for, and with a reasonable expectation of sufficient earnings to provide depreciation for the present season, the unavoidable absence of such provision will not seriously affect the position of the Company.

In connection with operations for the year ended 31st July, 1938, it may be noted that, while the primary receipts of grain through Pool elevator country facilities show a reduction of over 72% as compared with the previous year, the operating earnings of the line department, exclusive of terminal rentals which remain unchanged, show a reduction of only 48%. Operating expenses for all departments show a reduction of \$1,344,080.34 from the previous year, of which \$685,591.02 is accounted for by a reduction in salaries and wages and the balance by a reduction in other controllable operating expenses due to smaller handlings. With the exception of a reduction of \$28,000.00 in the amount of interest paid on the 1929 Pool overpayment due to a reduction in liability, and a reduction of \$72,000.00 in rental for Pool Terminal No. 6, all other fixed charges such as taxes, insurance on buildings, interest on Pool note, etc., remained approximately as in previous years.

Capital Commitments Retired

As indicating the progress made during the past seven years in retiring liabilities, as well as increasing the value of the country elevator system, the following figures may be of interest to delegates:

Purchase of Saskatchewan Co-operative Elevator System

1st August, 1932—Co-op. Liquidators.....	\$ 445,000.00
1st August, 1933—Co-op. Liquidators (Final Payment)	1,372,000.00
1st August, 1933—Government a/c Co-op. Purchase (Final Payment).....	598,000.00
	<hr/>
	\$2,415,000.00

1929 Pool Overpayment

1st Oct., 1932—Government of Saskatchewan.....	\$ 67,000.00
15th Sept., 1933—Government of Saskatchewan.....	448,000.00
15th Sept., 1934—Government of Saskatchewan.....	470,000.00
15th Sept., 1935—Government of Saskatchewan.....	494,000.00
15th Sept., 1936—Government of Saskatchewan.....	518,000.00
15th Sept., 1937—Government of Saskatchewan.....	544,000.00
15th Sept., 1938—Government of Saskatchewan.....	571,000.00
	<hr/>
	\$3,112,000.00
	<hr/>
	\$5,527,000.00

Elevator and Cleaner Programme

Carried Forward \$5,527,000.00

31st July, 1933—Paid U.G.G. Ltd. for 16 Elevators.....	\$110,000.00
31st July, 1934—Elevator and Cleaner Programme.....	120,000.00
31st July, 1935—Elevator and Cleaner Programme.....	250,000.00
31st July, 1936—Elevator and Cleaner Programme.....	150,000.00
31st July, 1937—Elevator and Cleaner Programme.....	150,000.00
31st July, 1938—Elevator and Cleaner Programme.....	100,000.00
	\$ 880,000.00
Total Capital Commitments.....	\$6,407,000.00
Working Capital of Organization 1st August, 1931.....	\$3,200,000.00
Working Capital of Organization 1st August, 1938.....	5,049,000.00
Increase.....	\$1,849,000.00

Saskatchewan Pool Terminals Limited

Financial Statements

The Financial Statements of Saskatchewan Pool Terminals Limited have already been considered with the accounts of Saskatchewan Pool Elevators Limited.

Handlings, etc.

Pool terminal handlings showed a very sharp decrease even from the low level of the preceding season. Handlings for the year under review amounted to only 8,849,201 bushels of all grains, as compared with 44,025,646 bushels for the same period in the previous year. This represents an all-time low.

Grain in store as at 31st July, 1938, totalled 828,097 bushels, slightly higher than the stocks as at 31st July, 1937, of 661,351 bushels.

A fair export demand for Canadian grain during the year, combined with a very short crop, resulted in the lowest Canadian carryover in many years, and this condition was accurately reflected in terminal stocks which were extremely low, particularly on the contract grades of wheat. The 1937 crop was harvested early, and, due to a good export demand and the high premiums prevailing for spot grain, grain was shipped to the Head of the Lakes as quickly as carlots could be accumulated. For the same reasons, grain was shipped from the terminal elevators to eastern positions very rapidly, and stocks at the close of navigation were the lowest in the history of grain storage at the Head of the Lakes. Receipts during the winter were almost negligible, so that practically no storage earnings were available.

Due to good crop conditions in Manitoba, it was possible to arrange with Manitoba Pool Elevators Limited to operate Pool Terminals No. 4 and No. 5 for part of the year under review. Elevator No. 5 was taken over by the Manitoba Pool in August and was used up to 31st December, 1937. Elevator No. 4 was leased on 2nd September, 1937, and was operated by Manitoba Pool Elevators up to the middle of June, 1938.

In connection with Terminal No. 6, this house was carried throughout the year on a basis of 50% of the normal rental. The elevator was not in use during the season, but, looking forward to better crop conditions, it was felt that it would not be advisable to give up the lease on this house with the Canadian National Railways. Your Board believes that this action has now

been justified, and it is anticipated that Terminal No. 6, which has a capacity of 7,400,000 bushels, will have a fairly satisfactory handling for the present year.

Incidentally, Pool Terminal No. 5 (capacity 2,100,000 bushels) has again been leased for the current season to Manitoba Pool Elevators Limited at a satisfactory rental. This action was taken when it became apparent that the Saskatchewan crop was being reduced during the month of July, and that grain originating with Saskatchewan Pool elevators could be handled efficiently in Elevators No. 4, No. 6 and No. 7.

It may be of interest to delegates to note that out of a total of 76,305 cars unloaded at the Head of the Lakes during the past season, only 6,374 cars, or approximately 8.35% were unloaded in Saskatchewan Pool terminals. This compares with 28% unloaded the previous season, and, of course, reflects the disastrous failure of the Saskatchewan crop combined with the fact that a very large part of the crop was required for consumption in the province.

During the season only 2,500 bushels of wheat from the Alberta Wheat Pool were unloaded in Saskatchewan Pool terminals, with none from Manitoba—the Manitoba Pool having plenty of terminal space after leasing Pool Terminals No. 4 and No. 5.

Screenings

With such small handlings only a limited quantity of screenings were made. During the year 2,846 tons of refuse screenings were disposed of at an average price of \$5.89 per ton. This compares with last season's sales of 17,511 tons at an average of \$15.24 per ton. With the improvement in U.S. crops the demand for this class of feed was limited. Pool terminals sold 885 tons of standard recleaned screenings at an average price of \$22.86 per ton as against 5,814 tons at \$25.08 per ton for the previous year. In addition, 127,829 bushels of mixed feed oats were disposed of at 39½ cents per bushel as compared with 626,433 bushels at 36¼ cents per bushel the previous year.

Although the total volume of the by-products of terminal operation was small compared to previous years, the earnings made on the sale of the products provided an important contribution to our operating revenue.

Terminal Repairs, etc.

Major repairs, replacements, and the installation of new equipment to Pool terminals during the year under review included the following:

Terminal No. 7.—In order to keep the small staff retained at Pool Terminal No. 7 gainfully employed last winter, your Board deemed it advisable to authorize the carrying out of a special repair programme which was necessary to keep the elevator in first class operating condition. The programme included repairs to expansion joints between the conveyor belt bridges connecting the workhouse and the annex; reclaiming cylinders on Emerson cleaners and renewing a very large number of bearings on these machines; changing concentrator rolls and repairing a large number of valve levers in the basement; repairs to No. 5 car dump; door breakers; bumpers and underpins; the complete rebuilding of one Mayo spout on the bin floor; one shipping spout on the dockside, and one transfer

spout on the bin floor. The total cost of this work amounted to \$9,839.97, of which \$8,600.00 was paid for wages.

Terminal No. 6.—Four new Superior Separators were installed in this elevator. These are owned by the Canadian National Railways, but the installation was carried out by our millwright department and the C.N.R. reimbursed Pool terminals for the work involved amounting to \$20,988.20.

Terminal No. 4.—The installation of two new No. 16 Superior Separators, started the previous season, was completed at a total cost of \$10,308.95.

Coarse Grains Department

Total sales of wheat and coarse grains for seed and feed, including sales by agents from country elevators and carlot sales, for the fiscal year ended 31st July, 1938, totalled 5,574,372 bushels, as follows:

	<i>Bushels</i>
Wheat.....	3,314,480
Oats.....	1,834,509
Barley.....	356,446
Flax.....	16,164
Rye.....	52,773

This compares with total sales of a year ago of 7,791,276 bushels, representing a decrease of over 2,200,000 bushels but also representing a much higher percentage as compared with country elevator receipts for the year.

In addition to our own sales, we arranged to unload and distribute in the drought area stocks of feed and seed shipped by Manitoba Pool Elevators Limited, the Alberta Wheat Pool, and the United Grain Growers Limited, as well as a number of cars of foreign feed and seed, and some cars shipped by Line elevator companies. A total of 5,332 cars containing approximately 9,500,000 bushels of feed and seed grain were unloaded and distributed by our elevator agents.

Distribution of Registered and Certified Seed Grain

During the year under review your organization again purchased and distributed a quantity of high class seed grain at cost price, plus a small handling allowance. A total of 102,361 bushels of registered and certified seed was purchased. Of this amount 6,742 bushels were supplied to Junior Grain Clubs, the balance having been sold to patrons of Pool elevators through local agents.

In addition to this movement of less-than-carlot quantities of seed grain, your organization again co-operated with the Field Crops Branch of the Department of Agriculture in assisting to dispose of a number of carlots of registered and certified seed in exchange for local stocks.

Churchill

No grain was shipped to the Port of Churchill last season. The small amount of grain available for export from last season's crop, combined with a premium market at the Head of the Lakes, worked against shipments over the Hudson Bay route. In consequence, the record of wheat exports through Churchill, exclusive of the present season, stands the same as given in last year's report. These are as follows:

	<i>Bushels</i>
1931 (Trial Cargo).....	545,000
1932.....	2,736,000
1933.....	2,708,000
1934.....	4,050,000
1935.....	2,407,000
1936.....	4,293,000
1937.....	614,000
Total.....	<u>17,353,000</u>

Of the above total, 545,000 bushels, representing 3.1%, have been supplied by the Central Selling Agency, 14,116,000 bushels, or 81.4%, by Saskatchewan Pool Elevators Limited, and 2,693,000 bushels, or 15.5%, by other companies.

During the present season arrangements were made by the Canadian Wheat Board to ship three cargoes of grain from this port, and Saskatchewan Pool Elevators Limited supplied close to 1,000,000 bushels of grain for this season's export business. It is anticipated that the Wheat Board will request shipments of further quantities of grain to Churchill during the present season for carryover to the next shipping season.

Saskatchewan Wheat Pool Construction Company Limited

This construction subsidiary commenced the 1938 season with a fairly large repair and machinery replacement programme, but with relatively small appropriation for elevator and cottage construction. The original programme was carried to completion, and, in addition, several large replacements were made at important points as crops developed to a point where such changes were necessary in order to handle the indicated business. A survey of the major activities of the Construction Department during the 1938 building season includes the following:

Elevators Rebuilt

Liberty.....	35,000 bushel elevator built on old site.
Rosetown.....	45,000 bushel elevator built on old site and electrically equipped.

New Elevators

Craven.....	35,000 bushel elevator built and electrically equipped.
Snowden.....	35,000 bushel elevator built.
Weekes.....	35,000 bushel elevator built.

(Cleaners were not installed in these three elevators.)

Building costs for the 1938 season are approximately the same as those obtaining in 1937. A 35,000 bushel elevator without a cleaner costs in the neighbourhood of \$13,650.00, which includes an item of \$300.00 for overhead charges.

Annexes

At Marshall and Eston our storage capacity was increased in each case by the erection of a 10-bin, 20,000 bushel annex.

Elevators Destroyed by Fire and Replaced by Purchase or Rebuilt

Drake.—30,000 bushel elevator with small Hart-Carter combination cleaner and 15-ton scale burned and replaced by 35,000 bushel elevator and small Hart-Carter combination cleaner and all modern equipment.

Duff.—30,000 bushel elevator burned and replaced by purchase of 24,000 bushel elevator which has been equipped with 15-ton scale.

Engfeld.—30,000 bushel elevator burned with small Hart-Carter combination cleaner; replaced by 35,000 bushel elevator and large Hart-Carter combination cleaner and all modern equipment.

Henribourg.—30,000 bushel elevator burned 9th November, 1937; replaced by purchase of 30,000 bushel elevator which has been equipped with large Hart-Carter combination cleaner and 15-ton scale.

Lucky Lake. 30,000 bushel elevator burned; replaced by the purchase of 29,000 bushel elevator which has been equipped with used Globe cleaner and a new 15-ton scale.

Naisberry.—35,000 bushel elevator including 5-Unit Emerson cleaner burned; replaced by 35,000 bushel elevator and 3-Unit Emerson cleaner.

Wimmer.—30,000 bushel elevator and small Hart-Carter combination cleaner as well as 15-ton scale burned; replaced by 35,000 bushel elevator and small Hart-Carter combination cleaner and all modern equipment.

Cleaners

Ten New-Type cleaners were installed in elevators other than those already mentioned, as follows:

Hart-Emerson No. 30 "Uni-Flow" (Small) installed at Adair and Nokomis.

Hart-Emerson No. 32 "Uni-Flow" (Large) installed at Bank-end, Lone Rock and Westbend.

Hart-Carter Combination (Small) installed at Amsterdam, Chelan, Gorlitz, Runnymede and Tiny.

In addition to the above, the transfer of nine Old-Style cleaners was completed.

Engines

Four New-Type engines which had been burned were rebuilt and installed at various points. Nine New-Type full-diesel engines were installed in old elevators, and six full-diesels in new elevators. Four Old-Style engines were also transferred.

Scales

Eighty-eight 15-ton scales were installed in new and old elevators. Sixteen smaller scales were transferred to other elevators; thirteen of these being lengthened to eighteen feet. Four other 10-ton scales were lengthened to eighteen feet in their original location.

Air Dumps

One hundred and twenty air dumps were rebuilt to provide high-lift service, and new elevators were provided with complete new high-lift dumps. Twenty-one points were provided with air dump boosters, which provide high-lift service at minimum cost, and are suited only for points with medium handlings.

Elevators Painted

One hundred and sixty-seven elevators and eight annexes were painted during the year.

Cottages

Additional cottages for elevator agents were built or acquired during the year as follows:

Burr.....	4-Room Cottage built.
Mankota.....	3-Room Cottage built.
Mont Nebo.....	3-Room Cottage built.
Salter.....	3-Room Cottage built.

Cottages were purchased at Brooking, Buffalo Gap, Duff and Gaines. A 2-room addition was made to the elevator cottage at Arelee.

