

Agriculture is Saskatchewan's greatest resource –
the product of people inspired to settle, survive, and succeed.
Saskatchewan Wheat Pool is one of the farmer's greatest resources –
the product of co-operation and a commitment to maintaining the integrity of the farm, for all of us.

annual report 1993



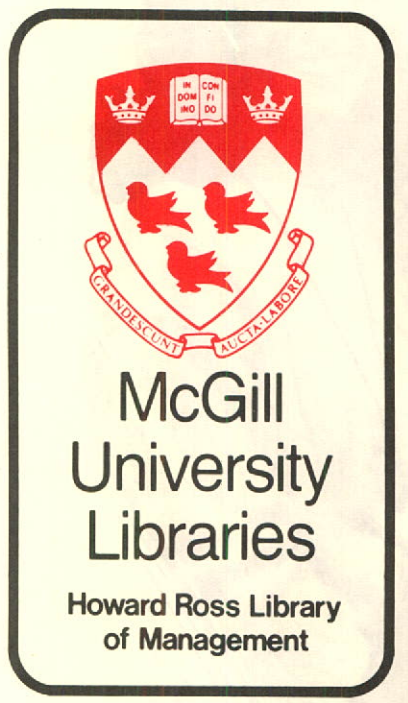
Saskatchewan Wheat Pool
and subsidiary companies

Howard Ross Library
of Management

DEC 14 1993

Annual Reports
McGILL UNIVERSITY

2	Board Report
6	Board of Directors
8	Agricultural Outlook
10	Chief Executive Officer's Report
12	Executive Director's Report
14	Senior Management
16	Operations
21	Associated Companies
25	Financial Report



Bridging the gap

In so many ways the pioneering spirit sweeps through our lives in commerce, modern agriculture, in family life and in our prairie work ethic. Young and old, urban and rural... the power of our farming heritage touches all Saskatchewan people.



As a co-operative business, Saskatchewan Wheat Pool strives to improve its members' financial position by selling their products domestically and internationally. Global market expansion, coupled with cutting-edge research, and an ambitious diversification program have fostered a positive environment within the Pool.

As a policy advocate for farmers, the Pool takes a firm stand to enhance the economic well-being of members and their families, and to sustain the viability of Saskatchewan's agriculture industry. Agriculture is as important to this province as it is to the Pool.

Saskatchewan Wheat Pool and its 60,000 farmer-members were tested by the elements in 1992-93. A potentially large, high quality crop was reduced by rain and frost. Canada's agriculture programs faced uncertainty in the government's plans for deficit reduction. In addition, a protracted international grain war prolonged apprehension for farmers caught in the crossfire.

Saskatchewan Wheat Pool initiatives are undertaken to improve our members' and their families' well-being. This annual report sketches a portrait of Saskatchewan Wheat Pool's major accomplishments for 1992-93.

B board report

Co-operation is the key to success for both our domestic and our international business endeavors. We must establish and achieve realistic economic and social goals that benefit the quality of life for all of us.



Leroy Larsen, President

Saskatchewan Wheat Pool's co-operative foundation faced significant tests in 1992-93. Our ability to deal with serious, complex policy issues was both challenged and taxed. But by working co-operatively, we effectively took a stand for all farmers.

The Board of Directors continued to strengthen its voice with federal and provincial governments in an effort to improve policies and programs that influence the well-being of the Pool's 60,000 farmer-members. Simultaneously, we broadened the Pool's base as a diversified corporation.

In terms of policy, the Board made many significant decisions in 1992-93 related to issues such as farm income, transportation and orderly marketing. The infrastructure of our agricultural industry was facing many far-reaching, difficult changes. We responded by trying to maintain this foundation as seen fit by the majority of our membership.

Standing up for farmers. Our policy stances were extremely strong during the past 12 months. This was most visible on January 26, 1993, when about 13,000 concerned people joined together at Saskatchewan Place to talk about the major problems besetting our farmers. Concerns related to basic services such as orderly marketing, grain handling and transportation, and to issues including farm income were voiced at that time. Our federal and provincial representatives were given a unique chance to hear sincere concern from many people about agriculture and rural communities.

The event accurately reflected the degree of our farmers' financial pain. News media effectively communicated our concerns across the country. Politicians took serious note of the important issues and heard strong words from people who care about the future of the agricultural industry and this province.

A Board of Directors' decision led to the "rally of rallies." It's not likely people will forget that day in Saskatoon. As we continue to deliberate solutions to the problems besetting agriculture, farmers know that they can count on at least one thing:

Saskatchewan Wheat Pool cares about their well-being. The Pool is made up of farmers. Agriculture is important to Saskatchewan and every community, from Abbey to Zenon Park. Our economy benefits from its strength and is hurt by its weakness.

Whatever happens to the industry, including international events, affects the Pool two-fold. Commercially, our operations feel the effects of changes to infrastructures such as our marketing system. Policy changes affect the way our farmers do business.

Farmers are challenged by their circumstances.

Today in rural Saskatchewan, farmers are hurting. Low prices, high debt and rising costs cause much of this hurt. Causes are complex. The Pool continues to seek ways to help.

A decade-long international grains and oilseeds subsidy war has driven commodity prices below where they were in the Dirty Thirties after inflation is taken into consideration. In many cases, on-farm income is below the poverty line. Rural communities are losing their viability and questioning their future. Saskatchewan's total farm debt is more than \$5 billion.

We have serious problems that will require innovative solutions and collective action.

The federal government's agri-food policy review was to get us away from short-term solutions. That has not happened to date because of the international situation. Government action must be strong. We are working toward that objective.

The Pool wants a strong commitment by governments towards effective and affordable safety net programs. We feel strongly that governments must help to stabilize and support the income levels of all Saskatchewan farmers. Our goal is to ensure that all farmers have an adequate safety net program. At the same time, our farmers need a permanent, predictable and adequate disaster assistance program.

We press governments for a commitment at every possible opportunity.

We feel necessary understanding can be created to ensure that new farm safety net programs can be implemented to better meet the needs of the industry. The current safety net system is not delivering the necessary levels of support. The wounds to farming are massive. They demand more than a "band-aid" approach.

Innovative solutions must be sought. Returning vitality to both the farm gate and rural communities generally is essential to a healthy Saskatchewan. Again, innovative solutions must be sought.

A concept known as community-based land trusts continues to be deliberated by governments as a possible solution to some of the problems facing farmers. The initial concept was developed by the University of Saskatchewan. The Pool, Credit Union Central of Saskatchewan, Federated Co-operatives Ltd., and the Interchurch Committee on Agriculture sponsored the study with help from the province. Another alternative program that originated with the Pool, called the Canada Grains Adjustment Program (CGAP), has also been put forward for discussion.

These alternatives are creating opportunities for the Pool to sit down with the agricultural industry's stakeholders and to talk about ways to strengthen and protect farming's future. Until meaningful solutions to the problems besetting our farmers are found, the Pool continues to help farmers whenever it can. For instance, Saskatchewan's producers have saved millions of dollars in recent years because of Saskatchewan Wheat Pool's leadership related to grain handling tariffs. A five-year comparison of tariffs charged in neighbouring provinces shows that this Pool's low tariff policy has saved Saskatchewan producers up to \$97 million.

Farming in Saskatchewan is more than a business – it's a way of life.





*Ray L. Howe
First Vice-President*

*Barry Senft
Second Vice-President*

Our Pool handles 60 per cent of the grain in this province. Consequently, its grain handling tariffs tend to lead the grain industry in Saskatchewan. But, we can't do it alone. We need the support of all Saskatchewan producers at our elevator doors to succeed.

We are extremely proud of the fact that we've returned nearly 80 per cent of the Pool's earnings to our members during the past seven years. This accomplishment is a testimony of our collective resolve to improve our members' well-being. In 1991-92, our delegates recommended that \$26.8 million be paid to the members. Another recommendation for net earnings distribution will be made at this year's Annual Meeting of Delegates being held November 16 to 25.

Diversification does pay off. Above and beyond traditional grain handling and transportation services, our diversification efforts are starting to pay strong dividends. Overall, our growing list of associated companies delivered an excellent financial performance in 1992-93. Our Board members are very pleased with this developing pattern.

Diversification has become a bright spot for this organization in recent years. At home and abroad, our associated companies have enjoyed success in producing ethanol, crushing oilseeds, making donuts, processing malt, and selling specialty crops.

These and other business activities have strengthened the Pool overall.

Continued growth and prosperity are anticipated from many of our associated companies in the future. New ventures such as the production of health and beauty products will further strengthen our competitive position as they develop over time.

The Board of Directors is committed to this diversified approach to business. We are confident that diversifying is the key to sustaining and strengthening the organization's overall business performance and policy activities. Adding value to the raw commodities our farmer-members produce is a large part of our willed-future, particularly as we become more active in the global marketplace.