Pool Elevator Laboratory Service

In recent years Saskatchewan Pool Elevators Limited has maintained an additional service to Pool members in providing moisture and germination tests for seed grain. As indicating the scope of this service, the following figures show the number of tests made each year during the past five years:

	Germination Tests	Moisture Tests
1933-34.....	3,572	5,791
1934-35.....	13,224	1,493
1935-36.....	18,081	1,079
1936-37.....	5,910	136
1937-38.....	7,042	120

In addition to these tests, this department also checks a large number of samples for grade and dockage. For the last year over 1,500 samples were checked and over 2,000 samples of different kinds of grain were prepared and distributed to school children to assist in school work.

Modern Press Limited

Financial Statements

Full particulars of the operations of Modern Press Limited for the year ended 31st July, 1938, are contained in the Financial Statements and Auditors' Report submitted separately to the delegates.

The Profit and Loss Account for the year shows that after provision for depreciation on fixed assets amounting to \$5,336.61, and making provision for doubtful accounts to the extent of \$1,000.00, the operations of the Company show a loss of \$40,802.76 made up of a loss of \$44,649.66 on the publication of The Western Producer less a profit of \$3,846.80 on the operations of the Job Printing Department. This result compares with a loss of \$47,719.19 for the previous season. The net deficit for the year has been charged to Saskatchewan Co-operative Wheat Producers Limited.

Job Printing Department

This department shows a reduction in revenue of \$1,177.92 from the previous year, but there is an increase in net profits of \$2,260.90. Net profit for the current year amounts to \$3,846.90 as compared with \$1,586.00 a year ago. A comparison of the operations of this department for the past year with those of the previous year is shown below.

	1937-38	1936-37	Increase (Decrease)
Job Sales, etc.....	\$58,782.63	\$59,960.55	(\$1,177.92)
Cost of Sales.....	23,375.71	24,982.57	(1,606.86)
Expenses.....	28,891.72	30,736.79	(1,845.07)
<i>Profit before Depreciation.....</i>	<i>\$ 6,515.20</i>	<i>\$ 4,241.19</i>	<i>\$2,274.01</i>
Depreciation.....	2,668.30	2,655.19	13.11
<i>Net Profit.....</i>	<i>\$ 3,846.90</i>	<i>\$ 1,586.00</i>	<i>\$2,260.90</i>

The Western Producer

As indicated above, the deficit arising from the publication of The Western Producer amounts to \$44,649.66 after providing for depreciation of \$2,668.61. This is a decrease in last year's deficit of \$4,655.53. A comparison of the operations of The Western Producer for the year under review with those of the previous season is shown below:

	1937-38	1936-37	Increase (Decrease)
Advertising.....	\$67,188.22	\$ 72,463.68	(\$ 5,275.46)
Subscriptions.....	22,358.62	22,658.76	(300.14)
Miscellaneous.....	785.44	827.32	(41.88)
<i>Total Revenue.....</i>	<i>90,332.28</i>	<i>95,949.76</i>	<i>(\$ 5,617.48)</i>
Newsprint.....	40,112.66	40,360.08	(247.42)
Expenses.....	92,200.97	102,239.69	(10,038.72)
<i>Loss before Depreciation.....</i>	<i>41,981.35</i>	<i>46,650.01</i>	<i>(\$ 4,668.66)</i>
Depreciation.....	2,668.31	2,655.18	13.13
<i>Loss for Year.....</i>	<i>\$44,649.66</i>	<i>\$ 49,305.19</i>	<i>(\$ 4,655.53)</i>

In the Job Printing Department, while a decrease in sales is shown as compared with the previous year, this is more than offset by a decrease in the cost of stock used. There is also a reduction of \$1,845.07 in general operating expenses.

As indicated above, the deficit on the publication of The Western Producer has been reduced by \$4,653.53 as compared with the previous year. Revenue from all sources totalled \$90,332.28 against \$95,949.76 for the previous year, while operating expenses were reduced from \$142,599.77 in 1936-37 to \$132,313.63 in 1937-38.

The following figures provide a concise picture of production and costs incidental to the publication of The Western Producer during the past three years:

	1935-36	1936-37	1937-38
Total Gross Press Run.....	5,220,789	5,822,518	5,518,312
Total Net Press Run.....	5,155,946	5,740,575	5,478,425
Total Spoiled Copies.....	64,843	81,943	39,887
Percentage Spoils to Net Run....	1.257%	1.427%	.728%
Average Net Run Per Issue.....	97,282	110,396	105,354
Cost Per Copy.....	2.7955c	2.5307c	2.4152c
Cost for 52 Issues (per copy)...	\$1.482	\$1.315964	\$1.255904
Lowest Net Press Run.....	89,523	102,400	98,650
Highest Net Press Run.....	103,850	114,350	109,500

As at 31st July, 1938, the net paid circulation of The Western Producer was 97,837 as compared with 106,019 at the same date last year. Distribution of circulation by provinces at the end of the fiscal year for the two-year period was as follows:

	1937	1938
Saskatchewan.....	59,930	52,798
Alberta.....	20,984	20,527
Manitoba.....	16,202	17,246
British Columbia.....	5,025	4,235
Miscellaneous.....	3,878	3,028
Total.....	106,019	97,834

These figures indicate loss in circulation of 8,185 during the year. It will be noted that the decline has taken place largely in Saskatchewan during the first six months of 1938. It is probable that the disastrous crop conditions encountered last year are primarily responsible for this decline.

Editorial General

As a weekly newspaper The Western Producer covers the general news of the week and, in addition, devotes space to various departments and features, including much direct service which the reader expects to find in and receive from the paper of his or her choice. Because it is an organ of the co-operative movement a special effort is, of course, made both editorially and throughout the paper generally to emphasize the news and propagate the views of the movement and thereby to cultivate an atmosphere favourable to its development.

As has often been stated, however, a main function of the paper is to be available as a weapon ready at all times to defend and to fight for the objectives which the western farmers are striving to attain. It is in this capacity that the paper has made its strongest and widest appeal. The paper is still, as papers go, very young, and it takes a considerable time to supplant periodicals which for many years have had a secure place in the homes of the west. We believe that the

indications are that more and more The Western Producer is succeeding in doing this and, as a consequence, is becoming each year a more effective instrument of the farmers' cause. There is no doubt that today, if farmers were faced with a supreme test, as they were in 1923-24, they would not be without a reasonably effective weapon should the press of the west oppose their efforts as was done at that time.

It is hardly necessary to state that for The Western Producer questions involving politics are always dangerous. There are those who assert that all reference to partisan issues should be avoided. It should be remembered, however, that politics, economics and all major activities affecting the community as a whole are inextricably intertwined. It is, therefore, impossible to discuss questions of the day intelligently without continually touching on one aspect or another of the political side of them. Deliberately to try to avoid doing so and to refrain from praise or blame where either seems merited would be to render discussions valueless. The Western Producer has not avoided political questions but has always endeavoured to avoid partisanship. Political passions have been fairly high in the west during the past year, particularly in Saskatchewan where a general election took place. The usual number of charges of party bias one way or another have been levelled but these have come in almost equal proportion from every party and may be said to have cancelled each other out. It is worth noting that none of the political parties have officially or publicly charged The Western Producer with partisanship.

Probably the most important event on the news side for the year under review was the hearings of the Turgeon Commission. As will be remembered, these were covered fairly thoroughly, particularly the submissions of the representatives of the Wheat Pools whose briefs were printed verbatim.

Two sections of the paper which are of great value in holding our readers' continuous attention and approval are the Agricultural and Women's and Children's Departments. For the information of delegates, a review of the activities of these two departments for the past year is set out below.

Women's Section

The Women's pages of The Western Producer deal largely with domestic questions such as food, clothing, home improvement, health education (including adult education) and recreation.

A Garden Page, conducted by Mrs. S. V. Haight, is very popular. All the correspondence dealing with garden work is carried on through the office. To give an example of the kind of work carried on, this spring, in co-operation with Mrs. Haight, a garden seed project was undertaken. It was suggested that many clubs in the more fortunate districts might be glad to make up parcels of seeds for clubs in the drought areas and The Western Producer offered to co-operate by passing on requests from club secretaries in the drought areas to secretaries in clubs offering seeds. The undertaking proved to be a great success, and between the clubs that offered and the clubs that requested we were able to contact nearly 4,500 people. Offers came from British Columbia on one hand and from as far east as New Brunswick on the other. An

article in the Farmers' Magazine, published in Toronto and circulating widely in Eastern Canada, mentioned this project, and this brought fine contributions from Women's Institutes, Farm Women's Clubs and Ladies' Aids of Ontario. It is impossible to mention by name the local groups who did such splendid work in gathering and distributing these seeds, but away at the top of the list are the Homemakers' groups, and, as they are called in the other provinces, Women's Institutes. By far the greatest part of the work was done by this organization. Next came the Ladies' Aids and then Community Clubs, United Farm Women's Lodges, Catholic Women's Leagues, and a great number of generous-hearted individuals who made up and sent away large parcels at their own expense, some of them at considerable sacrifice.

Other projects, such as peace or health, are undertaken from time to time.

An enthusiastic garden lover, Mr. W. W. Ashley, President of the Saskatoon Horticultural Society, again offered, through The Western Producer, to send a package of elm seeds to all who sent five cents to cover the cost of mailing. Mr. Ashley reports that 1,862 persons have availed themselves of his kindness. Many also wrote him stating that last year seeds did not do very well owing to drought, but some of these germinated this spring and are growing nicely.

The most cordial relations exist between The Western Producer and hundreds of clubs among which are the Homemakers' Clubs and United Farm Women's Lodges, whose reports are carried from week to week. These contacts with organized women are extremely valuable, as many members are devoted to their club corner and also respond to any suggestions made through the paper in a way that is highly gratifying.

As may be seen by the accompanying list, the Women's Department handles a great deal of correspondence, much of which concerns personal problems. Others request material for club papers on education, health, peace, lives of famous people, and more current topics such as the Padlock Law, larger units of school administration, socialized medicine, the war in Spain, China, etc. While we do not undertake to supply this material, we do so as far as possible, as the Extension Department of the University of Saskatchewan is not yet equipped to take care of this work.

The accompanying list also indicates that the various pattern and feature services are well patronized.

Judging by the response, "Mary Maple's Column" serves to supply a much appreciated opportunity for lonely people over twenty-five to find congenial pen-friends. Continued support is still being given to the Young Co-operators' Club, which has about 1,200 active members. Needlework, monogram, playwright and art contests along new and more original lines have been held recently, while debates and discussions create considerable interest. The Y.C. poets continue to attract the attention of young and old.

We receive a considerable volume of communications on a great variety of subjects of particular interest to women. Enumerated below is a list of *average* monthly receipts of letters as nearly as we can approximate them for the years 1936 and 1937, under the different subject headings:

	Average per Month	
	1936	1937
Junior and Teen Age Section (entitled Young Co-operators).....	240	360
Educational.....	50	60
Household Matters (including recipes).....	60	80
Peace and Kindred Subjects.....	20	30
Gardening.....	50	70
"Mary Maple's Column":		
Letters received for publication or answered by mail.....	5	85
Letters re-addressed and forwarded.....	...	700
Poetry Corner.....	20	40
Stories, Articles, etc.....	15	30
Requests re Club Work—Homemakers' Clubs, United Farm Women, Community Clubs, Study Groups.....	20	50
Total per Month.....	495	1,535
Total number of communications received during the year.....	5,940	18,420
Total number of orders received from the three Pattern Services in The Western Producer during the year.....	14,156	20,043

Agricultural Department

The policy of the Agricultural Department of The Western Producer is to make available to farm readers, insofar as space and opportunity permit, latest authentic information pertaining to agricultural news and to improved agricultural practices. Since keen competition tends toward lower prices, it becomes more and more necessary to reduce every factor in the cost of producing farm products to the lowest possible point. It is the purpose of The Western Producer to secure and publish material to this end, supplemented with information concerning market requirements, marketing practices, market trends, etc.

The material appearing on the Agricultural pages is chosen with a view to creating an interest in good husbandry, in efficient marketing, in the establishment of more attractive homes, in helping community undertakings, and in those things generally which enable its readers to live a fuller and richer life.

It is recognized that grain growing is, and will quite probably remain, the major type of agricultural pursuit followed in the prairie area of the western provinces, but that in the park-belt mixed farming is developing fairly rapidly and seems likely to become more and more the accepted and profitable type to pursue. In smaller areas peculiar conditions permit continued development of more specialized types of agriculture, i.e., cattle and sheep farming in the short grass region of southwestern Saskatchewan and south-eastern Alberta; dairying in the districts adjacent to large towns and cities; sugar-beet production in irrigated districts of southern Alberta; alfalfa and other forage crop seed production in the grey bush soils of northern Saskatchewan and Alberta; buying and finishing feeder cattle and sheep in districts where the necessary feed is abundant and low in price, etc. In addition to these major divisions of agricultural development it must be borne in mind that over much of the western provinces a decided interest is being taken in sidelines such as poultry raising, beekeeping, fruit growing, gardening, etc. In most cases such enterprises fit admirably into the general farm business, create additional interest in farming and provide a means of enlarging and varying the farm menu even when they are not used to supplement the revenue obtained from the major enterprise of the farm.

The Agricultural Department aims to keep in mind the varied type of agriculture practised over the vast area in which The Western Producer circulates and to provide something of interest for each one of its readers. Naturally the field is tremendous. Any attempt to thoroughly cover such diversified ground is limited by space in the paper, adequate assistance and expense.

Keeping in mind the fact that grain farming is the chief business at the present time in Western Canada, The Western Producer devotes a considerable portion of its agricultural section to material relating to this major activity. The general nature of the information provided along this particular line may be listed under the following general heads:

1. Soil types and adaptabilities.
2. Cultural practices in different areas and for different crops.
3. Selection of seed for various zones, seeding practices, treatment of seed for diseases, etc.
4. Weed control, insect control, plant disease control, etc.
5. Purity of varieties and adaptability of same for different areas.
6. Development and introduction of newer and better adapted varieties.
7. Harvesting practices and methods.
8. Development and use of new types of machinery.
9. Rehabilitation of agriculture in certain areas.
10. Market requirements, market prices, marketing methods, etc.
11. Reports on condition of western grain crops during growing season.
12. Information on research programmes of plant breeders, soils experts, etc.
13. Reporting provincial Seed Fairs and the Royal Winter Fair at Toronto.
14. Reporting annual conventions of Field Husbandry Association, Seed Growers' Associations, and other organizations whose purpose is to improve the quality of grain crops and the conditions under which such crops are produced.

Livestock production is also emphasized as giving greater stability to agriculture in those areas for which livestock raising is adapted, and because it provides the second largest source of income to western farmers.

Although livestock production will undoubtedly come to play a more and more important role in the agricultural programme in those sections of the prairie provinces which will not be devoted chiefly to wheat growing, yet it may be recognized that for a variety of reasons efficiency of livestock production has not kept pace with the efficiency seen in producing grains. For this reason an agricultural publication may make a valuable contribution toward the end of helping to place this essential industry in a better position. This may be done by providing in its pages interesting and helpful information for livestock producers.

Keeping in mind such important factors as timeliness, market requirements, prices and trends, the feed situation, etc., the Agricultural Department of The Western Producer has built up a section which has gained the confidence of farmers engaged in raising livestock. As certain other farm publications have given less and less attention to livestock, The Western Producer has tried to step into the gap and is now providing its readers with requested information, much of which does not appear in any other farm publication in Western Canada.

The material appearing in its Livestock Section may be grouped chiefly under the following heads:

1. The place of livestock in the farm programme in different parts of the country.
2. Types and breeds of livestock, keeping in mind climatic and feeding conditions, purpose for which they are kept, and marketing requirements and facilities.
3. Breeding, feeding and management practices.
4. Livestock diseases and treatment of same where disease reaches serious proportions.

5. Importance of good foundation stock, good sires in economical production.
6. Sanitation and prevention of disease.
7. Reports on latest research work done by reliable institutions.
8. Reporting Field Days, major agricultural exhibitions in the three prairie provinces, the Royal Winter Fair, Spring and Fall Shows, Feeder Shows and Sales, sales of superior type breeding animals, purchases of foundation breeding stock, annual meetings of major livestock organizations in each of the provinces in which circulation is greatest.

The development of a livestock section in the agricultural pages is due almost entirely to the interest demonstrated in such a feature by readers. More letters concerning livestock and livestock problems are received by the Agricultural Department than letters pertaining to any other phase of farming. In fact, over a year, such communications out-number those concerning all other subjects appearing in the agricultural section.

Intense interest is taken in the reports on Exhibitions, Livestock Breeders' Meetings, Field Days, Sales, etc. A considerable portion of this material is submitted for publication in *The Western Producer* by prominent and authoritative persons engaged in breeding, administration and university or experimental farm work.

Considerable attention is given to reporting the highlights in livestock circles in all three provinces. Exhibitions and Sales are chosen because of their educational value in demonstrating the desired types of farm animals, in showing breeding or market standards, in revealing the advantages to be gained from using good quality breeding stock, in establishing a market value for livestock of different grades, and because the outstanding personalities and authorities in the livestock industry are present in large numbers thereby making possible the securing of a better knowledge of trends and developments within the industry.

Livestock meetings and conventions are covered because at these the major problems confronting the industry are threshed out, policies are suggested by breeders or outlined by Department of Agriculture officials, worthwhile practices in breeding, feeding, management and marketing are discussed. Through reporting such conventions farmers who are unable to attend are kept thoroughly conversant with what is being done by their organizations and by the officials responsible for administration of the federal and provincial Departments of Agriculture.

By choosing carefully the key positions of exhibitions, conventions, etc., *The Western Producer* is enabled to make contacts with a great cross-section of its readers in Alberta, Saskatchewan and Manitoba. Incidentally, the revenue obtained from the advertising of exhibitions, sales, conventions, etc., and from the advertising secured from outstanding breeders of livestock, poultry, grains and grasses, far exceed any expense involved in attending such gatherings. Much of this revenue would not be forthcoming if *The Western Producer* was not represented at these important agricultural events.

Although grain growing and livestock are the two most important elements in the western agricultural programme, *The Western Producer* has not neglected less spectacular but equally important enterprises being steadily developed as sidelines on many farms. Most important of these are poultry raising, growing shelter belts, fruit growing, gardening and beekeeping.

No other weekly farm paper in the west has devoted more attention to these necessary constituents of a safer and more permanent and interesting type of agriculture. The response to articles on these subjects, especially on fruit growing and beekeeping, has been most gratifying and indicates that a greater development might take place along these lines if more space and editorial assistance were available.

The fine co-operation provided The Western Producer by the University of Saskatchewan in supplying specialized information is particularly appreciated.

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

Attached to this report will be found the report of the directors of Canadian Pool Agencies Limited to the annual meeting of its shareholders. The Balance Sheet for the year ended 31st July, 1938, and Statement of Income and Expenses of this interprovincial subsidiary are also attached hereto as Statements No. 10 and 11 respectively.

The result of the operations of the Company for the year under review shows a profit of \$35,847.56 as compared with a profit of \$39,771.75 last year. The decrease in earnings is entirely due to the smaller grain stocks carried in country and terminal elevators during the year.

As in previous years, a dividend of 6% on the paid-up capital stock of the Company was paid to the three provincial Pool organizations, who are the shareholders of the Company, and a patronage dividend was also paid on the basis of business contributed. Details of these dividends are as follows:

	Capital Stock	Patronage	Total
Manitoba.....	\$ 399.60	\$ 4,817.61	\$ 5,217.21
Saskatchewan.....	400.20	21,152.75	21,552.95
Alberta.....	400.20	12,601.39	13,001.59
	<u>\$1,200.00</u>	<u>\$38,571.75</u>	<u>\$39,771.75</u>

Publicity Department

Because of the 1937 crop disaster in Saskatchewan, expenditures of the Publicity Department were considerably reduced during the year under review, without curtailing services too drastically.

Apart from The Western Producer, the principal advertising media as usual were the local weekly newspapers and non-English periodicals circulating in the province. Advertising space was taken in the prize lists of local agricultural societies in connection with their summer fairs.

It is a regular practice to have a rest room and exhibit at the Saskatoon and Regina exhibitions, which has proved an excellent means of contact with Pool members. This past summer the Board also authorized representation at the Class "B" fairs, and as an experiment a rest tent was sent to these fairs, with pamphlets and other material for distribution. Arrangements are being made to secure regular booth space at the Class "B" fairs wherever possible in future.

The usual Pool calendar was prepared and approximately 130,000 were distributed.

With a view to increasing the value of the weekly crop reports (summaries of which were published in the press), sufficient rain gauges were distributed to supply one Pool elevator in each sub-district. The result being satisfactory, an additional quantity was distributed in the fall, so that approximately half of the elevators in the system are now equipped with rain gauges. Still further data will be available for the crop reports next season as a result of the installation in elevators of maximum and minimum thermometers, one for each sub-district. It is also hoped that there will be interest locally in the information on rainfall and temperatures which may be thus obtained. This is already proving the case where rain gauges have been installed.

Because of the necessity for economy, plans to engage in radio activity were deferred, and only a few programmes were broadcast during the year, mostly of an experimental nature. For the coming year, however, the Board has approved a regular schedule of radio broadcasting. From 1st September a service of grain prices and other information is given three times daily direct from Head Office over a Regina station. During the coming winter months it is expected that broadcast descriptions of a number of senior amateur hockey games will be sponsored by the organization. In considering future radio plans, efforts will be made to secure as wide a provincial coverage as possible.

Last spring a book tracing the development of the agricultural co-operative movement in Western Canada from its earliest stages, with particular reference to grain growers' co-operation, was published by the firm of J. M. Dent and Sons (Canada) Limited. Your organization assisted in the publication of this book, written by Mr. Hugh Boyd, of the Publicity Department, in consultation with the Education Committee of your Board, and (apart from sales through the publisher and booksellers) has made arrangements to make it available to Pool members and employees at cost. The title of the book is "New Breaking".

Library books dealing with agriculture, co-operation, sociology, economics, history, and other subjects, and a limited selection of fiction, are available to Pool members and employees. Borrowers pay return postage, while the organization assumes the cost of outgoing postage.

Attached to this report (Statement No. 7) will be found statistical data covering the operations of the library.

Country Organization

Wheat Pool Committees

The contribution made by Wheat Pool committees to the co-operative movement, and to the community, continues to increase as the realization of their responsibilities in the field of organization and education becomes clearer.

During the year under review, as in past years, Wheat Pool committees have been the basis of our country organization work. They have provided the means through public meetings by which delegates were able to make contacts with the shareholders of their districts. In their regular committee meetings, held in some cases monthly but generally bi-monthly or quarterly, they have maintained contact with the operations of the Company and have assisted in propagating the information necessary to keep the shareholders apprised of its progress.

Stress has been laid throughout the year in many districts on the necessity of interesting and enlisting young men in the co-operative movement, and practical methods of attaining this end have been worked out and successfully put into effect. In a number of districts these efforts have resulted in the addition of younger men to the committees with beneficial results. The building up of membership in this direction will continue to be one of the most valuable efforts to which a Wheat Pool committee can devote its attention.

The operation of the co-ordination agreement has broadened the scope of committee activities. Not only has it allowed greater opportunities for general community organization, but it has added greatly to the possibilities of getting and showing results. In many cases the Wheat Pool committees have either started new co-operative enterprises, or, if these were in existence, given active support to further development. In a number of instances, where the same people acted on the various local co-operative organizations, a joint organization has come into being representative of all co-operatives, with sub-committees looking after the interests of each co-operative, the formation of study groups, the development of junior work, and other social activities.

The interest and support of the committees during the past year have been invaluable in developing local enterprises for the benefit of agriculture and of the local communities. These have included encouragement to Junior Grain Clubs which in many communities are now taking part in educational activities; the organization of study clubs; arranging for co-operative meetings; working up an interest in the scientific side of agriculture, social activities and amateur contests. Homecraft Clubs among girls have received similar encouragement.

In co-operation with the Extension Department of the University of Saskatchewan, Wheat Pool committees have assumed the responsibility of organizing farm boys' schools under the Youth Employment Training Plan, out of which a few junior agricultural societies have emerged; tillage demonstrations; short courses in agriculture; and a series of lectures on Co-operation in connection with which the speakers were Messrs. W. B. Francis and W. J. Hanson.

Wheat Pool committees have also been active in the organization of study groups; libraries under the Mechanics and Literary Institutes Act; and social events in the interests of the Anti-Tuberculosis League. A few Credit Unions have also appeared experimentally in various parts of the province through the initiative of the local committee.

The total number of Wheat Pool committees on record as at 31st July, 1938, was 1,186, as shown in Statement No. 8. This compares with 1,183 at the same period last year, 1,176 in 1936, and 1,160 in 1935. Of this number, ten new committees were organized during the year and seven committees ceased to function. The number of committees reporting organization during the year was 1,023. Adding this number to the ten new committees indicates that 153 committees did not report re-organization during the year. Fifty-six committees have not reported for two years or more, and these have been called to the attention of the delegates. The sub-districts in which these committees are situated are shown by a comparison of Statement No. 8 and Statement No. 9, which is a schedule of committees reorganized during the year.

Committee Conventions

Committee conventions, in which all sub-districts participated as usual, were held during the month of July this year. Generally speaking the conventions were a greater success and more productive of results than they have been in the past. While some of the conventions still spent a considerable portion of the day in passing resolutions on the policies of the organization, the emphasis is noticeably veering toward consideration of co-operative organization, and the place of leadership that Wheat Pool committees can and should take in their own communities.

The appointment by the conventions of a programme committee to give consideration to the planning of the year's work for the sub-districts, included for the first time on the agenda this year, also had a good deal to do with giving direction to the deliberations. The following recommendations of one such committee, which were adopted by the convention at which they were presented, are indicative of the usefulness of appointing such committees:

1. Regular meetings of local committees with a definite programme of study for the coming year.
2. The study and fostering of local consumers' co-operative associations.
3. The relationship of Pool elevator operators to the membership.
4. The development of junior organizations of boys and girls wherever suitable conditions permit.
5. That every effort be made to develop the local Wheat Pool committee as the centre of community activities.
6. Study to be given to ways and means of increasing deliveries to Pool elevators, and the circulation of *The Western Producer*.

Among the most interesting items on the agenda were the reports of juniors who represented Grain Clubs, Calf and Swine Clubs, and Homecraft Clubs, and those operating grain variety test plots. Some of these young people made valuable contributions to the interest and effectiveness of the conventions. This addition to the agenda was very much worthwhile.

Co-operative Education

The series of monthly programmes issued to Wheat Pool committees during the past year appear to have been received with continued interest. The plan followed in compiling these programmes has been to choose items of topical interest, as indicated by resolutions received from the country, in order to give the committees the fullest information available as a guide to their discussions.

Issues that have received particular comment were: A programme dealing with the election of delegates, explaining the use of the single transferable ballot; explanation of the amendment to the Act of Incorporation; explanation of the amendments to the Articles of Association passed at the last annual general meeting of delegates; policies in connection with the 1929 Overpayment; and a summary of the financial position of the Company.

Other programmes dealt with the Australian wheat marketing organizations, arising out of references in the report of the Royal Grain Inquiry Commission; basic co-operative principles; co-operative activities in other countries; and an outline of the re-organization of the Saskatchewan Poultry Pool.

In connection with study group work, programmes on "How to Organize a Study Group", and rules of procedure in connection with the conduct of meetings, were received with interest. An interesting development in connection with the organization of junior

study groups is that of the Glenvern Young People's Co-operative Society, a society of young people open to membership by all persons residing in the community between the ages of sixteen and thirty. The aims and objects written into the constitution of this society indicate an ambitious programme and one that, if fulfilled, will fill a great need in community life. These are:

- (a) To develop among the young people of this community a sense of their responsibility as members of the community, and as members of a sovereign state for the government of which they are or will become responsible in accordance with the principles of democracy.
- (b) To give the members of the society opportunities of demonstrating by practical effort that by co-operative organization valuable common objectives can be realized.
- (c) To develop through co-operative organization a more vital element in community life.
- (d) To give better opportunities for developing the various social, physical and cultural talents of its members.
- (e) Realizing that democracy can not function apart from the principle of co-operation, or working together for the common good, to learn how to co-operate by giving intelligent and effective support to all co-operative activities, and by careful study of co-operative problems to seek to improve, where necessary, existing co-operative organizations.

Study group material has been issued to all persons or groups applying for it. There has been a consistent demand throughout the year for this material, and recently this interest has been quickened as a result of articles on the subject appearing in the Women's Page of The Western Producer.

The use of moving pictures continues to be a valuable aid to the carrying on of our educational work. It will be remembered that moving pictures were first used to build up circulation for The Western Producer. When the Country Organization Department took over the equipment in August, 1933, it consisted of small Kodascopes and sixty-nine films, forty-four of which had been purchased; seventeen scenic borrowed from the federal government; and eight co-operative borrowed from the English Co-operative Wholesale Society. The demand for pictures as an adjunct to Wheat Pool meetings soon forced us to invest in a better type of projector, and to make a more careful selection of films.

One of our greatest difficulties, against which it was necessary to guard carefully, was to keep our organization from developing into a purely entertainment department, and for some time the necessary insistence that the use of pictures could only be regarded as supplementary to our general educational activities was not popular.

An effort has been maintained to keep down to a minimum of equipment and at the same time build up a film library containing types of pictures that would not only attract people to Wheat Pool meetings but give us entry into the schools of the province, study groups and other educational organizations. Of the 205 films now in our library, comprising 329 reels in all, ninety are of a high educational character and are in considerable demand. The value of these films can be gauged by the request from the teachers of our rural schools for the co-operation of our Field staff to make them available as an addition to their own educational work. The contacts so made have, it is felt, been of value to the schools and to ourselves. Both the public school and high school curricula encourage the teaching of co-operation, and the introduction of these films into the schools has led to numerous invitations to the district representatives to discuss the principles of co-

operation with the pupils and so supply information on the subject not found in the text books recommended.