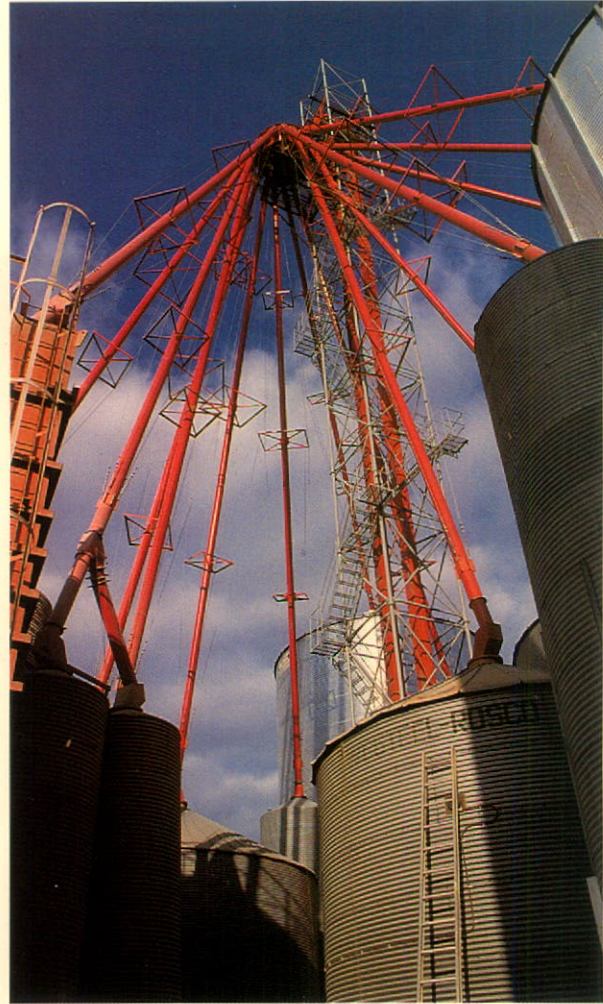
Seizing future opportunities will require co-operation. Decisions made today in the agricultural industry will profoundly affect Saskatchewan, and the country as a whole.

New technology and production practices are giving agriculture and the food sector many wonderful gains. Our ability to produce high quality grains, oilseeds, special crops, and livestock will be an asset in the future.

By the year 2000, Asia will be home to about 50% of the world's population. This and other markets provide excellent opportunities for Saskatchewan's agriculture and food products.

To take advantage of these opportunities, our industry must learn to look more closely and collectively at challenges and opportunities abroad. We must develop effective strategies for competing in an increasingly competitive international marketplace. At home, we are also challenged to successfully preserve and strengthen the agriculture industry, including our producers' realized net farm income, our grain handling and distribution systems, and our marketing agencies.

Co-operation is the key to success for both our domestic and our international business endeavours. International co-operation will be important. Farmers, businesses, governments, labour unions, public interest groups and co-operative organizations must



Pound-Maker Agventures Ltd. ethanol plant and feedlot at Lanigan. Value-added activities light the path to prosperity.

find ways to work more closely together to achieve common goals. Society must take a collective, co-operative approach. We must establish and achieve realistic economic and social goals that benefit the quality of life for all of us.

Saskatchewan Wheat Pool's Board of Directors is proud of its significant contribution to our agricultural industry and this province. We're confident that our co-operative business success provides a beacon for others to follow. We feel this torch will help to light the path to prosperity. We encourage others to join us in our journey.

B oard of directors

"Human beings are creatures of habit...but in spite of this natural instinct, changes do take place, and changes must come and come more rapidly in the future than in the past if something worse than merely change is to be averted."

A.J. McPhail (1883-1931), President, Saskatchewan Wheat Pool, May 5, 1931



Marvin Shauf
District 1

Marvin farms near Stoughton. His activity with Saskatchewan Wheat Pool started when he was 22, and he is currently a member of the Executive Committee of the Board. Marvin is also Board representative to Northco Foods Ltd.



Tim Coulter
District 2

Tim farms a mixed operation which includes grain and Hereford cattle. Tim channels his experience to Board positions with AgPro Grain Inc. and the Saskatchewan Safety Council.



Gary Wellbrock
District 3

Gary farms with his wife, father, and three sons on the original family farm at Ponteix. He is an active member of several livestock associations as well as a Director of the Agriculture Development Fund.



Marvin Wiens
District 4

An elected director of Saskatchewan Wheat Pool since 1984, Marvin is also a Board representative for Credit Union Central of Saskatchewan and Credit Union Central of Canada.



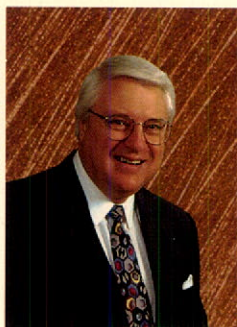
Tom Lowes
District 9

Tom has been an elected delegate since 1985 and was elected director in 1993. He is a Board representative of Interprovincial Co-operatives Ltd. and is a member of the Pool's Livestock Production and Marketing Committee.



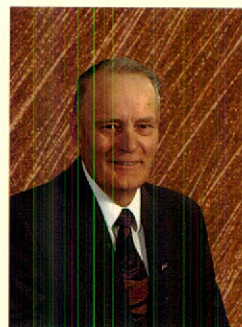
Ken Elder
District 10

Ken continues his leadership in the agriculture industry by being a dedicated advisor to many research organizations and institutes. He is a member of the Executive Committee of the Board. Ken farms at Simpson with his wife and son.



Ray Howe
District 11

Ray has served Pool members as First Vice-President since 1987. His involvement in the agriculture industry includes membership and appointments in a number of national and international organizations.



Charles Weir
District 12

Charles enjoys his involvement with the community of Perdue. He farms with his wife and sons and has been an elected Saskatchewan Wheat Pool delegate since 1974 and elected director since 1990.



Henry Seidlitz
District 5

Henry is the third generation of his family to farm their mixed operation at Bethune. Henry is active in his community, makes time for his hobby of flying, and is a Board representative for Pound-Maker Agventures Ltd.



Barry Senft
District 6

In addition to his position of Second Vice-President of Saskatchewan Wheat Pool, Barry holds directorships with XCAN Grain Pool Ltd., Prairie Malt Ltd., and Prairie Pools Inc.



Dave Sefton
District 7

Dave operates a farm with his brother at Broadview. Dave is Chairman of the Saskatchewan Canola Development Commission and has an active role in a number of other canola/oilseeds organizations.



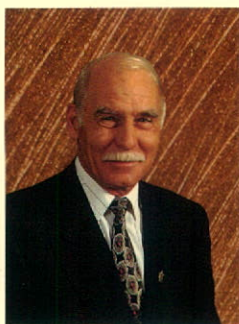
Maurice Kostichuk
District 8

An elected Pool delegate since 1969, Maurice continues to serve the agriculture industry through Board and committee memberships including the Canola Council of Canada and Western Grain Standards Committee.



Mich Ozeroff
District 13

Mich's involvement in agriculture extends to Board representation for the University of Saskatchewan Centre for Agricultural Medicine. Mich farms a wide variety of grains, oilseeds, and lentils.



Harold Yelland
District 14

In addition to Pool activities, Harold is a member of the Grain Standards Advisory Committee, the Producer Advisory Committee and is Director and Chairman of the Canola Council of Canada.



Leroy Larsen
District 15

Leroy has a distinguished history of elected positions with Saskatchewan Wheat Pool before being elected President of the Board. He also maintains his interest in many areas of the agriculture industry through numerous Board appointments and directorships.

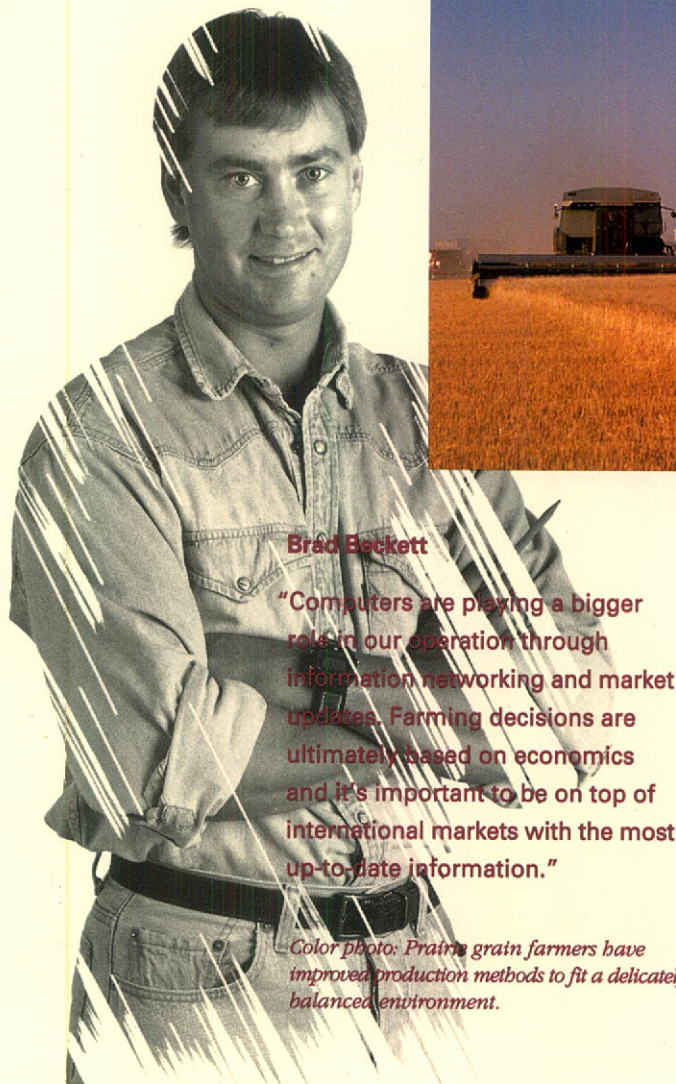


Dennis Van Der Haegen
District 16

Dennis has been an elected Saskatchewan Wheat Pool Director for 6 years. In addition to his hobby as an antique collector, Dennis is a representative to the boards of several Pool affiliates and partners.

Agricultural outlook 1993-94

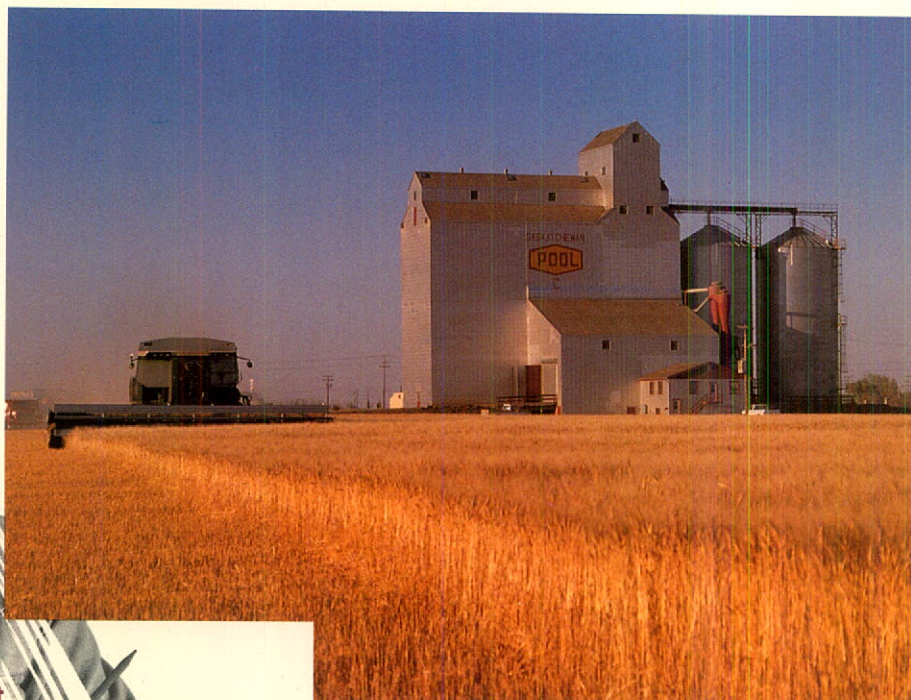
Canada's success in the world agriculture trade has primarily been based on its ability to provide a broad range of high quality products. As new technologies and new crop varieties come into play in the farming industry, the Pool continues to serve members by increasing co-operative economic opportunities.



Brad Beckett

"Computers are playing a bigger role in our operation through information networking and market updates. Farming decisions are ultimately based on economics and it's important to be on top of international markets with the most up-to-date information."

Color photo: Prairie grain farmers have improved production methods to fit a delicately balanced environment.



The 1993-94 crop year will be filled with varying degrees of uncertainty, instability and challenge for the various sectors of Canadian agriculture. A larger than average carryover of low quality grain from the 1992-93 crop year combined with a potentially lower than average quality crop this year will pose a marketing challenge. The continuation of export subsidies and their expansion into markets previously ineligible (notably U.S. export enhancement into the Mexican market) will negatively impact on Canada's grain sector. There is uncertainty over future agricultural programs within Canada and abroad both because of domestic fiscal constraints and obligations which may be required if a GATT agreement is reached.

Lower than average grain quality in 1992-93, combined with a substantial carryover, reinforced the need and hope for improvement in 1993. Although production estimates of the six major grains exceeded 55.5 million tonnes in Canada, crop quality was substandard.

Wheat: On a world scale, 1993-94 wheat production is forecast at 575 million tonnes, over 12 million tonnes higher than the previous year. World wheat

trade is forecast to drop sharply to only 93 million tonnes from over 102 million tonnes in 1992-93. Nearly all of the expected reduction in the wheat trade can be attributed to lower demands by India and Russia. Imports in these countries are expected to drop 3 million and 5 million tonnes respectively. China is expected to maintain low import levels for the 1993-94 crop year. Africa and North America are expected to surpass previous levels of wheat imports.

Canada's success in the world wheat trade has primarily been based on its ability to provide a broad range of high quality wheat. Preliminary forecasts indicate that Canada could export close to 18.5 million of the expected 30 million tonnes of wheat produced during the 1993-94 crop year. Forecast export levels are down from the 21.8 million tonnes exported in the 1992-93 crop year.

Barley: Canadian exports of barley are forecast to improve from a level of 2.5 million tonnes in 1992-93 to over 3.1 million in 1993-94. Despite an improved outlook in Canada, world trade in barley for the 1993-94 crop year is expected to remain sluggish at 14.8 million tonnes. Reductions in imports from both Russia and Saudi Arabia are expected to be partly offset by large imports in Algeria, Morocco and the United States. Reductions in barley exports are forecast for the United States, Australia and the European Community (EC). Feed barley prices are expected to remain near or slightly lower than the 1992-93 levels. Slight improvements in the price of malting barley are expected for 1993-94. Improvements may, however, be dampened by prospects for high quality and the potential for significant malt barley exports by the EC.

Oats: The United States will continue to be a major importer of Canadian oats for the 1993-94 crop year. Canadian exports are forecast at 600,000 tonnes for the coming year, slightly below last year's volume of 700,000 tonnes. Improved supplies in Finland and Sweden will cause this slight reduction in exports. Prices are expected to be near or below 1992-93 levels.

Oilseeds: Canadian oilseed production in 1993-94 is expected to increase significantly over 1992-93

levels. Increased plantings and favourable yields have lifted oilseed production forecasts to over 7.7 million tonnes, a 42 per cent increase from last year. Canola and flaxseed production are forecast at 5.2 million and 665,000 tonnes respectively. On a world basis, oilseed production for 1993-94 is not expected to keep pace with demand. Strong demand for Canadian canola and tight carryover stocks are expected to minimize any price reduction from higher production. Canola prices are expected to be steady to slightly stronger for 1993-94. Canadian flaxseed prices should also be supported through tight world supplies and stronger vegetable oil demand.

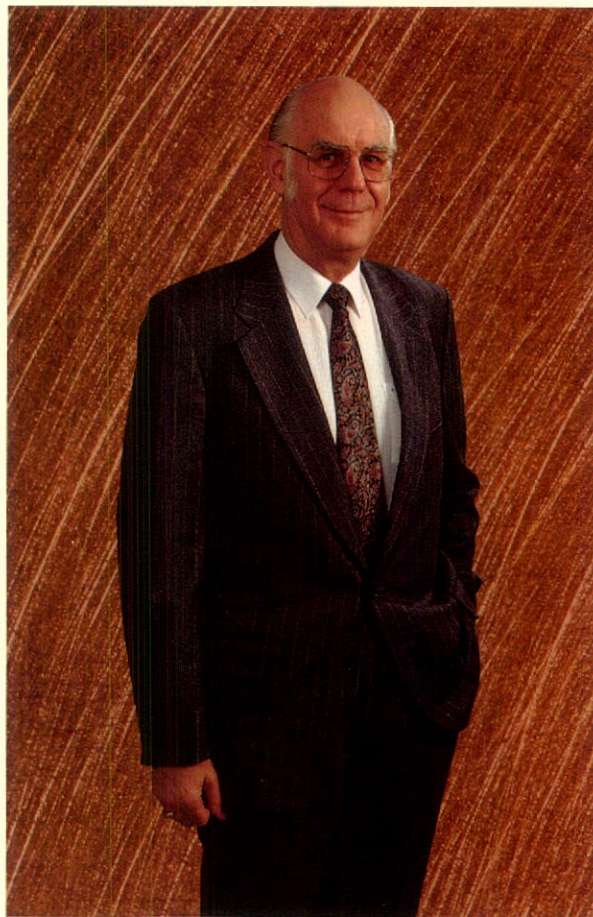
Lentils/Field Peas: Weather damage throughout 1993 downgraded a significant portion of the lentil and field pea crops in Canada. Uncertainty towards the availability of supplies for top quality lentil and peas stimulated price increases towards the fall of 1993. Prices for top quality lentils almost doubled their spring levels and significant gains were also apparent in high quality field pea prices. Prices are expected to remain favourable into the new year. Low quality lentils look less optimistic.

Cattle and Calves: Canadian inventory of cattle and calves on farms is virtually unchanged from last year's levels, at 11.7 million head. Total Canadian marketings of beef are expected to decline slightly from 1992 levels. Total inspected slaughter is forecast to fall to 2.45 million head in 1993, representing a 3 to 4 per cent reduction from 1992 levels. Live exports of cattle, primarily feeders, are expected to increase 5 per cent in 1993. World beef and veal production is expected to decline fractionally in 1993 whereas world trade is expected to be slightly higher. Feeder cattle prices are forecast to decline sharply throughout the second half of the year, following price reductions for live cattle.

The outlook for 1993-94 exemplifies the need for Canadian agriculture to remain competitive and flexible amidst an ever changing economic and political climate. The future viability of the industry is linked to meeting the needs of customers and adding value to agricultural production.

C chief executive officer's report

Members' investments are well positioned to bring a greater share of value-added earnings back to Saskatchewan and to take Saskatchewan products into the international marketplace.