Junior Co-operative Activities

Variety Testing Project

Another province-wide variety testing project involving rust resistant wheats was undertaken during the past year. The experiment was again planned in co-operation with the University of Saskatchewan and the Dominion Experimental Farms and Stations, and, as in past years, the tests were conducted by carefully selected junior co-operators. Consisting of 333 tests, two or more being located in nearly all sub-districts, the project covered the entire grain growing area of the province, and demonstrated the practicability of rapidly securing comparative data in connection with new varieties or new methods of treatment.

Originally, it was intended to include Coronation wheat in this year's project but, owing to very unfavorable reports received from British millers in connection with this variety, and the desire of your organization to encourage only the production of those varieties of such milling and baking values as will maintain the highest standard for Canadian grain, it was decided to withdraw this variety from the tests.

With the withdrawal of Coronation from the tests, the eight varieties sown last year were again used. Marquis, Reward, Thatcher, Apex, and Renown were sown in all tests, the sixth variety being selected from Ceres, Reliance or Garnet, according to the suitability of the variety for the area in which it was to be sown. Each test was sown in a modified Latin square, similar to that used last year, but a new feature was the method employed in distributing the varieties within the test, each test being arranged in a different manner and no two tests being alike.

In view of the fact that the 1938 Saskatchewan wheat crop suffered severely as a result of damage by grasshoppers, rust, drought, hail, etc., this year's testing project is of particular importance. A greater number of the tests reached maturity than in any year since this work was undertaken. It is anticipated that the data obtained will be a valuable supplement to that gathered last season, furnishing full information, not only in regard to the susceptibility or resistance of the different varieties to severe rust infestation, but also in connection with their behaviour under drought conditions, their relative yielding capacities, and general agronomic qualities.

Full results of this variety testing project will be published in booklet form but, as will be readily understood, the analysis of an experiment of this magnitude, one of the largest of its kind ever undertaken, entails a considerable amount of compilation and statistical work, and the full report will not be completed for some months. However, in order that data in connection with individual tests may be available as early as possible, it is proposed to give the results of these tests in our daily radio programme, and as the information becomes available individual results will also be made available to country newspapers.

Durum Wheats

A testing project was again undertaken with Durum wheats. This was conducted at the request of the National Research Council, the tests, fifteen in number, being located in those portions of the province most

suitable for the production of this class of grain. Each test included Pelissier, Mindum and Golden Ball, the fourth variety being the bread wheat Thatcher. Most of these Durum tests reached maturity and the results when analyzed will be included in the report covering the results of the bread wheat tests.

A detailed report on the 1937 variety testing project was published early in the spring and was given wide distribution.

Junior Club Work

Grain Clubs

During the year under review your organization continued its support of the Junior Grain Clubs throughout the province. Altogether 236 clubs were in operation in 1938. Of this number approximately 142 clubs were sponsored by the Saskatchewan Wheat Pool. The following figures give in detail the kind and variety of grain grown by the clubs throughout the season.

Kind and Variety of Grain	Number of Clubs	Number of Members	Acres Grown
Wheat			
Marquis.....	83	86	3,572
Thatcher.....	100	2,51	4,502
Reward.....	7	1, 7	274
Apex.....	3	57	114
Renown.....	3	59	118
Reliance.....	1	20	40
Red Bobs.....	1	18	36
Total.....	198	4,328	8,656
Oats			
Banner.....	8	158	316
Victory.....	22	432	864
Anthony.....	1	35	72
Total.....	31	626	1,252
Barley			
O.A.C.....	5	87	174
Regal.....	2	43	86
Total.....	7	130	260
Grand Total.....	236	5,184	10,368

It will be noted that with an average yield of only ten bushels per acre the Junior Grain Clubs this year will produce approximately 100,000 bushels of good seed, most of which will be available for seed next spring.

As Pool delegates are aware, there are two main objectives in Junior club work. One is the agricultural project. In the case of grain clubs this involves the seeding and growing of a two-acre plot of registered grain, the roguing and harvesting of this plot, and finally the exhibiting of a bushel sample at the local seed fair. While no details are yet available, press reports indicate that the local seed fairs are more numerous and even more successful than for some years past. The second objective of club work is to provide training in citizenship, and the Extension Department of the University of Saskatchewan is attaching more and more importance to this. In its programme of club work, the Department is emphasizing the importance of the participation of the individual member, not only in club work as a co-operative unit, but also his full participation in the club meetings and such features as public speaking contests, dramatic presentations, debates, or other features which tend to develop the member personally and make him a trained and effective member of the agricultural community.

During the season under review registered and certified seed, totalling 6,742 bushels, was supplied to 128 clubs by your organization.

Farm Boys' Camps

Attendance of farm boys at the camps held in connection with the Class A and a number of Class B fairs in the province is showing a steady increase. While the Pool organization is not directly connected with this particular activity, more and more the teams of farm boys taking part in these camps are being sponsored by the junior clubs, and it is encouraging to note that many of the men attending these camps in charge of the boys' teams during the past summer have been Wheat Pool delegates, members of Wheat Pool committees, or other active workers in the agricultural co-operative movement. As these various activities tend to come closer together, it will be possible for this organization to render increasing assistance in the future.

Summary of farm boys' camps activities for 1938 may be of interest to Pool delegates as indicating the extent of this type of junior work.

Exhibition	No. Attending	Age Range
Weyburn.....	77	13-17
Moose Jaw.....	87	16-19
Estevan.....	83	13-19
Yorkton.....	225	13-16
Melfort.....	97	12-15
Lloydminster.....	99	Under 18
North Battleford.....	122	13-15
Prince Albert.....	87	14-18
Regina.....	115	14-17
Saskatoon.....	349	14-17
Total.....	1,341	

Homecraft Clubs

In spite of obstacles which are inevitable in the development of a province-wide organization, the Women's Department of the University of Saskatchewan continues to meet with success in the worthwhile work of organizing groups of rural girls in homecraft clubs. During the summer of 1937 there were 138 active clubs with an approximate total membership of 1,500 girls. Throughout the 1938 summer session 160 clubs with approximately 1,658 members were active. At the present time there are 175 clubs on the list.

As the movement is less than three years old, the foregoing indicates very real progress. New projects for club activities are being introduced and a summary of the 1938 projects undertaken by the clubs shows the following:

Tomato Project.....	33 Clubs
Vitamin Garden.....	24 Clubs
Dressmaking.....	23 Clubs
Bedroom Project.....	21 Clubs
Knitting.....	22 Clubs
Physical Training.....	16 Clubs
Reading.....	2 Clubs
Folk Dancing.....	5 Clubs
Home Nursing.....	3 Clubs

A complete survey of this movement, prepared by Professor Bertha G. Oxner, Director of Women's Work at the University of Saskatchewan, is being distributed separately to delegates.

General

As already indicated in this report, the encouragement of junior club work has become an important objective of our country organization activities, and it has been found possible to render substantial assist-

ance in this connection. This assistance has been readily acknowledged by the Extension Department of the University of Saskatchewan, which is responsible for this work. In addition, in order to assist in carrying on this development, your organization made a grant of \$5,000.00 to the University. In acknowledging this grant, Professor Rayner, Director for the Department, advises "that the University very highly appreciates this substantial assistance without which our junior agricultural programme would have to be drastically curtailed."

Enrollment of New Members

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

<i>Year Ended</i>	<i>Total Shares</i>	
	<i>Applications</i>	<i>Issued</i>
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

It will be noted that there was a substantial decline in the number of applications received during the past year. This can probably be attributed to the almost complete crop failure throughout the province. This trend is now apparently reversing as while only 49 applications were received for the month of August, 212 applications for shares were filed in September.

Future Policy

Grain Marketing

At the last annual meeting of delegates a recommendation was approved that discussion on future policy in regard to the marketing of grain should be deferred until the findings of the Royal Grain Inquiry Commission had been submitted to the government.

At that time it was anticipated that in the event of the Commission's report advising against the establishment of a national marketing board a special meeting of delegates would be called early in the summer to give further consideration to future marketing policy.

As indicated in the Central Report, the recommendations submitted by the Commission proved a keen disappointment, particularly to growers who had looked forward to some definite recommendations, after the Commission's long-drawn-out and widespread deliberations, which would have enabled Canada to give a lead in the solution of the difficult international wheat marketing problem.

In view of crop prospects in other wheat exporting countries, and following strong recommendations from the Pool organizations, an announcement was made in June that the Wheat Board would function for the present season's crop. In consequence your Board felt that since the matter was disposed of for the current year it would not be necessary to convene an extraordinary general meeting of delegates.

At the present time the world wheat picture is far from bright so far as the interests of the producers are concerned. There is general agreement that a large world wheat carryover is in prospect at the end of the present year. The Food Research Institute of California reports that the 1938 world wheat crop is likely to be 300 million bushels larger than the previous

record production of 1928. If world wheat imports are not greater than is now anticipated, namely 550 million bushels, it would appear that the world wheat carryover on 31st July, 1939, will be in excess of 1,000 million bushels, a figure only exceeded in 1933 and 1934.

It may be difficult for the average person to realize that while the accumulated surpluses of the depression period were disposed of last year, and the world's granaries were being swept bare to provide wheat requirements, within one year the situation has been reversed and wheat growers everywhere are once again faced with an abnormal surplus position.

One feature, however, carries a note of encouragement. Most of the principal overseas exporting countries are taking cognizance of the situation and endeavouring to make provision to protect their producers.

In the United States Secretary Wallace has long advocated international co-operation as the only method by which the international wheat marketing problem can be dealt with. (It may be noted that it was the United States government which took the lead in this regard at the London Wheat Conference of 1933). Recently Secretary Wallace has indicated that there are possibilities of an international conference being held and that if this develops the United States would suggest the establishment of an international "ever normal granary" which would regulate production as well as exports. Under such a proposal it is anticipated that each of the exporting countries would be given an export allotment, or a pro rata share of foreign markets. Export subsidies which are now in effect in several wheat producing countries would be eliminated under this plan. In years of bumper crops the export countries would store up surpluses which would be available for export in years of short crop.

In the Argentine a bill has been approved granting power to the President of the Republic to fix a minimum price for wheat, linseed and corn, and to grant subsidies to producers of these products when deemed advisable. The bill provides that minimum prices and subsidies may be established by the President whenever such action is considered necessary for the protection of producers. Funds for financing the purchase of certain grain, and for defraying any loss sustained in connection with its sale, will be provided out of the profits realized from the purchase and sale of foreign exchange bills. If sufficient funds are not available from this source, the Bank of the Nation will advance the necessary amount. During discussion on this bill it was apparent that while members of the Argentine Congress were in favour of an international agreement with other exporting countries for the disposal of the wheat surplus, they were opposed to any action which would involve acreage restriction.

Following an agreement reached by the Prime Minister of the Commonwealth of Australia and the Premiers of the various States, a scheme for the stabilization of the Australian wheat industry is now under consideration. It is anticipated that the necessary legislation will be introduced into the federal and state parliaments in time to enable the proposal to become applicable to the crop now about to be harvested. The principal feature of the proposal is the establishment of a fixed price of approximately 4/8 per bushel at country shipping points for that part of the crop which is used for home consumption in the form of flour.

Domestic flour requirements are normally about 32 million bushels, or approximately one-fifth of an average Australian wheat crop. For the balance of the crop, whether sold for seed, feed, or in the export market, the export price will apply. Recent Australian reports indicate that the maintenance of the home consumption price will be financed by a Commonwealth excise tax on flour. Since such a tax will involve some increase in the price of flour, the Premiers of the various States have agreed to introduce legislation for fixed flour prices. Provision is to be made that the revenues from the excise tax are to go into an equalization fund from which payments are to be made by the federal treasury to the various States for distribution to Australian growers.

So far as Canada is concerned, no announcement has been made as to how the Dominion parliament proposes to deal with the situation in the future. The present Wheat Board will, of course, remain in operation until the end of the present crop year. In the meantime, Premier Bracken of Manitoba has announced that he proposes to call an international conference on the marketing of wheat and other agricultural commodities. In his announcement Premier Bracken points out that, based on open market levels, the present price of One Northern wheat is only seven cents per bushel more than the average for 1932-33, the worst year ever experienced in Western Canada, and that, under the circumstances, he believes that the future trend of prices and markets becomes a question of paramount importance. At the time this report is being prepared no details of the proposed conference have been announced.

While your Board appreciates the attitude taken by Premier Bracken, and will be prepared in co-operation with the other Pool organizations to participate in any conference which may take place, we are of the opinion that wheat marketing presents a national problem and that sooner or later the Dominion government must take a stand on this matter.

It may be worth while reminding delegates that in October, 1932, when wheat prices were heading toward the lowest levels ever known in the history of grain production, representatives of the Wheat Pool organizations met with representatives of the governments of the western prairie provinces and unanimously urged upon the Prime Minister of that day that the Government of Canada should convene a conference of the governments and producers of the wheat exporting countries with a view to establishing such measures of international co-ordination as deemed advisable in the best interests of these countries.

Your Board is definitely of the opinion that international co-operation is vital to a permanent solution of this international problem, and that the situation calls for not only co-ordination between the principal wheat exporting countries of the world but also a greater degree of economic co-operation between exporting and importing countries.

Following an interprovincial meeting of the directors of the Pool organizations held recently, an interprovincial committee has been set up to give consideration to a future agricultural policy for Western Canada, which will include marketing problems.

In the meantime, the matter of future marketing policy has been under consideration by your Board during the past year.

In view of world conditions already referred to, and in view of the action already taken or contemplated by the principal wheat exporting countries, your Board believes that continued operation of the Canadian Wheat Board, with a guaranteed minimum price to the grower at the time of delivery, is essential. It would be exceedingly difficult, if not impossible, for Canada to give effect to any agreement which might be arrived at with other countries unless control of the marketing of grain is vested in the Wheat Board, or some other similar body. Your Board is of the opinion that any plan calling for a reduction in seeded acreage will not be practical in Western Canada, in view of the wide variations in production. We believe, however, that it would be possible to evolve a plan which would control deliveries and prevent the dumping of large quantities of grain at primary markets out of all proportion to requirements. Such a plan would almost inevitably provide a practical plan of crop assurance as a result of the creation of reserve supplies of grain held in store on the farms for domestic use and which would be available for export in short crop years.

In addition to the foregoing, your Board has given consideration to other marketing proposals. These include:

- (a) The securing of the necessary federal legislation to provide marketing control over the commodity when a specified percentage of the growers of that commodity have voted in favour of such action.
- (b) The operation of a voluntary contract pool with an initial payment guaranteed by the Dominion government.
- (c) The operation of a voluntary contract pool similar to that in force prior to 1931.