J. Milton Fair, Chief Executive Officer

A late maturing crop and a harsh August prelude to winter resulted in below average crop production, reduced quality and slow grain exports. Saskatchewan produced 21.5 million tonnes of grains and oilseeds in 1992. Forty-eight per cent of the wheat produced graded Canada Feed versus a five-year average of 3 per cent. Canadian exports fell by 6 million tonnes to 25.8 million tonnes.

Further sobering developments occurred in the national and international forums. International trade remained in a state of turmoil. The U.S.-European Community subsidy war was renewed. A GATT agreement eluded negotiators' grasp. Trade relations with the U.S. were strained. The future of NAFTA was tenuous. Within Canada, the agriculture industry was confronted with depleted public coffers and ongoing regulatory review.

In the face of these adverse circumstances, producers have responded with a new resolve. On-farm diversification continues. Special crop production increased a further 3 per cent despite the poor weather. Live-stock prices remained strong and the beef cow herd grew to 955,000 head. New technologies are being adopted and new crops and "exotic" livestock are more widespread. Producers are seizing opportunities to improve their net returns as expertise, resources, and markets permit.

In a similar manner, Saskatchewan Wheat Pool faced adversity but was able to strengthen its position in the agri-food industry. Grain-related operations experienced reduced earnings as export volumes fell 20 per cent. A concerted effort held the decline in grain volumes handled by Saskatchewan Wheat Pool to only 10 per cent. Grain operations at Thunder Bay continued to be downsized through staff reductions and closure of 2 terminals.

On a positive note, farm supply sales reached a record value of over \$201 million. Acres contracted increased by 60 per cent and the Pool expanded its involvement in the special crops business to provide better service to producers. Livestock handlings exceeded 500,000 head and *The Western Producer* experienced a significant turnaround in its financial position. Product innovation and a strong emphasis on quality were key to attaining a record sales volume by CSP Foods in a fiercely competitive market. The International Business Department is beginning to realize tangible results as our grain handling and storage expertise is marketed around the globe.

Strong performances by associated companies illustrate some of the benefits of these investments. CanAmera Foods held its own in a competitive vegetable oil market. Northco Foods further expanded its Robins Donuts chain. Pound-Maker results have exceeded earlier expectations. XCAN Grain Pool Ltd. remains the leading exporter of several Canadian grains. In total, our investments are well positioned to bring a greater share of value-added earnings back to Saskatchewan and our members, and to take Saskatchewan products into the international marketplace.

Looking out into the international community, one finds a broad range of forces which are accelerating the rate of change being experienced. Globally, countries are becoming less insular and inviting trade and investment. Governments throughout the world are faced with onerous debt. Rapidly advancing technology is making the impossible a reality. Concern abounds about the future of the environment. Vertical alliances are being struck to secure product, expertise, distribution networks, and/or markets.

From the perspective of Western Canada's agriculture industry, producers are witness to a new process to resolve the transportation debate. Attempts to find universally acceptable safety net programs have failed. Farm income remains below mid-1980 levels. The regulatory review has initiated a self-perpetuating process of re-regulation and de-regulation. Access to foreign markets is being jeopardized by unproductive negotiations and increased protectionism. The method by which producers market their barley was in question at year end.

The topic of the environment remains of significance to producers and the Pool. Improving the quality of our world is an objective all must strive for. The environment is a shared responsibility. Strategies to attain the objective must be bold enough to be effective but not so overwhelming as to add a crippling burden to any industry.

The influence of the consumer in the agriculture industry is becoming more pervasive. Price competitiveness, convenience, safety, nutritional quality, variety—these are consumer needs that everyone in the industry, beginning at the farm level, must respond to in order to maintain a foothold in the market. Processors and retailers are searching for food suppliers who can be depended upon to provide a product of consistent quality. Niche markets for “designer products” are an opportunity for Saskatchewan producers to strengthen the position of the industry.

Changes in the agriculture industry, the Pool, and the needs and expectations of producers, will

challenge this organization, and all co-operatives, to strengthen the link between members and their co-operative. As the Pool reaches farther afield and establishes a presence in other continents, and as the breadth of investments grows, members will experience a sense of remoteness. The challenge is to re-establish a strong link with the members and provide them with not only the benefits of membership but also the sense of being part of a strong, diversified agri-food co-operative. Saskatchewan Wheat Pool members should take great pride in both their membership and their co-operative.



Increased plantings and favourable yields have lifted oilseed production 42% from last year.

Executive director's report

Amid the activity of an extremely busy year, we continue to look for ways to satisfy the diverse needs of Pool members by making the best use of limited resources and working co-operatively with other stakeholders to enhance the long-term viability of farmers and their rural communities.



*Glen McGlaughlin, Executive Director
Policy and Member Services*

Policy and Member Services' analysis, strategic planning and actions translated into a vigorous agenda amid an avalanche of policy issues in 1992-93. Farm income, trade, safety nets, orderly marketing, transportation, livestock policy and the environment were among the myriad of issues addressed by our employees.

Policy and Member Services provided mechanisms for our farmer-members to be heard on these and many other matters. It ensured their views were represented during discussions with federal and provincial policy makers. In addition, it continued to look for ways to help Saskatchewan's farmers and rural residents revitalize their local economies.

Divisions within Policy and Member Services include Communications, Member Relations, and Policy and Economic Research. In 1992-93, special demands were placed on each division's staff members to address the many challenges at hand. They responded in an effective and appropriate manner on all fronts.

For example, Policy and Member Services' staff worked closely with the farm membership to host the Saskatoon Farm Rally – the largest farm rally held in the province's history. Farmers' concerns were voiced provincially, nationally and internationally at this event. More than 13,000 people showed genuine concern for the future of agriculture and this province.

Each division within Policy and Member Services, in its own way, contributed significantly to help improve the social and economic well-being of the Pool's members and their communities during the past year.

Communications Division adopted research-based strategic communications planning as part of the skills it offered the Pool. The division believes that this role will add value to the corporate messages it helps deliver. The critically acclaimed Agriculture Advocacy Program is among the highlights of this planning. Its many accolades included an international award for strategic communications planning.

The program's Multi-media, Education and News and Public Affairs streams are poised to continue building urban awareness about the importance of agriculture in Saskatchewan in the coming year.

Member Relations Division reviewed its function within the Pool as part of the directional planning process. This review examined the challenges, changes and opportunities impacting the role of Member Relations in the '90s. A wide range of internal and external partners and customers were asked about the division's mandate, priorities and activities. Key findings from these consultations were used to amend the division's mandate, priorities, structure, and its delivery system. Implementation of these changes was well underway at year end.

Policy and Economic Research Division (PERD) worked on many major issues during the past year. The most prominent areas of activity were related to safety nets, transportation, trade, livestock, and the federal regulatory review. Significant time was also devoted to farm income, grain marketing, and the environment. While the division's main role is to support policy development within the Pool, its activities are much broader. Prairie Pools Inc. and the Canadian Federation of Agriculture were two of the benefactors of PERD's services.

Amid the frantic activity of an extremely busy year, we continue to look for ways to satisfy the increasingly diverse needs of the Pool's members. A growing number of members are forced to rely on off-farm income to sustain operations. As well, the financial environment is one in which government programs are increasingly scrutinized due to budgetary restraint.

The organization is challenged to ensure that our policy and democratic structures effectively represent this diverse cross-section of members in advancing policy positions to government. Our policies must be broad-based and sensitive to the needs of our members both in agricultural policy and in serving their commercial needs.



13,000 farmers spoke candidly to government representatives on January 26, 1993.

Our challenge is to make the best use of our limited resources and to work co-operatively with other stakeholders to enhance the long-term viability of farmers and their rural communities.

Only through co-operation—a unified voice—can the agricultural industry overcome the many challenges before it. Farming's stakeholders must collectively and forcefully articulate their concerns to the decision-makers who are leading the agricultural industry into an increasingly competitive global business environment of the 21st Century.

S senior management group

"It is easy to be cheerful and optimistic when things are going well.
But it is the individual or the organization or the nation which, in days of adversity can never
say die, which knows no defeat, that will ultimately win the day."

A.J. McPhail (1883-1931), President, Saskatchewan Wheat Pool, April 10, 1930



Jamie McIntosh

"Harvest time is still the best time
on the farm...there's a magic that
energizes everyone. Farms are
getting bigger. Everyone on the
team—mom, my wife, dad, and my
sister—has an important part in
bringing in what we've grown."

Left to Right:

Ron Gorst

Duane Mohn

Dick Pitfield

Glen McGlaughlin

John LaClare

Terry Harasym

Gerry Liski

Allan Laughland

Nial Kuyek

Milton Fair

Bill Hunt

Robert Virgo

Verna Mitura

Michael Roberts

Neil Moore

Don Loewen

Lyle Spencer



Saskatchewan Wheat Pool has been very successful over its history.

True, there were ups and downs as was seen during the Depression. The organization survived that setback. By the early '50s, the loss of the 1929 Pool was repaid. The company continued to hold its head high.

In recent years, the Pool has been recognized for its many successful initiatives. Today, the Pool is a diversified agricultural co-operative, truly interested in its members' well-being and in servicing customers at home and abroad.

As one reflects on the 1992-93 crop year, the word "unique" comes to mind. From a business perspective, the Pool's position in many activities was solidified.