If approved by this meeting, it will be the policy of your Board to use all possible means to secure the continued operation of the Canadian Wheat Board with a guaranteed minimum price to the producer at the time of delivery. In the event of the Dominion government failing to take the necessary action to establish adequate measures of marketing control (including control of deliveries when necessary) under the Canadian Wheat Board, we believe that every effort must be made to secure the passage of the necessary legislation which would place such control in the hands of the producers themselves when a specified majority has approved such action. We believe, however, that even the passage of such legislation will not relieve the Dominion government from responsibility in the matter of grain prices so long as Canada's fiscal policy remains unchanged. In addition, your Board will support all legitimate efforts which may be made looking toward the greatest possible measure of practical international co-operation and co-ordination in the interests of western grain growers.

1929-30 Pool Overpayment

At the last annual meeting a resolution was passed recommending that a survey of the whole question of the 1929-30 Pool Overpayment be made in the light of changed conditions since the present policy was formulated, and that a report be brought in to this meeting.

A special committee of your Board has been giving consideration to this problem during the past year.

The present policy of handling the 1929-30 Pool Overpayment was submitted and approved at the Ninth Annual Meeting of delegates, and is as follows:

1. That all available earnings of the Company be used to repay the indebtedness to the government.
2. That interest payable to the government be charged against the operations of the Company, this to be a first charge against net profits.
3. That during the period required to pay the government in full a record be kept of deliveries made to Pool elevators by all growers entitled to participate in the available earnings of the Company.
4. That at the end of the overpayment period the amount of earnings available for distribution as credits to growers be ascertained and divided by the total number of bushels entitled to participate in order to establish the average per bushel earning.
5. That earnings based on individual deliveries be set up as a credit to the growers concerned, to be applied against their overpayment at the average rate established as above.
6. That in the case of growers whose credit (as outlined in No. 5 above) is not sufficient to cover the amount of their overpayment, such reserves as are held in their names, up to the amount remaining unpaid, as shown by their individual overpayment accounts, be cancelled.
7. That new certificates be issued to growers whose accounts show a credit up to the total amount of such credits.
8. That in the event of the total reserves cancelled against the overpayment being less than the new reserves issued to cover credits, the difference be charged to Company Loss Account, to be written off in subsequent years if no prior provision has been made by sinking fund or other method.

The special committee of your Board has submitted certain recommendations which, if approved by the delegates, would effect very material changes in the present policy of handling the 1929-30 Overpayment.

Briefly, the proposal involves that the present policy should be effective to the end of the 1937-38 crop year (the year under review) and that thereafter the Overpayment should be treated as a Company Loss. Incorporating these proposals in a new statement of policy, it has been agreed to recommend the following for the consideration of the delegates at this meeting:

1. That all available earnings of the Company be used to repay the indebtedness to the government.
2. That interest payable to the government be charged against the operations of the Company, this to be a first charge against net profits.
3. That a complete record be kept of deliveries made to Pool elevators by all growers entitled to participate in the available earnings of the Company.
4. That at the end of the present fiscal year the amount of earnings available for distribution as credits to growers be ascertained and divided by the total number of bushels entitled to participate, in order to establish the average per bushel earned over this period.
5. That such earnings be set up as a credit to the growers concerned, and applied against the individual overpayments.
6. That in the event of such earnings being less than the amount of the overpayment the remaining balance be charged to Company Loss Account.
7. That in the event of such earnings being in excess of the amount of the overpayment, credits will be established in favour of the growers concerned to the amount of the difference between their earnings and their overpayment.
8. Where no overpayment has been received by the grower credits will be established to the full amount of the earnings.
9. That deductions be purchased at fair market or book value from estates or others with which to satisfy credit balance in excess of individual overpayments, or new credits as set out in Sections 7 and 8 above.

Co-operative Distribution

A year ago it was reported to the delegates that the matter of co-operative distribution of agricultural commodities had been the subject of conferences between representatives of the Saskatchewan Co-operative Wholesale Society and the Wheat Pool organization, in an effort to determine the best methods to be followed in this important development.

At that time it was suggested that the joint committee dealing with this matter had not completed its deliberations, and that the future policy of this organization in relation to the aggressive development of co-operative distribution could better be discussed at a future meeting.

During the year under review a joint committee representing your Board and the directors of the Saskatchewan Co-operative Wholesale Society had this matter under further consideration.

A year ago, in dealing with the future policy of this organization in relation to any future co-operative development which might take place under the additional powers granted to the organization, the delegates approved the following recommendations of the Board:

- (a) That the maintenance of a strong financial position for the handling and marketing of grain must be the most important factor in the consideration of any future co-operative development under the powers conferred by the amendment to the Act of Incorporation;
- (b) That before any new activity is undertaken there should be satisfactory evidence of a strong demand for such activity from the Pool membership; and,
- (c) That before any new activity is undertaken, the proposal for such activity should be submitted to the delegates for consideration, and such proposal should receive the support and approval of at least two-thirds of the delegates in attendance at the general meeting.

Subject to the policy outlined above, your Board is of the opinion that the co-operative distribution of commodities required in agricultural production is a proper activity of the Wheat Pool organization, and would recommend for the consideration of the delegates that the Board be authorized to take the necessary steps to form an organization, in agreement with the Saskatchewan Co-operative Wholesale Society, which would undertake to develop the co-operative distribution of commodities on a province-wide scale, servicing existing local associations, and organizing additional local units in areas not yet organized.

Seed Grain Distribution

In recent weeks your Board has had under consideration a proposal under which the organization might become more closely identified with the distribution of seed grain, including cereals and forage crops, in co-operation with the Saskatchewan Registered Seed Growers' Association.

As already indicated in this report, your organization has become an important factor in the distribution of seed grain. At the present time a committee of your Board is giving consideration to a proposal which would involve the organization of a subsidiary company owned jointly by the Saskatchewan Registered Seed Growers' Association and the Wheat Pool for the operation of a seed plant at Saskatoon. No definite proposal is being submitted to this meeting in this connection, pending receipt of further information as to the necessity for such service, and the volume of business available.

General

In addition to the foregoing, a number of other proposals have been considered by your Board, involving the participation by your organization in undertakings directly or indirectly affecting commodities required in agricultural production. These have included:

- (a) The establishment of a plant for the manufacture and distribution of artificial fertilizers;
- (b) The securing of a small timber limit and the operation of a sawmill involving the distribution of lumber; and,
- (c) The development of a number of the natural resources of Western Canada, including the manufacture and distribution of cement; the mining and distribution of coal, etc.

It will be noted that all of these proposals call for a much greater development in co-operative distribution than at present exists. Your Board is not prepared at this time to submit any recommendations to the delegates for participation in such undertakings.

Staff Superannuation

During the past year the permanent employees of your organization have formed an association known as The Saskatchewan Wheat Pool Employees' Association. Briefly, the aims of the Association are two-fold: (1) to further the objectives of the co-operative movement by organizing study groups among the membership of the Association; and by establishing and maintaining contact between the different regional organizations of the Association and other co-operative organizations; and (2) to promote plans for the betterment of conditions of employment and to co-operate with the management in putting into effect any plans which may be agreed upon for the improvement of working conditions.

Membership in the Association is available to all permanent employees of the Wheat Pool, including country elevator operators, head office and Winnipeg office staffs, and the office staff and other monthly employees attached to the terminal elevators at Port Arthur. We understand that approximately 95% of members of the staff qualified are members of the Association.

During the year your Board has met with the governors of the staff association, when various matters affecting working conditions, and also educational plans for the staff, have been under consideration.

In addition, a committee representing the staff association has met on a number of occasions with a committee of your Board to discuss a plan of superannuation for Wheat Pool Employees submitted by the Association. In this connection, it may be pointed out that there are men now in the employment of this organization who started work some 26 years ago with the old Saskatchewan Co-operative Elevator Company and who were transferred to the Pool Elevator payroll when that Company was acquired by the Wheat Pool organization.

Sooner or later the attitude of the organization must be clarified towards its employees who, by reason of advanced age, are not able to give the same efficient service as in their earlier years. In view of these circumstances your Board has agreed to recommend for the consideration of the delegates that approval be given to the principle of superannuation for Wheat Pool employees.

General

As a result of partial or complete crop failure in different parts of the province during the current crop year, the Government of Saskatchewan has announced a policy that farmers will be expected out of the proceeds of this year's crop first of all to make provision for living expenses and for next year's operations before meeting other obligations. While this is the policy of the provincial government, it does not have the force of law. In consequence your Board is of the opinion, and is prepared to recommend to the delegates, that provision should be made in the Saskatchewan Exemptions Act for a cash exemption per quarter section to cover living and operating expenses for the ensuing year.

The matter of agricultural interest rates has also been under consideration. It is evident that the interest rates charged for agricultural credits in the past were entirely beyond the ability of the producer to pay, and your Board is satisfied that agricultural production cannot pay interest rates in excess of 4%. We are, therefore, recommending to the delegates that

a brief be prepared for submission to the Dominion government and to the Board of Review under the Farmers' Creditors Arrangement Act, urging that, in face of existing conditions and the price of agricultural commodities, the interest rate on agricultural credits should not exceed 4%.

At different times throughout the year suggestions have been advanced that conditions have improved sufficiently that the Farmers' Creditors Arrangement Act is no longer necessary and should now cease to operate. From information available to your Board we are satisfied that a very large volume of work still lies ahead of the Board of Review, and that it is of the utmost importance that the Act should be maintained in operation and that the Board of Review should continue its work until the task of reviewing the farm indebtedness of this province has been completed.

It is now apparent that a substantial number of proposals approved by the Board of Review in the early operations of the Act were based on adjustments which it is now evident cannot be carried out by the debtor farmer. Your Board is very definitely of the opinion that amendments to the Act should be introduced which would allow for an appeal by the debtor against these earlier adjustments.

Conclusion

The crop year 1937-38 will live long in the memory of Saskatchewan farmers as the year of the greatest crop disaster in the history of the province up to this time. Wise financial policies laid down in past years have enabled your organization to weather the economic storm which almost engulfed the farming industry.

In a year of unparalleled difficulty spectacular accomplishments are not looked for, and yet it is doubtful if the value of organized co-operative effort was ever more fully demonstrated than was the case during the past summer.

In the late spring and early summer months it became evident that world wheat production was likely to create a situation which, if not dealt with promptly, would result in further disaster to the hard-pressed farming industry. Because of the continued loyal support of its membership through difficult years, your organization was in a position to place all the facts before the Dominion government and to urge immediate action for the protection of wheat growers. We believe that this prompt action on the part of your organization was a prominent factor in again bringing the Wheat Board into action in the matter of taking deliveries of wheat, and that it has been of very great value to wheat growers throughout Western Canada, even although the recommendations of your organization were not fully accepted, particularly in the matter of the initial price to be paid by the Board at the time of delivery.

All of which is respectfully submitted,

J. H. WESSON, *President*

A. F. SPROULE, *First Vice-President*

L. WIDDUP, *Second Vice-President*

BROOKS CATTON

J. W. RUSSELL

T. G. BOBIER

A. D. YOUNG

MARSH ADAMS

L. W. ELLIOTT

OLAF NYLUND

J. I. BELL

ED. COOKE

A. E. HOKANSON

R. A. ROBINSON

J. P. JENKINS

W. A. URTON

GEORGE A. TOUCHE & CO.

Chartered Accountants

356 MAIN STREET
WINNIPEG

21st September, 1938.

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, 1938, and have reported in statutory form on the Balance Sheets of each of these Companies.

The items of Growers' Accounts shown under Accounts Receivable Deferred are stated at amounts representing the actual debits accrued to these accounts, but as these values are dependent on the future operations of the Pool organizations, the Balance Sheet figures must not be read as representing the actual current values.

Provision for depreciation for the past two years has not been made in respect of country elevators and coal sheds, terminal elevators and equipment, and agents' residences.

We have obtained all the information and explanations we have required, and subject to the above qualifications, 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 organization's 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.

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, 1938**

ASSETS		LIABILITIES AND CAPITAL	
Cash and Securities		Cheques, Vouchers, etc., Outstanding	
Cash in Banks.....	\$ 3,500,957.21	Cheques and Money Orders.....	\$ 210,976.63
Cash Funds—Payors.....	45,424.96	Grain Drafts, Cash Tickets, etc.....	220,414.01
Dominion of Canada and Province of Saskatchewan Bonds (at cost).....	2,194,542.50	Outstanding Certificates.....	12,893.38
	<hr/>		<hr/>
	\$ 5,740,924.67		\$ 444,284.02
Accounts Receivable—Current		Accounts Payable—Current	
Sundry.....	679,321.48	Province of Saskatchewan re 1929-1930 Pool	
Stocks of Grain—less Stored Grain		Overpayment	
(as certified by responsible officials).....	161,029.99	Principal.....	\$571,884.52
Stock in Trade—Modern Press, Limited		Accrued Interest.....	206,431.01
(as certified by responsible officials).....	5,086.90		<hr/>
Prepaid Taxes, Insurance and Other Expenses.....	110,877.26		\$778,315.53
	<hr/>	Less Prepayment of Principal....	17,000.00
	\$ 6,697,240.30		<hr/>
Total Current Assets.....			\$ 761,315.53
Accounts Receivable, Deferred		Sundry.....	392,147.43
Growers' Overpayments 1929-1930 Pool.....	\$12,903,759.94		<hr/>
Province of Saskatchewan—			1,153,462.96
Surplus Interest Account.....	\$ 81,787.97	Total Current Liabilities.....	\$ 1,597,746.98
Province of Saskatchewan—			
Sinking Fund Interest Account.....	402,966.91	Deferred Liabilities	
	<hr/>	Province of Saskatchewan re 1929-1930 Pool	
	484,754.88	Overpayment.....	\$10,468,015.78
Growers' Accounts.....	65,758.39	Deferred Interest on 1928-1929 Deductions.....	281,110.83
	<hr/>		<hr/>
	13,454,273.21		10,749,126.61

Investments and Memberships (At Cost)

Canadian Co-operative Wheat Producers, Ltd.....	\$50,000.00
Canadian Pool Agencies, Ltd.....	6,670.00
Consumers' Co-operative Refineries Ltd.....	682.78
Winnipeg Grain Exchange.....	23,650.00
Winnipeg Grain and Produce Exchange Clearing Association, Ltd.....	12,250.00
Lake Shippers' Clearance Association....	3,000.00
Rural Telephone Shares.....	1,342.00

	\$	97,594.78
Less Reserve.....		50,000.00

47,594.78

Fixed Assets (less Reserves for Depreciation)

Country Elevators and Coal Sheds.....	\$ 8,665,258.06
Terminal Elevators.....	5,538,201.57
Land, Buildings and Machinery—Regina and Saskatoon.....	177,255.77
Agents' Residences.....	339,045.09
Work under construction.....	103,246.68
Sites—Terminal Elevators, etc.....	363,615.20
Office Furniture and Fixtures.....	32,907.86
Automobiles and Sundry Equipment.....	53,315.73

15,272,845.96

Deferred Charges

Overpayment 1929-1930 Pool—Company's Share less reductions	\$ 177,243.77
Operating Expenses 1930-1931 Pool.....	377,804.53
Stocks of Repair Parts and Supplies.....	53,429.66

608,477.96

\$36,080,432.21

This is the Balance Sheet referred to in our report of 21st September, 1938.

Elevator Deductions.....	12,188,060.07
Commercial Reserve.....	6,567,851.17
Capital.....	106,889.00
Reserve.....	1,809,824.87
Reserve for Sinking Fund 1929-1930 Pool Overpayment.....	100,000.00
Insurance Reserve.....	87,305.03
Undivided Profits.....	2,873,628.48
Contingent Liabilities.....	

In respect of Buildings and Work under Construction—Estimated.....\$50,000.00

Approved on behalf of the Board.

J. H. WESSON, Director.
A. F. SPROULE, Director\$36,080,432.21

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

CONSOLIDATED BALANCE SHEET

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

ASSETS

CASH AND SECURITIES:

Dominion of Canada and Province of Saskatchewan Bonds—\$2,194,542.50: This represents \$200,000.00 Dominion of Canada, 3% Perpetual Bonds, and \$2,300,000.00 Province of Saskatchewan, 4½% Debentures, 1951, at cost.

ACCOUNTS RECEIVABLE—CURRENT:

Sundry—\$679,321.48: In addition to an amount of \$445,720.11 covering sales of grain to the Province of Saskatchewan for purposes of Relief, the above item is composed principally of advances and freight on stored grain, and handling charges on grain in store in country and terminal elevators, collectible when the grain is sold.

Stocks of Grain—Less Stored Grain—\$161,029.99: This amount represents the value of grain on hand in country and terminal elevators at 31st July, 1938, less the liability for stored grain. Values have been based upon Winnipeg cash closing prices at 30th July, 1938, less freight where necessary.

Stock-in-Trade—\$5,086.90: Includes the value of Job Stock, Work in Progress and Newsprint on Hand at Modern Press Limited, Saskatoon, at the date of the Balance Sheet.

Prepaid Taxes, Insurance and Other Expenses—\$110,877.26: This amount represents prepayment of various current operating expenses.

ACCOUNTS RECEIVABLE—DEFERRED:

Growers' Overpayments, 1929-1930 Pool—\$12,903,759.94: The amount shown represents the balance due by growers in respect of excess initial payments on deliveries to the 1929-1930 Pools, after writing down the maximum overpayment on any grade of grain to 18 cents per bushel and applying credits from the final payment of the 1928-1929 crop. The increase of \$5.47 from the balance shown at 31st July, 1937, is accounted for by minor adjustments in a number of accounts.

Province of Saskatchewan—Surplus Interest Account and Sinking Fund Interest—\$484,754.88: Under the terms of the Supplementary Agreement with the Province of Saskatchewan, dated 17th March, 1933, any payments made by the Company in excess of monies expended by the Province in respect of the 1929-1930 Pool Overpayment Account, will accrue to the benefit of the Organization, to be taken into consideration in the final accounting in respect of the repayment 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 two above mentioned accounts, namely, Surplus Interest Account and Sinking Fund Interest Account.

Growers' Accounts—\$65,758.39: Items comprising this amount are made up as follows:

Growers' Accounts Receivable.....	\$11,777.67
Advances against Reserves.....	2,477.36
Seed Grain Advances Against Reserves.....	37,827.13
Contract Notes 1928-1933 Pool.....	13,676.23
	<hr/>
	\$65,758.39
	<hr/>

Investments—\$47,594.78: This amount represents investments in Shares and Memberships at cost, less a Reserve of \$50,000.00, which was set aside from the surplus Income of the Pool in Season

1936-1937, to provide against loss covering the Company's investment in Canadian Co-operative Wheat Producers Limited. During the year additional stock of Consumers' Co-operative Refineries Limited was acquired to the value of \$50.33, representing dividends on supplies purchased from that Association.

FIXED ASSETS:

Country Elevators and Coal Sheds—\$8,665,258.06: Included in this amount are the following items:

	Plant Value	Depreciation	Net
Country Elevators.....	\$14,650,320.90	\$5,990,009.68	\$8,660,311.22
Coal Sheds.....	7,273.26	2,326.42	4,946.84
	<u>\$14,657,594.16</u>	<u>\$5,992,336.10</u>	<u>\$8,665,258.06</u>

Terminal Elevators—\$5,538,201.57: The following are the details of the amount shown in respect of this asset:

	Plant Value	Depreciation	Net
Terminal No. 4.....	\$ 3,075,728.84	\$1,516,277.92	\$1,559,450.92
Terminal No. 5.....	1,198,691.90	585,771.23	612,920.67
Terminal No. 6.....	74,977.09	36,033.01	38,944.08
Terminal No. 7.....	3,945,595.17	1,535,376.27	2,410,218.90
Buffalo Terminal.....	1,795,205.48	878,538.48	916,667.00
	<u>\$10,090,198.48</u>	<u>\$4,551,996.91</u>	<u>\$5,538,201.57</u>

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

Land, Buildings and Machinery, Regina and Saskatoon—\$177,255.77: This includes the following items:

	Plant Value	Depreciation	Net
Regina			
Head Office Building.....	\$180,000.00	\$101,250.00	\$ 78,750.00
Site.....	25,397.75	.....	25,397.75
Fixtures and Equipment.....	11,595.77	7,738.30	3,857.47
Saskatoon			
Modern Press Building.....	25,566.49	8,492.58	17,073.91
Site.....	9,200.00	.....	9,200.00
Machinery and Equipment	65,605.26	22,628.62	42,976.64
	<u>\$317,365.27</u>	<u>\$140,109.50</u>	<u>\$177,255.77</u>

Agents' Residences—\$339,045.09: Included in this asset are 337 Agents' Residences, valued at \$534,373.30, against which there is a Reserve for Depreciation amounting to \$195,328.21.

Work Under Construction—\$103,246.68: This represents sundry construction work in progress at various points at the year end. The balance of the approved programme of Capital Expenditures, amounting to \$50,000.00, is shown as a Contingent Liability.

Sites—Terminal Elevators, etc.—\$363,615.20: 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.....	1,201.25
Cottage Sites.....	32,631.71
	<u>\$363,615.20</u>

DEFERRED CHARGES:

Overpayment 1929-1930 Pool—Company's Share—\$177,243.77: This amount includes all overpayments of the 1929-1930 Pool in excess of 18 cents per bushel on any grade of grain, and in addition, includes the discount on bonds issued by the Province of Saskatchewan in reimbursing the lending banks. Details of these charges, and of various items applied in reduction of the account, will be found in the following summary:

Cost of writing down Overpayment to maximum of 18 cents per bushel.....	\$ 949,443.01
Discount on Bonds issued by the Province of Saskatchewan.....	275,040.00
	<hr/> \$1,224,483.01

Deductions

Saskatchewan Pool Elevators Limited, 1929-1930 Adjustment Account.....	\$197,656.30
Credit received in respect of excess interest paid Province of Saskatchewan.....	194.98
Balance of excess interest paid Province of Saskatchewan.....	81,787.97
Interest on 4½% Debentures, 1951 Sinking Fund.....	402,966.91
Surplus Income, Seasons 1931-1937 inclusive.....	\$387,081.34
Less Excess of Expenses over Income, Season 1937-1938.....	22,448.26
	<hr/> 364,633.08
	<hr/> 1,047,239.24
	<hr/> \$ 177,243.77

Operating Expenses 1930-1931 Pool—\$377,804.53: This amount comprises the net operating expenses of the 1930-1931 Pool, and, as no provision was made in the 1930 Wheat Crop Equalization Payments Act for payment, the amount becomes a charge to be written off from the future earnings of the Company.

LIABILITIES

CHEQUES, VOUCHERS, ETC., OUTSTANDING:

Outstanding Certificates—\$12,893.38: 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—\$761,315.53: This amount represents the balance of the principal payment due 15th September, next, together with interest accrued to 31st July, 1938, on the total liability to the Province of Saskatchewan in respect of the 1929-1930 Pool Overpayment.

Sundry—\$392,147.43: This item consists principally of Customers' Margin Accounts, Loan Accounts and Accrued Expenses.

DEFERRED LIABILITIES:

Province of Saskatchewan re 1929-1930 Pool Overpayment—\$10,468,015.78: This represents the balance owing on the above account after completing payment of the instalment of principal due 15th September, 1938, the balance of which is provided for above under the heading of "Accounts Payable—Current". The balance of the liability is payable in thirteen amortized payments of principal and interest, commencing 15th September, 1939.

Deferred Interest on 1928-1929 Deductions—\$281,110.83: This amount of interest, payment of which has been deferred, is made up as follows:

Elevator Deductions, 6% from 1st September, 1929, to 31st August, 1930.....	\$199,195.04
Commercial Reserve, 5% from 1st September, 1929, to 31st August, 1930.....	81,915.79
	<hr/> \$281,110.83

CAPITAL, RESERVE, ETC.:

Elevator Deductions—\$12,183,060.07, Commercial Reserve—\$6,567,851.17: Funds in respect of Elevator Deductions are invested in the Saskatchewan Pool Elevators Limited, and in respect of Commercial Reserve, in the remaining investments, fixed assets and loans to Saskatchewan Pool Elevators Limited, etc.

Capital—\$106,839.00: This amount includes new capital subscribed during the year, to the extent of \$249.00.

Reserve Account—\$3,121,370.51: Details of this account are shown below:

Balance at 1st August, 1937.....\$3,125,450.08

Add:

Canadian Pool Agencies Limited, Share of Profits—Season 1936-1937.....\$	21,152.75	
Consumers' Co-operative Refineries Ltd. Refinery Dividend (applied on stock)	50.33	
		<u>21,203.08</u>
		\$3,146,653.16

Deduct:

Income Tax—Season 1936-1937.....\$	16,005.53	
Corporation Tax—Season 1936-1937.....	9,277.12	
Loss for the year—transferred from Profit and Loss Account.....	1,311,545.64	
		<u>1,336,828.29</u>
		\$1,809,824.87

Reserve for Sinking Fund re 1929-1930 Pool Overpayment—\$100,000.00: This amount was set aside from the earnings of Season 1932-1933 to provide a Reserve for such amounts due by Growers in respect of the 1929-1930 Pool Overpayment, as may be ultimately found to be uncollectible, and is in accordance with the plan of repayment of the Growers' Overpayment as approved by the delegates.

Insurance Reserve—\$87,305.03: This Reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded, and replaces the usual excess coverage which has been discontinued. No losses were charged to this account during the year under review.

Undivided Profits—\$2,873,628.48: This amount includes earnings of Saskatchewan Pool Elevators Limited, set aside during Seasons 1929-1937 inclusive, distribution of which has been deferred.

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, 1938

	Dr.	Cr.			
			Brought Forward.....	\$18,634,065.30	\$23,733,558.62

Capital Receipts

Elevator Deductions.....		\$12,188,060.07	
Commercial Reserve.....		6,567,851.17	
Capital.....		106,889.00	
Reserve.....		1,809,824.87	
Reserve for Sinking Fund re 1929-1930 Pool Over- payment.....		100,000.00	
Insurance Reserve.....		87,305.03	
Undivided Profits.....		2,873,628.48	

Capital Expenditure

Fixed and Sundry Assets			
Fixed Assets (<i>Less</i> Reserve for Depreciation).....	\$15,272,845.96		
Investments and Memberships.....	47,594.78		

Deferred Accounts

Accounts Receivable—Deferred.....		\$13,454,273.21	
Deferred Charges.....		608,477.96	

		\$14,062,751.17	
<i>Less</i> Deferred Liabilities.....		10,749,126.61	

3,313,624.56

Carried Forward.....	\$18,634,065.30	\$23,733,558.62	
----------------------	-----------------	-----------------	--

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

Country Elevators, Agents' Resi- dences and Cleaners.....		\$ 100,000.00	
Sundry Capital Replacements.....		53,246.68	

\$ 100,000.00

53,246.68

\$ 153,246.68

Less Paid on Account (Work under Construction).....		103,246.68	
--	--	------------	--

50,000.00

Balance—Surplus available as Working Capital for Season 1938-1939.....			5,049,493.32
---	--	--	--------------

5,049,493.32

	\$23,733,558.62	\$23,733,558.62	
--	-----------------	-----------------	--

BALANCE SHEET

JOINT EXHIBITS

Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939

and other assets (construction)

Assets of Joint Venture for Season 1938-1939

BALANCE OF CURRENT ASSETS

JOINT RECEIVABLES

Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939
 Assets of Joint Venture for Season 1938-1939

BALANCE OF CURRENT ASSETS

CURRENT POSITION AS PER CONSOLIDATED BALANCE SHEET AS AT 31st JULY, 1938

Current Assets.....\$6,697,240.30
 Current Liabilities.....1,597,746.98

Current Position as per Balance Sheet.....\$5,099,493.32

Less:

Estimated Capital Expenditures to complete Programme of Building and
 Work under Construction.....50,000.00

Balance—Surplus available as Working Capital for Season 1938-1939.....\$5,049,493.32

STATEMENT No. 2 (2)

SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

MODERN PRESS LIMITED

SASKATCHEWAN POOL ELEVATORS LIMITED

and

SASKATCHEWAN POOL TERMINALS LIMITED

STATEMENT No. 3

SOURCE OF CAPITAL FUNDS, ANALYSIS OF CAPITAL EXPENDITURES AND SURPLUS CAPITAL, AS AT 31st JULY, 1938

	Capital	Commercial Reserve	Elevator Deductions	Reserve	Reserve for Sinking Fund 1929-30 Pool Overpayment
SOURCE OF CAPITAL FUNDS					
Stock Subscriptions.....	\$ 106,889.00				
Deductions from Pool Payments.....		\$ 6,567,851.17	\$12,188,060.07		
From Surplus Earnings.....				\$ 1,809,824.87	\$ 100,000.00
Province of Saskatchewan—Loan.....					
TOTAL RECEIPTS.....	\$ 106,889.00	\$ 6,567,851.17	\$12,188,060.07	\$ 1,809,824.87	\$ 100,000.00
ANALYSIS OF CAPITAL EXPENDITURES					
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction).....	\$ 106,889.00	\$ 2,811,710.47	\$12,188,060.07	\$ 216,186.42	
Investments.....		11,920.00		35,674.78	
1929-30 Pool Overpayment.....		172,380.35			\$ 51,733.98
Operating Expenses 1930-31 Pool.....		377,804.53			
Advances, etc. to Growers.....		65,758.39			
Stocks of Repair Parts and Supplies.....		2,637.93		50,791.73	
TOTAL EXPENDITURES.....	\$ 106,889.00	\$ 3,442,211.67	\$12,188,060.07	\$ 302,652.93	\$ 51,733.98
BALANCE—SURPLUS CAPITAL.....	\$	\$ 3,125,639.50	\$	\$ 1,507,171.94	\$ 48,266.02