Regardless of the initiatives undertaken, the key reason for the formation of any co-operative is the economic well-being of its members. Saskatchewan Wheat Pool's vitality, vigour and vision are helping it to achieve its mission.

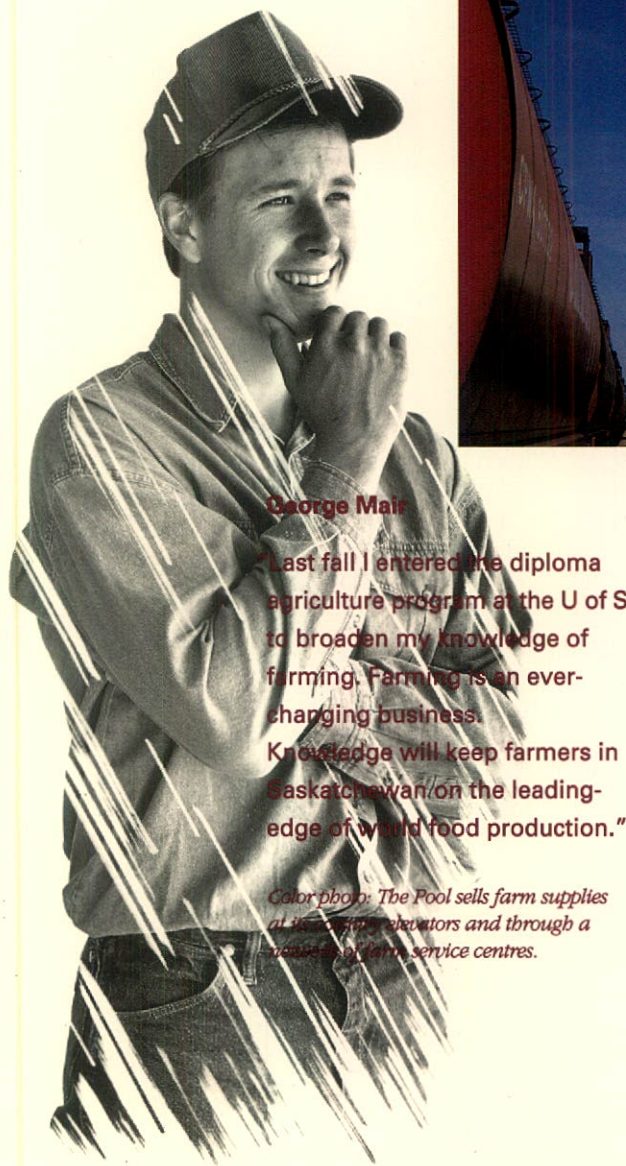
The future will hold even greater tests and larger challenges for this organization. But, if we collectively stride forward with a vision and with a clear sense of direction, this organization will not be deterred.

Where there is no vision, there is failure. If there is low vision, there is mediocrity. With a great vision, there can be excellence.

There is power in vision—power to change the world in which we live.

operations

There is an increasing awareness of Saskatchewan Wheat Pool expertise as evidenced by others approaching the organization. Strong interest has been shown in the Pool's co-operative model for possible implementation in developing countries.

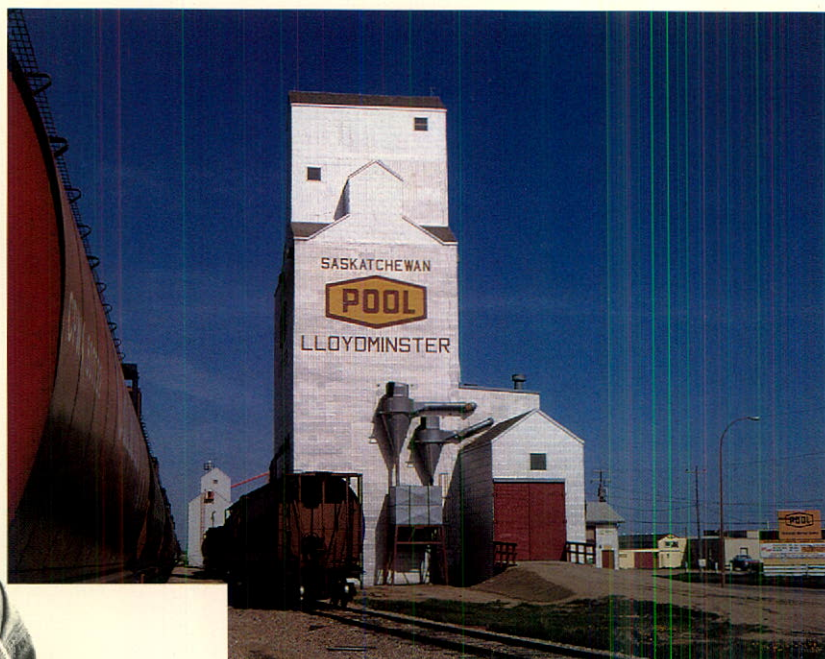


George Mair

"Last fall I entered the diploma agriculture program at the U of S to broaden my knowledge of farming. Farming is an ever-changing business.

Knowledge will keep farmers in Saskatchewan on the leading-edge of world food production."

Color photo: The Pool sells farm supplies at its own farm elevators and through a network of farm service centres.



Country Services Division

Significant challenges and achievements were experienced by Country Services Division (CSD) in 1992-93. A record was set for Farm Supply and Service sales. Grain handling levels were down compared to the previous year, but were above the ten-year average.

The division's contribution and net earnings for 1992-93 were down from 1991-92. A "total system" procurement and marketing strategy for CSD and AgPro Grain Inc. was implemented at the beginning of the crop year. The approach enabled both parties to build upon their strengths. Unfortunately, a poor quality crop severely curtailed marketing opportunities for milling wheat. Considering AgPro and CanAmara Foods Ltd. direct deliveries and primary elevator receipts, CSD's provincial market share for grain managed was 59.3 per cent, down from 61.2 per cent in 1991-92.

Country Services Division's primary elevator receipts totalled 10,064,920 net tonnes compared to 11,212,690 net tonnes in 1991-92. This reflects a 10 per cent reduction in handle, whereas Canada's export volumes were off an estimated 20 per cent compared to the

year prior. The handling level is a significant accomplishment, considering the large volume of low quality grain and limited delivery opportunities.

The loss in market share was primarily the result of minimal demand for feed wheat early in the crop year. Sales and movement picked up dramatically over the last half of the crop year, once high-quality feed wheat was segregated so that it could be offered to millers.

Total Canadian Wheat Board (CWB) receipts, provincially, were almost 2 million tonnes less than 1991-92. Open market, non-board feed grains increased by 549,000 tonnes. Traditionally, the division has maintained a higher market share of CWB versus non-board commodities. Despite improving on open-market, non-board feed market shares, the delivery imbalance affected opportunities.

CSD's primary elevator receipts for non-board grains and oilseeds were 606,452 tonnes, representing a market share of 53.8 per cent. Special crops handled through country elevators and seed plants in 1992-93 totalled 49,300 tonnes versus 32,300 tonnes the year previous. Feed pea volumes increased from 4,100 to 17,400 tonnes. Malting barley receipts totalled 270,789 tonnes or 52.8 per cent of Saskatchewan permits for the 1992-93 crop year. Malting barley sales declined dramatically due to quality concerns caused by an early frost. Only 8 per cent of Saskatchewan's barley production was selected for malting, compared to 32 per cent in 1991-92.

The importance of production contracting continues to grow. Contracts secured 1.5 million acres of various crops in 1992-93 compared to 930,000 acres in 1991-92 and 590,000 acres in 1990-91.

Continued emphasis on service-based marketing, linking producer/suppliers and end-use customers, is reflected in the increasing volumes of grain moved by truck. In 1992-93, 1.2 million tonnes were moved by commercial truckers. Rail shipments decreased significantly. The division shipped 104,100 rail cars, compared to 128,000 in 1991-92.

For the second consecutive year, records were achieved in seed and fertilizer sales. Other accomplishments include record sales of livestock equipment; sales of Provide; and total biological product sales, including Provide and seed inoculants. Every product group exceeded budgeted sales targets.

The Crop Protection Institute (CPI) warehousing standards objectives will receive increasing attention in view of the March 31, 1995 deadline. Country Services Division has 384 warehouses certified at the Phase I level and six locations built to Phase III specifications.

Four large concrete elevators (Waldron, Ituna, Unity and Kamsack) were approved in 1992-93. The Unity project includes construction of a 16,000 tonne condominium and will be the largest full-service elevator ever built by the Pool. Other major construction projects included: a joint Alberta Wheat Pool/Saskatchewan Wheat Pool venture concrete elevator at Lloydminster; an upgrade project at Edam; three farm service centre warehouse upgrades (Regina, Moose Jaw and Swift Current), and four new chemical storage sheds (Davidson, Prince Albert, Francis and Glenavon). At Rosetown, a seed plant was purchased and the farm service centre relocation approved.

CSP Foods

CSP Foods' financial results were very successful during a difficult 1992-93. Significant long-term gains set a positive tone for the future of the division.



CSP Foods is an example of the Pool's increased presence in the agri-food industry.