STATEMENT No. 3—Continued

	Insurance Reserve	Undivided Profits	Deferred Interest 1928-29 Deductions	Deferred Loans Outstanding Province of Saskatchewan	TOTAL
SOURCE OF CAPITAL FUNDS					
Stock Subscriptions.....					\$ 106,889.00
Deductions from Pool Payments.....					18,755,911.24
From Surplus Earnings.....	\$ 87,305.03	\$ 2,873,628.48	\$ 281,110.83		5,151,869.21
Province of Saskatchewan—Loan.....				\$10,468,015.78	10,468,015.78
TOTAL RECEIPTS	<u>\$ 87,305.03</u>	<u>\$ 2,873,628.48</u>	<u>\$ 281,110.83</u>	<u>\$10,468,015.78</u>	<u>\$34,482,685.23</u>
ANALYSIS OF CAPITAL EXPENDITURES					
Fixed Assets (Including Expenditures approved for completion of Programme of Building and Work under Construction).....					\$15,322,845.96
Investments.....					47,594.78
1929-30 Pool Overpayment.....		\$ 2,873,628.48		\$10,468,015.78	13,565,758.59
Operating Expenses 1930-31 Pool.....					377,804.53
Advances, etc., to Growers.....					65,758.39
Stocks of Repair Parts and Supplies.....					53,429.66
TOTAL EXPENDITURES	<u>\$</u>	<u>\$ 2,873,628.48</u>	<u>\$</u>	<u>\$10,468,015.78</u>	<u>\$29,433,191.91</u>
BALANCE—SURPLUS CAPITAL	<u>\$ 87,305.03</u>	<u>\$</u>	<u>\$ 281,110.83</u>	<u>\$</u>	<u>\$ 5,049,493.32</u>
TOTAL CURRENT ASSETS— (As per Consolidated Balance Sheet, Statement "1").....					\$ 6,697,240.30
TOTAL CURRENT LIABILITIES— (As per Consolidated Balance Sheet, Statement "1").....					1,597,746.98
BALANCE—Current Position					\$ 5,099,493.32
<i>Less</i> Estimated Capital Expenditures to complete Programme of Building and Work under Construction.....					50,000.00
BALANCE—Surplus Capital					<u>\$ 5,049,493.32</u>

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, 1938**

ASSETS

Fixed Assets (<i>Less</i> Reserve for Depreciation).....	\$15,272,845.96
Investments and Memberships (<i>Less</i> Reserve).....	47,594.78
Other Assets (Deferred Accounts Receivable, etc.)	
Province of Saskatchewan—Surplus Interest Account.....	81,787.97
Province of Saskatchewan—Sinking Fund Interest Account.....	402,966.91
Stocks of Repair Parts and Supplies.....	53,429.66
Surplus Capital (After providing for Expenditures to complete Programme of Building and Work under Construction)	5,049,493.32
Amount provided to complete Programme of Building and Work under Construction.....	50,000.00
Total Net Assets (Exclusive of amounts due by Growers).....	<u>\$20,958,118.60</u>

LIABILITIES (Exclusive of Liabilities to Shareholders)

Province of Saskatchewan re 1929-1930 Pool Overpayment.....	\$10,468,015.78	Equity 49.947%
---	-----------------	--------------------------

TOTAL LIABILITIES TO OTHER THAN SHAREHOLDERS.....

\$10,468,015.78 49.947%

BALANCE OF ASSETS OVER LIABILITIES—Growers' Equity.....

10,490,102.82	50.053%
<u>\$20,958,118.60</u>	<u>100.000%</u>

STATEMENT No. 5

STATEMENT OF GRAIN HANDLINGS

SASKATCHEWAN POOL ELEVATORS LIMITED and SASKATCHEWAN POOL TERMINALS LIMITED

As at 31st July, 1938

TOTAL HANDLED (ALL GRAINS)

SASKATCHEWAN POOL ELEVATORS LIMITED

Country Elevators.....	873,200,915	15,172,108	888,373,023
Platform.....	54,894,540	210,514	55,105,054

Total.....	928,095,455	15,382,622	943,478,077
------------	-------------	------------	-------------

Number of Elevators Operated.....	.....	914	.....
Average Handling per Elevator.....	.....	16,600	.....

SASKATCHEWAN POOL TERMINALS LIMITED

Terminal No. 4.....	196,346,401	.....	196,346,401
Terminal No. 5.....	71,883,383	.....	71,883,383
Terminal No. 6.....	215,262,152	.....	215,262,152
Terminal No. 7.....	172,454,629	8,870,856	181,325,485
Terminal No. 8.....	28,240,761	.....	28,240,761

Total.....	684,187,326	8,870,856	693,058,182
------------	-------------	-----------	-------------

BUFFALO TERMINAL ELEVATOR.....	131,930,775	131,930,775
--------------------------------	-------------	-------	-------------

SASKATCHEWAN POOL ELEVATORS LIMITED

STATEMENT OF EARNINGS

1st August, 1925, to 31st July, 1938

	Total 1925-1937	Season 1937-1938	Total 1925-1938
NET EARNINGS (After adjusting for Income Tax paid and Loss on Realization of Assets).....	\$17,149,022.86	\$ (703,497.66)	\$16,445,525.20
DISTRIBUTION OF EARNINGS			
Farm Storage.....	\$ 306,456.74		\$ 306,456.74
Share of Pool Expenses.....	738,807.76	52,620.91	791,428.67
Dividends to Pool.....	1,915,273.80		1,915,273.80
Excess Charges Refund.....	4,256,040.82		4,256,040.82
Interest Paid on 1929-1930 Pool Overpayment.....	3,750,139.72	555,427.07	4,305,566.79
Transferred to Reserve Account.....	3,121,370.51	(1,311,545.64)	1,809,824.87
Transferred to Insurance Reserve.....	87,305.03		87,305.03
Transferred to Sinking Fund Reserve re 1929-1930 Pool Overpayment.....	100,000.00		100,000.00
Transferred to Undivided Profits.....	2,873,628.48		2,873,628.48
TOTAL	\$17,149,022.86	\$ (703,497.66)	\$16,445,525.20
Net Earnings (as above).....			\$16,445,525.20
Depreciation Reserve as at 31st July, 1938.....			10,884,845.70
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, 1938			\$29,480,702.19
CAPITAL—AS AT 31st JULY, 1938			\$12,195,200.00

NOTE: The figures shown for the period 1925-1937 have been altered to include adjustments applicable to that period, but which were not determined in time to be included in the figures previously submitted. Bracketed figures represent Losses.

LIBRARY RECORD FOR 1937-1938

	Books Mailed	Books Returned	Books	Requests Catalogues	Postage
1937					
August.....	283	265	18	2	\$ 27.59
September.....	279	302	17	15	29.60
October.....	289	289	38	27	28.94
November.....	417	321	101	8	52.36
December.....	592	513	131	...	50.14
1938					
January.....	735	648	167	540	72.27
February.....	916	758	274	2,407	89.29
March.....	887	869	108	145	91.61
April.....	653	711	34	56	63.95
May.....	401	460	18	4	42.73
June.....	343	388	9	2	33.81
July.....	320	406	13	8	32.79
Totals.....	<u>6,115</u>	<u>5,930</u>	<u>928</u>	<u>3,214</u>	<u>\$615.08</u>

Number of Borrowers as at July 31, 1938

Contract Signers.....	1,201
Agents.....	137
Total.....	<u>1,338</u>

WHEAT POOL COMMITTEES

STATEMENT No. 8

TOTAL NUMBER OF COMMITTEES 1937-1938

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	4	7	10	7	7	8	11	6	8	71
District 2.....	8	4	6	8	5	6	9	8	13	6	73
District 3.....	3	4	3	4	8	6	5	5	4	6	48
District 4.....	3	7	9	5	5	2	4	7	3	6	51
District 5.....	10	7	5	7	8	5	6	10	9	5	72
District 6.....	9	10	7	8	11	12	13	7	7	9	93
District 7.....	8	5	6	5	7	8	6	5	11	6	67
District 8.....	10	9	11	8	7	10	6	10	6	4	81
District 9.....	5	7	4	9	3	9	7	6	6	7	63
District 10.....	6	7	4	8	15	8	2	7	6	9	72
District 11.....	9	11	12	6	6	7	12	7	12	9	91
District 12.....	9	8	9	7	7	6	7	8	12	8	81
District 13.....	12	11	4	13	7	12	5	7	9	10	90
District 14.....	5	7	6	7	9	15	12	7	8	11	87
District 15.....	9	8	5	8	7	5	7	5	7	10	71
District 16.....	6	7	9	7	4	11	7	9	9	6	75
Total											1186

STATEMENT No. 9

COMMITTEES REORGANIZED 1937-1938

Sub-district	1	2	3	4	5	6	7	8	9	10	T'tl
District 1.....	3	4	7	10	5	7	8	11	6	7	68
District 2.....	6	3	5	6	5	4	9	8	12	6	64
District 3.....	3	4	3	3	4	5	2	5	2	5	36
District 4.....	2	3	6	5	4	2	4	7	3	5	41
District 5.....	8	6	5	6	8	4	3	9	8	5	62
District 6.....	8	10	7	8	8	10	10	6	7	4	78
District 7.....	7	4	5	5	7	7	6	5	11	6	63
District 8.....	10	7	9	7	6	9	6	6	4	4	68
District 9.....	5	7	4	8	2	9	6	6	6	7	60
District 10.....	6	6	3	8	12	7	2	5	3	7	59
District 11.....	8	6	7	4	1	6	8	5	7	5	57
District 12.....	7	8	9	7	6	6	6	8	12	8	77
District 13.....	8	11	2	9	5	10	3	7	9	9	73
District 14.....	4	7	6	6	9	15	12	7	7	11	84
District 15.....	6	7	5	7	6	3	7	5	7	9	62
District 16.....	6	7	10	6	4	8	6	9	10	5	71
Total											1023

CANADIAN POOL AGENCIES LIMITED—BALANCE SHEET AS AT 31st AUGUST, 1938

STATEMENT No. 10

ASSETS

Agency Assets:

Cash in Banks.....	\$ 3,523.95
Insurance Accounts Receivable.....	165,315.20

Total Agency Assets.....\$168,839.15

Shareholders' Assets:

Cash in Banks.....	\$ 16,266.06
Cash on Hand.....	60.00

\$ 16,326.06

Accounts Receivable:

Commissions Receivable.....	\$30,311.31
Canadian Co-operative Wheat Producers Limited.....	3,837.60
Loan Accounts.....	3,490.79
Sundry.....	768.68

38,408.38

Investments (at cost):

\$80,000.00 Dominion of Canada Bonds, 3¼% June, 1966 (Quoted Value August 31, 1938, \$80,000.00)	80,187.50
Membership Deposits (Insurance Agents' Associations)	200.00
Furniture and Equipment.....	\$5,825.50
Less Reserve for Depreciation.....	5,265.28

560.22

135,682.16

\$304,521.31

LIABILITIES

Agency Liabilities:

Insurance Accounts Payable.....	\$138,527.84
Commissions Payable.....	30,311.31

Total Agency Liabilities.....\$168,839.15

Shareholders' Liabilities, etc.

Accounts Payable:

Dividends Payable.....	\$ 39,771.75
Saskatchewan Inspection Service.....	13,637.36
Unearned Commissions.....	9,944.00
Accrued Expenses.....	570.64

\$ 63,923.75

Reserves for Cancellations, etc.....\$15,000.00

Reserve for Insurance Investigation..... 910.85

15,910.85

Capital Stock—Authorized, \$20,000.00

Issued and Fully Paid—2,000 Shares of \$10.00 each

20,000.00

Earned Surplus.....35,847.56

135,682.16

Approved on behalf of the Board:

J. H. WESSON, Director

L. HUTCHINSON, Director.

\$304,521.31

Auditors' Report to the Shareholders:

We have examined the books and accounts of Canadian Pool Agencies Limited for the fiscal year ending August 31, 1938, and have obtained all the information and explanations which we have required.

Cash in banks has been reconciled with certificates obtained direct from the company's bankers. The securities covering the company's investment in Dominion of Canada bonds and the membership deposits have been verified by certificates from the depositories.

We report that, in our opinion, the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Canadian Pool Agencies Limited as at August 31, 1938, according to the best of our information and the explanations given to us and as shown by the books of the company.

Winnipeg, September 29th, 1938.

PRICE, WATERHOUSE & CO., Auditors.

STATEMENT No. 11

CANADIAN POOL AGENCIES LIMITED

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED AUGUST 31, 1938

Income:

Commissions Earned.....	\$44,787.16
Interest.....	848.25
Interest on Investments.....	2,386.31
Profit on Sale of Bank of Canada Shares.....	37.00
	<hr/>
	\$48,058.72

Administrative and General Expenses:

Salaries.....	\$10,169.40
Administrative Expenses.....	1,500.00
Rent and Light.....	1,433.61
Office Supplies and Expenses.....	271.00
Telegraph and Telephones.....	310.30
Audit Expense.....	275.00
Printing and Stationery.....	130.28
Postage and Excise Stamps.....	149.67
Brokerage.....	71.78
Taxes and Licenses.....	277.58
Insurance and Advertising.....	82.55
Travelling Expenses.....	39.90
	<hr/>
	\$14,711.16
<i>Less</i> Allowance from Saskatchewan Inspection Service.....	2,500.00
	<hr/>
	12,211.16
 Net Income Transferred to Surplus	 <u>\$35,847.56</u>

EARNED SURPLUS ACCOUNT

Balance as at 1st September, 1937.....	\$39,771.75
Add Net Income for the year ended 31st August, 1938.....	35,847.56
	<hr/>
	\$75,619.31
<i>Less</i> Dividends Payable:	
Capital Stock.....	\$ 1,200.00
Patronage.....	38,571.75
	<hr/>
	39,771.75
 Earned Surplus as at 31st August, 1938.....	 <u>\$35,847.56</u>

**Canadian Co-operative Wheat Producers
Limited**

DIRECTORS' REPORT

1937-1938

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

Gentlemen:

World Wheat Situation

The instability of the world wheat situation is shown by the following extracts, the first being from the review of the 1937-38 crop year by the Dominion Bureau of Statistics, Agricultural Branch:

"The 1937-38 season began under relatively favourable circumstances. The world carryover of wheat at August 1, 1937, was reduced to 521 million bushels, a decrease of 251 million bushels from that of the previous year. No single country was carrying an excess of export supplies at the time."