Highlights for 1992-93 included:

- introducing 18 new products by the Product Development department.
- strengthening the relationship between Dawn Foods U.S. and CSP Foods has gone very well. Both companies steadily increased each other's product sales volume. In the United States, Dawn Foods doubled the amount of CSP flour sold from the previous year. In Canada, CSP Foods substantially increased the sales volume of Dawn frozen products, toppings and fillings.
- deciding to build a wet goods plant in Saskatoon late in the fiscal year. The venture is a 50/50 partnership with Dawn Foods U.S. The new plant will produce pastry toppings and fillings for the bakery trade in Canada and northwestern United States.
- realizing significant cost savings in warehousing and distribution at Burnaby, B.C.
- installing the new bulk handling system. This project is greatly improving flour handling and providing up-to-the-moment, accurate information on weights and extraction.
- installing a small packaging line that processes new, up-scale products. The division will continue to emphasize full-line distribution and sales to the bakery sector. Emphasis placed on small-line packaging will entice consumers lost during the year. Emphasis must also continue related to joint ventures that achieve significant benefits and earnings.

Livestock Division

Livestock Division's handlings continued to show moderate, but steady growth during the 1992-93 operating year. The volume of cattle and calves marketed totalled 521,000 head, compared to 492,000 in the previous year. The division sold 3,500 hogs, 900 horses, and 5,600 sheep and lambs. The division also assembled 49,000 market hogs for Saskatchewan Pork International. The division's contribution and net earnings for the year were slightly higher than 1991-92.

In July 1993, there were 995,000 beef cows on Saskatchewan farms, up from 955,000 a year ago. The increased cow numbers were reflected in the number of cattle marketed in the province. Stocker and feeder sales totalled 813,600 head, up 12 per cent from a year earlier. Slaughter cattle marketing increased 16 per cent to 462,600 head.

Terminal Elevator Division

Terminal Elevator Division handled 5.74 million tonnes of grain in 1992-93. Last year's handle was 7.56 million tonnes.

Exports of the six major grains from Western Canada for the year were 25.8 million tonnes with 17.9 million tonnes, or 70 per cent, moving through the Pacific ports. Thunder Bay shipments (export and domestic) were 7.8 million tonnes. Exports direct from prairie elevators were 1.2 million tonnes.

The 1992 crop was of low quality due to heavy frost in mid-August. Almost half the wheat graded Canada Feed. It was a difficult crop to market and handle.

For the first time in Terminal Elevator's history, Vancouver handled more grain than Thunder Bay.

Thunder Bay operations. Receipts for the year were 2.74 million tonnes compared to 4 million tonnes the previous year, a decrease of 31 per cent. Shipments from Saskatchewan Wheat Pool terminals were 2.7 million tonnes or 34.5 per cent of the port total.

Average dockage was 2.14 per cent, compared to 1.92 per cent last year. The average price of by-products was constant to stronger compared to last year.

Only Terminals 4 and 7 received grain during the year. A final audit was completed at Terminal 6 and the plant was closed. Terminal 15 remained closed.

Management, administrative and hourly employee groups were all down-sized. Labour productivity was a record 12.34 tonnes per man-hour, a 14 per cent improvement in the face of a 31 per cent decline in volume. A joint Saskatchewan Wheat Pool/Transportation Communications Union Lodge 650

partnership committee was established to deal with operation and down-sizing issues including counseling and training for workers who will exit the industry.

Capital and maintenance programs were undertaken to ensure plant efficiency and safety. Major projects included motorizing mayo spouts, energy conservation, and an upgrade to the trackshed at Terminal 7B.

Vancouver operations. Receipts were 2.99 million tonnes, down from 3.5 million tonnes in 1991-92. This represents 22.9 per cent of Vancouver port receipts and 16.7 per cent of the total for the West Coast. The previous year, Saskatchewan Wheat Pool had 24.2 per cent of Vancouver port receipts and 16.5 per cent of the West Coast total. West Coast shipments were 17.9 million tonnes including 13.3 million tonnes from Vancouver.

Average dockage was 1.9 per cent (1.92 per cent the previous year). By-product production was down but prices were up compared to last year. Low quality crops presented many problems for both marketers and the terminal. Low protein levels in wheat and higher chlorophyll levels in canola were major concerns. Terminals were required to do extraordinary quality segregation and careful stock management in order to meet customers' expectations.

Negotiations with the Grain Workers Union 333 began to replace the contract which expired on December 31, 1992. Employee relations were positive. The safety record improved resulting in a reduction of Workers Compensation Board premiums. Training programs were ongoing.

Maintenance and capital projects were directed at ensuring an efficient and safe operation. Major projects were the replacement of the main air compressor, planning for receiving system improvements and the completion of the new central control room and quality control laboratories.

Western Producer Publications

The aim of Western Producer Publications Division is to produce a credible newspaper and other publications to help prairie farm families understand the changing world.



Saskatchewan Wheat Pool provides livestock marketing services for its members at 10 locations in Saskatchewan and one in Alberta.

The Western Producer experienced many positive developments during the year in all areas of operations. Advertising and subscription sales were up, as was revenue from other services. Production costs, and selling and administrative expenses were down compared to last year. The net result was a substantial improvement in the newspaper's bottom line. The improved financial performance of the newspaper made it feasible to proceed with important editorial projects such as the supplements on transportation policy and orderly marketing.

The reduction in subscribers during the year was substantial at 7,000 but was less than half of the previous year's reduction. Demographic analysis indicates that the loss of subscribers is concentrated in the non-farm and uncoded subscribers. The number of active farmers on the subscription list actually increased during the year.

Throughout the year, *The Western Producer* continued its strong and comprehensive news coverage of important developments, and made extra efforts to meet reader information needs. These extra efforts would not have been possible without a major commitment by staff and the division's restored financial health.

To prepare for changing demands, several editorial staff moved into a new, related department called Editorial Services. In addition to providing longer-term diversified revenue sources, this new venture is expected to eventually increase the supply of knowledgeable agricultural stories to urban residents across Canada.

International Business Department

The year 1992-93 marked the first full year of operation for the International Business department, which markets the skills and knowledge of Saskatchewan Wheat Pool.

The department was very pleased with its accomplishments to year-end and the amount of interest shown in Saskatchewan Wheat Pool expertise.

Of particular note is the participation in the one-billion-dollar (U.S.) World Bank/China Grain Distribution and Marketing Project. Another very significant project being led by the Pool provides technical assistance to the Russian grain sector. As well, Kazakhstan, Mexico and Malaysia could prove to be valuable long-term opportunities.

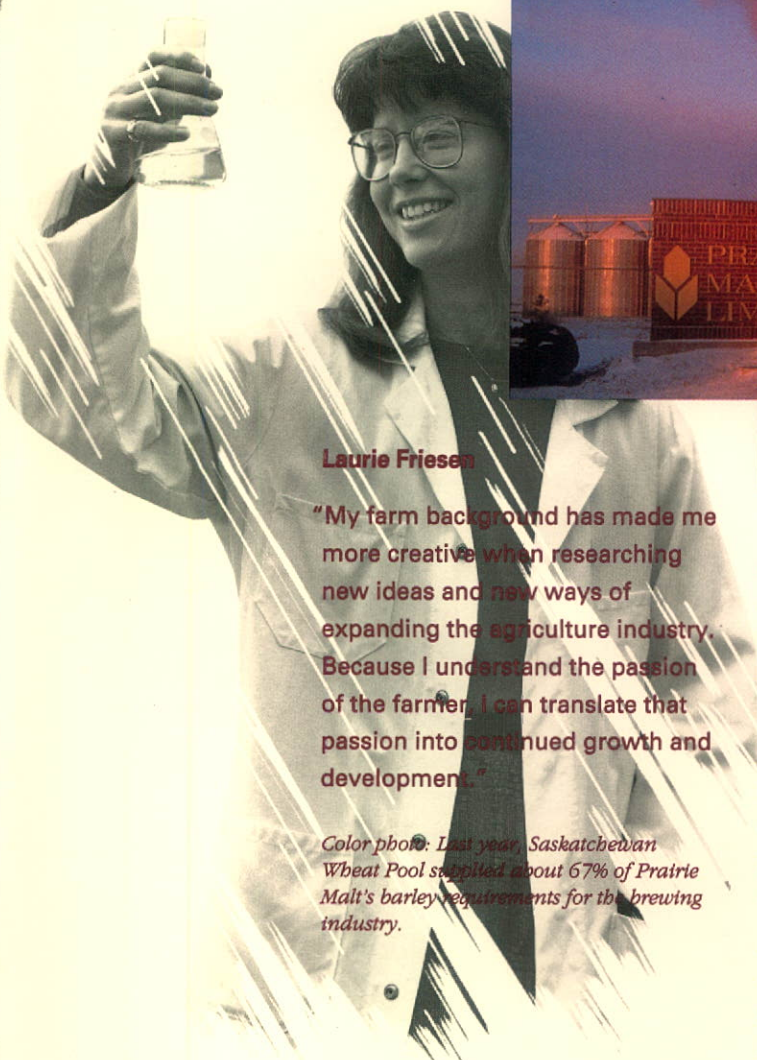
There is an increasing awareness of Saskatchewan Wheat Pool expertise as evidenced by others approaching the organization. Strong interest has also been shown in the Pool's co-operative model for possible implementation in developing countries such as Russia, Poland, and Vietnam.



Today's farmer operates in a sophisticated environment. Saskatchewan Wheat Pool actively addresses the challenges of change, and continues to embrace the integrity of the farm, for all of us.

A associated companies

Saskatchewan Wheat Pool invests in companies which will take its members' products and add value to them. The Pool's financial management has expanded to ensure earnings, continued growth, and financial strength for members.



Laurie Friesen

"My farm background has made me more creative when researching new ideas and new ways of expanding the agriculture industry. Because I understand the passion of the farmer, I can translate that passion into continued growth and development."

Color photo: Last year, Saskatchewan Wheat Pool supplied about 67% of Prairie Malt's barley requirements for the brewing industry.



AgPro Grain Inc. was formed in May 1990. It owns and operates the Canadian assets purchased from Elders Grain and Northern Sales. AgPro Grain (U.S.) Inc. owns and operates Elders' assets in Fargo, North Dakota, under the direction of AgPro Grain Inc.

Results from the 1992-93 year fell significantly short of target. A lower quality, highly variable crop reduced opportunities for large shipments to millers. Reduced grain handling volumes lowered financial results at AgPro's four major plants, the business' core operation.

AgPro's smaller businesses all underwent major restructuring during 1992-93, and have shown considerable achievement in volumes, productivity and profitability.

Grain Operations: A lower contribution led to substantially lower receipts at Saskatchewan plants in 1992-93. Lower protein levels and the resulting reduction in mill shipments caused a large decline in mill premiums and rail incentive revenues. However, some new markets were developed.

AgPro successfully serviced and kept all new mill customers during the past year. As well, a major Eastern Canadian pasta producer contracted their total durum requirement with AgPro. New records were established for direct deliveries to Moose Jaw and Winnipeg plants. Wheat transferred from Country Services Division elevators was down by over 40 per cent. Canola shipments were very slow during the year, resulting in volumes below 1991-92.

The Kindersley special crop processing plant enjoyed a very successful year. It cleaned 10,438 tonnes of product, up 1,469 tonnes from last year. Lentil acreage was last season's major contracting thrust. More than 12,000 acres were signed. The plant continued to clean and process canaryseed on a spot basis. This spring's contracting season went very well. Contracts for 20,000 acres were signed.

This year, 10,052 tonnes of dehydrated alfalfa and 2,773 tonnes of wood pellets were processed at Creston, B.C. Wood pellet demand remained strong much of the year.

The confection sunflower program experienced a dramatic turnaround during the past year. Sales continued at an excellent pace throughout the year.

AgPro's aquaculture operations consist of an indoor char grow-out facility at the Coulter plant in Winnipeg and a rainbow trout cage operation at Lake Diefenbaker. The provincial departments responsible for the environment and fisheries have granted permission to stock 500,000 pounds of annual production. Approval has also been obtained to stock Atlantic salmon on a test basis.

Canadian Pool Agencies Ltd., owned by the three Pools, is in its 65th year of operation. The company acts as an agent in placing insurance coverage on

Pool and associated company facilities. Total revenue for the year was down compared to 1991. Pool Insurance Company marked its 54th continuous year of operation in 1992. There were no major losses during the year. The 1992 surplus available for policy holder refunds was up compared to a year ago. Refunds to the Pool were also up from 1991.

CanAmera Foods is the oilseed crushing operation owned 50 per cent by Manitoba Pool Elevators and Saskatchewan Wheat Pool, and 50 per cent by Central Soya of Canada. The company was formed in March 1992 when the assets and the operations of CSP Foods Ltd. and Central Soya of Canada were folded into a new partnership.

The fully integrated, equally owned joint venture emphasizes value-added products. CanAmera has a strong presence throughout Canada, with good access to the United States and offshore markets. Its strategically located plants have both soybean and canola crushing capability and produce a broad line of edible oil products marketed under well-known trademarks and brand names.

Changes during the year included establishment of a western regional office in Winnipeg and a new corporate facility in Oakville, Ontario.

Co-operative Energy Corporation (CEC) was formed in 1982 by several large co-operatives and the federal government under the Co-operative Energy Act to

WCFL, owned by Alberta Wheat Pool, Saskatchewan Wheat Pool, and Manitoba Pool Elevators, showed stronger net earnings in 1992-93.



establish a co-operative presence in the energy sector. All capital raised was, in turn, invested in an operating company, Co-enerco Resources Ltd. (Co-enerco). The last shares owned by CEC in Co-enerco were sold in March 1993. Final distribution of CEC's remaining funds will be made when the final tax clearance certificates are issued by Revenue Canada. Saskatchewan Wheat Pool has received more than its original investment to date.

Interprovincial Co-operative Limited (IPCO) is a Canadian co-operative owned and controlled by a number of co-operative wholesalers and the prairie Pools. IPCO co-ordinates many of the purchases of its member organizations, manufactures agricultural chemicals, and owns and controls a number of trademarks used by its members. IPCO is managed by Federated Co-operatives under a management agreement. In the fiscal year that ended October 31, 1992, IPCO sales increased 2.2 per cent from 1991.

Northco Foods (Robins Donuts): The benefits of this partnership to both Saskatchewan Wheat Pool and Northco Foods continue to be substantial. Earnings for Northco Foods were above budget for the entire year and are expected to be a record for 1992-93. A total of 177 outlets were open as of July 31, 1993.

Pacific Elevators Limited is a terminal in Vancouver owned by the three Pools and held on the books of **Western Pool Terminals Ltd.** Ownership is as follows: Saskatchewan Wheat Pool 30 per cent, Alberta Wheat Pool 60 per cent and Manitoba Pool Elevators 10 per cent. The elevator is leased to Pacific Elevators Limited and operated under a management contract by Alberta Wheat Pool. Pacific Elevators incurred no capital expenditures in the 1992-93 period. Receipts and earnings were down from 1991-92.

Philom Bios develops, manufactures and markets biological products which improve the productivity of plants. These products are based on naturally occurring micro-organisms which have been isolated from the soil. Sales revenues and net earnings for 1993 were up significantly from 1992.



Partners such as AgPro Grain Inc., XCAN Grain Pool Ltd., and CanAmerica Foods link Saskatchewan producers with customers in over 60 countries.

Pound-Maker Agventures Ltd. had a very gratifying year, resulting from the buoyancy of the North American cattle feeding industry and the increase in efficiencies in ethanol production and by-product use. Ethanol production for the year totalled 10.7 million litres. Monthly production levels were as high as 1.03 million litres against a design capacity of 833,000 litres. Pound-Maker Agventures' consolidated net earning was significantly higher than last year.

Prairie Malt Limited operations for fiscal year 1992 continued to be quite positive. Malt production at Prairie Malt decreased from 112,000 tonnes in 1991 to 107,863 in 1992 due to a fire that occurred on November 10, 1992. For the year ended July 31, 1992, Saskatchewan Wheat Pool supplied about 67 per cent of Prairie Malt's barley requirements.

Prince Rupert Grain Ltd. (PRG) was incorporated by a consortium of grain companies to manage and operate export grain facilities at Prince Rupert, handling grain shipped by the consortium members and other Western Canadian grain handling organizations.

Ridley Grain Ltd. was incorporated by the same consortium to hold the terminal facilities as trustee for the co-tenants. These facilities are owned by the individual consortium members as co-tenants, with 80 per cent of the financing provided by the Government of Alberta. This was the second highest year for grain receipts and shipments in PRG's history. Net earnings were the highest ever achieved by the company.

PrintWest Communications Ltd. officially began operations in August 1992. In January 1993, several measures were taken to improve the outlook of the company. The company experienced a loss on operations in its first year which ended March 31, 1993.

Vitality Health Science Corporation develops and markets food products, food supplements and health and beauty products targeted at the "healthy lifestyles" segment of the North American population. Vitality is a new venture for Saskatchewan Wheat Pool and builds on the earlier inventory financing arrangement for borage production with PGE Canada.

Western Co-operative Fertilizers Limited (WCFL) was founded by Federated Co-operatives, Alberta Wheat Pool and Saskatchewan Wheat Pool in 1964 to fill the increasing demands of member/customers. Since then, Manitoba Pool Elevators joined and Federated Co-operatives withdrew from the co-operative. Saskatchewan Wheat Pool owns a one-third share of WCFL. It had stronger net earnings in 1992-93 compared to the previous year.

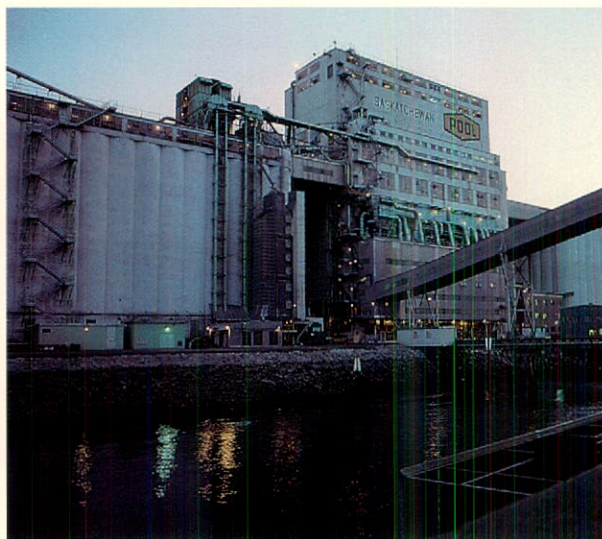
XCAN Grain Pool Ltd. is the export marketing arm for Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators. XCAN continues to be Canada's largest exporter of canola, malting barley, flax, oats, rye, special crops, and terminal by-products. XCAN also markets feed grains and terminal by-products into the Eastern Canadian and United States feed markets.