The second extract is from the weekly review of the Bureau of Agricultural Economics, United States Department of Agriculture, for the week of September 24, 1938:

"Aside from the unsettled political situation in Europe, the wheat market as a whole continued weak with supplies greatly in excess of indicated requirements and with a prospective carryover at the close of the season nearly as large as the 1934 record. World production outside of Russia and China is now forecast at 4,345,000,000 bushels, or approximately 500 million bushels above the 1937-38 harvest. Carryover stocks July 1 are placed at 595 million bushels, giving a total world supply not including Russia and China of 4,940,000,000 bushels. Probable disappearance during the 1938-39 season is estimated at 3,795,000,000 bushels, which would leave a carryover at the close of the season next July of 1,145,000,000 bushels, or only about 50 million bushels short of the record stocks July 1, 1934."

To protect their own wheat producers from bankruptcy, importing countries have continued raising their wheat tariffs as the price of wheat goes down in exporting countries. Belgium, Holland and Switzerland have all raised their wheat tariffs recently, and Denmark is stated to have prohibited entirely imports of wheat and rye. Referring to these recent increases, Broomhalls made the following statement:

"Exporting countries are endeavouring to offset these duties by the export subsidy method, so that no country is apparently able to produce wheat or sell wheat without government assistance. A breaking point will definitely come sooner or later, when the wheat war will become so tense that all regulations will have to be lifted to prevent financial crisis."

Domestic Crops

The first official estimate by the Dominion Bureau of Statistics of the 1938 wheat crop gave a total for Canada of 358,396,000 bushels against a total of 163,721,000 in 1937. The spring wheat crop in the prairie provinces was estimated at 334,000,000 against 159,000,000 in 1937.

Although there was ample moisture over the greater part of the wheat area, there was a great deal of damage to all grains by rust and grasshoppers, Saskatchewan suffering most from both scourges. Honourable

J. G. Taggart, Minister of Agriculture for Saskatchewan, has made an unofficial estimate that grasshoppers and rust combined had robbed Saskatchewan farmers this year of at least fifty million bushels of wheat.

1930 Adjustment Claim

In the report of the Canadian Wheat Board for 1936-37, the following summary of the Board's operations in connection with stabilization operations is included:

"The net results of the Board's wheat operations to 31st July, 1937, at which date the Board was holding 6,964,000 bushels of futures contracts against seed requirements for the 1938 crop, may be summarized as follows:

Profit on wheat taken over from Canadian Co-operative Wheat Producers Limited at market prices of 2nd December, 1935..... \$25,485,526.66

Less:
Amount necessary to repay advance to Board by Dominion Government against estimated loss (figured at market prices of 2nd December, 1935) on wheat taken over from Canadian Co-operative Wheat Producers Limited..... \$15,856,645.35

Net Profit..... \$ 9,628,881.31

From this net profit there should be deducted the amount provided for distribution under the 1930 Crop Equalization Payments Act passed by the federal parliament in April, 1936. The sum authorized was not to exceed \$6,600,000, the total payments made under the Act amounting to \$6,521,026.16.

The amount required to make the adjustment and settlement contemplated in the terms of Order-in-Council P.C. 3199, is \$1,537,045.60. This amount is made up as follows:

Balance required to adjust payment on Oats, Barley and Flax delivered to the 1930 Pool to the higher initial payment prices, including adjustment to selling spreads..... \$ 551,698.45

Operating Expenses Provincial Pools:

Manitoba.....\$203,979.85
Saskatchewan..... 403 182.91
Alberta..... 255,324.81

\$ 862,487.57

Liquid Capital Canadian Co-operative Wheat Producers Limited applied in reduction of Bank Loans and not recovered in settlement..... \$ 122,859.58

Total required to make adjustment and settlement..... \$ 1,537,045.60

The Wheat Board statement shows that a profit of \$9,628,881.31 was made on the wheat turned over to the Board by the Pools, so that if the claim of the Pools were met in full the government would still have the substantial gain of \$1,570,810 on the whole transaction.

Your Board has continued to press for a further settlement from the federal government in connection with the balance of the 1930 adjustment claim. In personal interviews with members of the Cabinet Wheat Committee, and by letter, your Board has done everything possible to secure the unpaid balance of our original settlement before stabilization holdings were turned over to the 1935 Wheat Board.

The 1938-39 Wheat Board

In a personal interview with the Wheat Committee of the Cabinet at Ottawa on Tuesday, 14th June, your executive made a strong appeal to the federal government to have an actively functioning Wheat Board to handle the 1938-39 crop with participation certificates, and with an initial payment not less than 87½ cents per bushel, basis No. One Northern, Fort William. The demand for an actively functioning Board re-

ceived support from members of parliament and provincial legislatures in Western Canada, and from business and agricultural organizations. It was fully realized by your Board that 87½ cents was not a profitable price to the producer. It was felt, however, that by taking a firm stand for not less than the minimum price set by the 1935 Wheat Board and continued, although not operative in 1936-37 and 1937-38, there was more hope for the minimum price at this moderate level than if a higher price was demanded.

On 4th August, 1938, Prime Minister Mackenzie King announced a fixed price of 80 cents per bushel, basis No. One Northern, Fort William, and again brought the Canadian Wheat Board into active operation. George Melvor remains as Chief Commissioner, with R. C. Findlay as Commissioner and Treasurer. W. C. Folliott, eastern Sales Manager for the Alberta Wheat Pool, and formerly a valued official of the Central Selling Agency, was appointed as the third member of the Board to succeed Professor A. M. Shaw who resigned.

International Wheat Advisory Committee

Your Board has long been convinced that the wheat problem of exporting countries cannot be solved without some form of international co-operation. We therefore record our satisfaction that the International Wheat Advisory Committee has been authorized by the respective governments financing the Committee to continue in operation, and that your Chairman, Mr. Bredt, was authorized by the Canadian government to attend, as an official observer, the July meeting of the Committee in London. The Wheat Advisory Committee, realizing the extremely serious nature of the world wheat situation, is meeting again this fall. The Argentine government, which had withdrawn its support from the Committee, has just renewed its membership.

Empire Producers' Conference

At the urgent request of producers' organizations in Canada and Australia, your Board sent two representatives, Paul F. Bredt, President of your Central Board, and J. H. Wesson, Vice-President of the Central Board and President of the Canadian Chamber of Agriculture, to the Empire Producers' Conference at Sydney, Australia, 28th March to 7th April, 1938.

The Conference laid the foundation for a united movement in Empire countries for orderly marketing of primary products. It recommended the establishment of Commodity Councils, producer-controlled and financed, to regulate the flow of supplies to the United Kingdom, it being understood that full use shall be made of all existing producers' export organizations in the Dominions. Colonel Sir Reginald Dorman-Smith, M.P., the brilliant and eloquent leader of the United Kingdom's delegation, on his way home from the Conference, gave a series of addresses in Canada outlining market conditions in the Empire and the new agricultural policy of the British Government. On Wednesday, 13th July, 1938, in the British House of Commons, Mr. Morrison, Minister of Agriculture, gave an official statement of the attitude of the British Government to the recommendations of the Sydney Conference, which stated:

"It is understood that the recommendations of the Sydney Conference are now engaging the attention of the farmers' organizations in Empire countries. The general bearing which these

recommendations, if endorsed by farmers' organizations, will have on Empire agricultural policies and the question of their applicability in particular cases is no doubt also being carefully studied by His Majesty's Governments in the Dominions concerned. His Majesty's Governments in the United Kingdom are in general agreement with the view expressed by the Conference that orderly marketing of primary products is necessary in order to maintain continuity of supplies and to prevent instability of price levels and speculation. In cases where action is desirable to secure stable conditions in the United Kingdom market, the Government would prefer that the responsibility for such action should be assumed by producers in the various countries concerned and exercised in the light of joint discussion of the problems involved. The Government, therefore, cordially welcome the proposal that Empire producers' organizations should co-operate with one another and with corresponding bodies in other countries to establish such commodity councils as may be deemed necessary, producer-controlled and financed, the representation thereon being on the lines of the Empire Beef Conference, and the decisions of which to be effective shall be unanimous."

Mr. Morrison continued:

"I think that that points to a prospect of another great step in the task of orderly marketing of agricultural products, and I believe that that should be the chief interest of everyone, whether he be a producer or a consumer. I hope the lesson is now well learnt that this great edifice we have built up of commerce and industry in various countries rests upon the foundation of primary production throughout the world, the Empire and our own country. If the primary producer is denied his proper reward, it soon brings ruin upon those who hope to sell him their goods, and I believe that stable organization for a market of this kind would really be a contribution not only to the prosperity of agriculture, but to the prosperity of trade and commerce as a whole throughout the world."

At the unanimous request of the Empire Producers' Conference, and at the expense of the Conference, your Chairman, Mr. Bredt, visited South Africa to stimulate interest in the programme suggested for Empire primary producers at Sydney. On his return home, Mr. Bredt was your official delegate at the Imperial Conference of Agricultural Co-operation held at Glasgow, Scotland, under the auspices of the Horace Plunkett Foundation, and was given an opportunity to review producer co-operation in Canada, and standing and activities of your pooling organizations.

The Turgeon Commission

The Turgeon Royal Grain Inquiry Commission appointed by the federal government in June, 1936, presented its report to the Minister of Trade and Commerce on 4th May, 1938.

The report was disappointing to our members, and we believe that the country at large was not greatly impressed by the conclusions arrived at and most of the recommendations submitted.

Conclusion

The most hopeful aspects of another trying year for our producers have been the steady and consistent progress of co-operation in all the democratic nations and the widening recognition by governments and business interests that there can be no national prosperity when the agricultural industry of the country is in distress.

Respectfully submitted,

P. F. BREDT, President

J. H. WESSON, Vice-President

L. HUTCHINSON

GEORGE BENNETT

BEN S. PLUMER

L. WIDDUP

COLIN H. BURNELL

A. F. SPROULE

J. W. BALDWIN

} *Executive*

Canadian Pool Agencies Limited

DIRECTORS' REPORT

1937-1938

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

Gentlemen:

Appended hereto is the Balance Sheet of your Company as at 31st August, 1938, together with a statement of the income and expenses for the year ended as at the same date. The result of the operations of your Company for the year is a profit of \$35,847.56 as compared with a profit of \$39,771.75 last year. The decrease in the earnings for the past season was occasioned as a result of the small crop, which affected grain stocks carried in country and terminal elevators. In addition there was again no Lake Marine business this year, and no shipments out of Churchill by the Pools. Prospects for the present season are brighter, and we anticipate higher earnings will be reflected in our next year's accounts.

Your Agency continues to function in accordance with the principles for which it was created, and continues to serve the Pool organizations in protecting their interests in the insurance field in such a manner as to effect the greatest savings obtainable but which, of course, reflects itself adversely in the earnings of your Company.

The reduction in country elevator insurance rates, upon which we reported last year, is still in effect for the present season.

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' 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, and which have been collected subsequent to the date of the Balance Sheet. The amount is considerably in excess of the figures shown last year, by reason of the fact that the maturity date on some of our larger policies has been changed.

Canadian Co-operative Wheat Producers Ltd.: This item represents expenditures made by your Company for Interprovincial Pool expenses, totalling \$5,337.60 less \$1,500.00 due to them for administrative expenses.

Loan Accounts—Secured: In order to obtain an interest earning on surplus funds, advances were made for the purchase of automobiles, etc., which were adequately secured at the current rates of interest; and in addition a substantial amount of new insurance business was obtained as a result of this policy.

Investments: The amount shown under this heading represents the cost price of purchases of \$80,000.00 of Dominion of Canada bonds, 3¼%, to expire June, 1966, the investment being made for the purpose of earning interest on surplus funds when the Provincial organizations had no further use for them. The market value of these bonds as at the date of the Balance Sheet represented an amount of \$80,000.00. Naturally these valuations are subject to fluctuation but offer the best medium of obtaining an earning without undue risk of loss. Bonds of a par value of \$25,000.00 were acquired during the season under review.

Fifty shares of Bank of Canada stock were also purchased during the season but due to the legislation introduced at the last session of Parliament, these shares were "called", the sale price obtained representing a profit of \$37.00 to the Company.

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: As was explained in our previous report, the asset represented under this heading having now been depreciated to its salvage value, no depreciation has been written off for this year.

Accounts Payable

Dividends Payable: This represents the surplus earnings for the year ended August 31st, 1937, and is available for Capital Stock and Patronage Dividends in the following proportions:

	Capital Stock	Dividends	
		Patronage	Total
Manitoba.....	\$ 399.60	\$ 4,817.61	\$ 5,217.21
Saskatchewan.....	400.20	21,152.75	21,552.95
Alberta.....	400.20	12,601.39	13,001.59
	<u>\$1,200.00</u>	<u>\$38,571.75</u>	<u>\$39,771.75</u>

The combined total of these two dividends represents a return of 81.8 per cent. of the total commissions received by your Company.

Saskatchewan Inspection Service: This amount represents the balance which we are carrying for the account of the Saskatchewan Inspection Service, of which your Company is the Manager for the Underwriters.

Unearned Commissions: This represents the Commissions on business written during the past season which have not yet been completely earned.

Reserves

Reserves for Cancellations, etc.: Due to the nature of our business, where the larger proportion of policies in force become due immediately prior to the end of our financial year, it is necessary to set up adequate reserves to provide for cancellations and for operating expenses in connection with the handling of the insur-

ance, which, of course, reflect themselves in the operations of the ensuing year.

Reserve for Insurance Investigation: This amount represents the unexpended portion of the reserve set up previously for payment of fees and other expenses in respect of new forms of insurance which are being investigated.

Capital Stock: The ownership of the Capital Stock of the Company is held by the three Provincial organizations who contribute their business to us: Alberta and Saskatchewan having 667 shares each, while Manitoba holds 666 shares.

Earned Surplus: Details of the operations of this Account are shown in the statement submitted.

Profit and Loss Account

Under the heading of "Expenses" is an item of \$1,500.00, to which we have previously referred. It represents Administrative Expenses, being an allowance made to the three Pools in respect of overhead and administrative charges for the year. The deduction from the total expenses, of \$2,500.00, represents the Management Fee paid by the Saskatchewan Inspection Service for the supervision and administration of its operations.

Respectfully submitted,

P. F. BREDT, President	} <i>Executive</i>
J. H. WESSON, Vice-President	
LEW HUTCHINSON	
L. WIDDUP	
A. F. SPROULE	
GEO. BENNETT	
B. S. PLUMER	
COLIN H. BURNELL	
J. W. BALDWIN	

Saskatchewan Farmers

operate nearly 1100 country elevators in the Province, and several large terminals at the Head of the Lakes. The combined capacity of all country and terminal elevators in the system is 61½ million bushels.

This farmer-controlled organization is a bulwark of the Co-operative Movement in the West. It needs *your* support so as to become still more effective in fighting the battles of the Western farmer.

Help your own organization by delivering all your grain to POOL ELEVATORS.



Saskatchewan Pool Elevators Limited

Head Office . . . REGINA