For the year ended July 31, 1993, XCAN shipped a total of 3,390,000 tonnes of grains, oilseeds, special crops and by-products to market. This represented

an increase of 553,000 tonnes or 19.5 per cent over the previous year. The increase is chiefly due to increased volumes of canola to Canadian crushers and European compounders, and increased sales of feed wheat to export markets, partially offset by a reduction in malting barley sales as a result of significantly reduced volumes of available malting-quality barley.

XCAN's sales and net earnings were up significantly for 1992-93, compared to last year. The increase reflects higher volumes and values this year.

Related Co-operatives: Saskatchewan Wheat Pool actively participates in the co-operative sector of the Canadian economy. The Pool is committed to working together with other co-operatives such as the Canadian Co-operative Association, The Co-operators, Co-operative Trust Company of Canada, Credit Union Central and Federated Co-operatives Ltd.

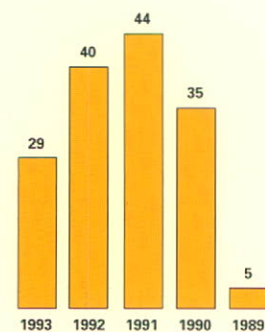


Saskatchewan Wheat Pool plays an active role in moving Saskatchewan crops from field to market.

Five Year Review

[in thousands, except items*]

	1993	1992	1991	1990	1989
Operating Results					
Country Services	\$ 5,304	\$14,457	\$17,915	\$ 3,884	\$(13,239)
Terminal Elevator	8,705	20,125	21,434	29,142	19,626
CSP Foods	1,332	2,245	2,644	1,056	304
Livestock	794	197	735	601	1,043
Western Producer Publications	470	(711)	(1,090)	(1,028)	(281)
	16,605	36,313	41,638	33,655	7,453
Revenue from associated companies	15,204	9,333	505	5,071	2,283
Other	(3,300)	(5,700)	1,969	(3,386)	(4,359)
Net earnings	\$28,509	\$39,946	\$44,112	\$35,340	\$ 5,377



Net Earnings for the Year
[in millions]

Handlings and Sales

Country Services grain handlings (tonnes)	10 253	11 372	11 439	9 195	6 423
Terminal Elevator grain handlings (tonnes)	5 743	7 560	7 682	7 174	5 832
Country Services farm supply sales	\$201,563	\$190,256	\$171,536	\$188,609	\$185,982
CSP Foods sales (tonnes)	85	84	79	71	70
Livestock handlings (cattle and calves)	521	492	474	460	422
Western Producer circulation	102	111	125	131	135

Other Statistics

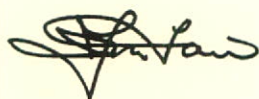
* Total membership	85,037	85,285	88,485	88,362	87,088
* Number of employees	3,020	3,157	3,236	3,038	2,823
* Return on invested capital	6.9%	9.6%	12.0%	11.3%	4.3%
* Current ratio	1.30	1.57	1.28	1.35	1.32
* Debt:Equity ratio	32:68	33:67	37:63	37:63	34:66

Management is responsible for preparing financial statements and ensuring that all financial information in the annual report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making judgements and estimates consistent with generally accepted accounting principles in Canada.


Systems of internal control are maintained to provide reasonable assurance of the reliability of financial information and the safety of all assets controlled by the Corporation. Internal controls are reviewed and evaluated by extensive internal audit programs which are subject to scrutiny by shareholders' auditors.

Ultimate responsibility for financial statements to shareholders rests with the Board of Directors. The Board reviews the consolidated financial statements in detail with management prior to giving their approval for publication of the financial statements.

These financial statements have been examined by the members' auditors, Deloitte & Touche, and their report is presented separately.

**J. M. Fair**

Chief Executive Officer

**L. A. Spencer**

Chief Financial Officer

The Shareholders**Saskatchewan Wheat Pool**

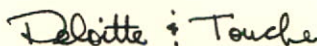
We have audited the consolidated statement of financial position of Saskatchewan Wheat Pool as at July 31, 1993 and the consolidated statements of earnings, members' equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan

October 14, 1993

**Deloitte & Touche**

Chartered Accountants

Consolidated Statement of Financial Position

As at July 31

Statement 1

	1993	1992
	[in thousands]	
Current Assets		
Cash	\$ 3,620	\$ 7,058
Accounts receivable	247,049	216,026
Notes receivable	—	54,481
Inventories (Note 2d)	243,438	62,091
Prepaid expenses	10,563	10,207
Prepaid corporate taxes	12,123	—
	516,793	349,863
Current Liabilities		
Outstanding cash tickets and cheques	95,960	44,362
Bank loans (Note 3)	87,600	1,668
Demand loan accounts	107,625	67,103
Accounts payable	74,794	66,536
Corporate taxes payable	—	1,200
Long term debt due within one year	13,062	15,662
Estimated payments to or on behalf of members	17,600	26,800
	396,641	223,331
Working Capital	120,152	126,532
Investments (Notes 2 & 4)	82,428	81,036
Fixed Assets (Note 2f)	256,841	246,355
Funds Invested	\$459,421	\$453,923
Financed By		
Minority interest (Note 5)	\$ 12,280	\$ 12,078
Long term debt (Note 6)	65,701	74,226
Members' equity (Statement 3)	381,440	367,619
	\$459,421	\$453,923

Commitments and contingencies (Note 7)

The notes to the financial statements are an integral part of the statements.

On behalf of the Board

Leroy Larsen

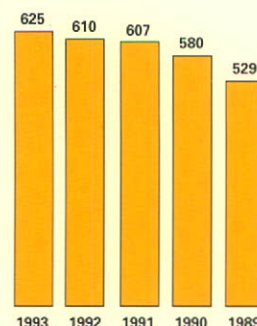
L. Larsen

Director

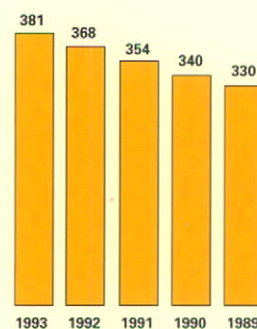
R. Howe

R. Howe

Director



Fixed Assets at Cost
[in millions]

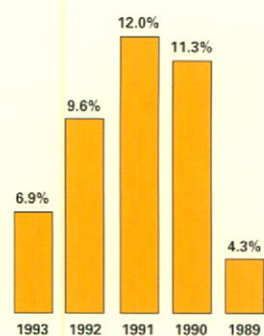


Members' Equity
[in millions]

Consolidated Statement of Earnings

For the Year Ended July 31

Statement 2



Return on Invested Capital

	1993	1992
	[in thousands]	
Sales and Other Revenue	\$1,622,493	\$1,872,344
Costs of Sales and Expenses		
Cost of sales and operating expenses	1,509,479	1,732,221
Selling and administrative expenses	63,042	61,986
Depreciation	22,763	23,548
Interest on long term debt	4,319	5,052
Other interest	5,706	8,980
	1,605,309	1,831,787
Earnings from Operations	17,184	40,557
Other income (Note 8)	4,767	5,709
Equity earnings (losses) of significantly influenced companies	9,858	(620)
Earnings before Taxes	31,809	45,646
Provision for corporate taxes	(3,300)	(5,700)
Net Earnings	\$ 28,509	\$ 39,946

Consolidated Statement of Members' Equity

For the Year Ended July 31

Statement 3

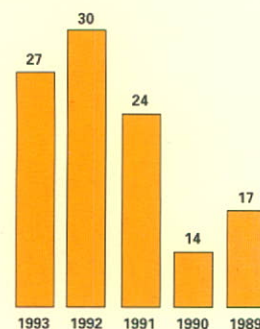
	1993	1992
	[in thousands]	
Share Capital (Note 9)		
Balance beginning of year	\$278,077	\$263,951
New shares allotted	9	10
Allocated from prior year's earnings	27,359	35,267
Share redemptions	(19,215)	(21,151)
Balance end of year	\$286,230	\$278,077

Retained Earnings

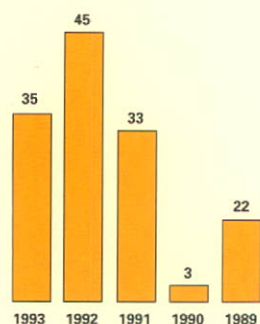
Balance beginning of year	\$ 76,396	\$ 76,842
Prior year's earnings	39,946	44,112
Patronage allocation to members	(34,732)	(44,590)
Adjustment of prior years' corporate taxes	2,691	32
Balance end of year	\$ 84,301	\$ 76,396

Summary of Members' Equity

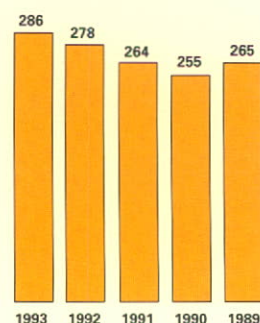
Share capital	\$286,230	\$278,077
Retained earnings	84,301	76,396
Net earnings - unallocated (Statement 2)	28,509	39,946
	399,040	394,419
Estimated payments to or on behalf of members	(17,600)	(26,800)
Members' Equity End of Year	\$381,440	\$367,619



Cash Paid to or on Behalf of Members [in millions]



Patronage Dividends [in millions]
[out of previous year's earnings]

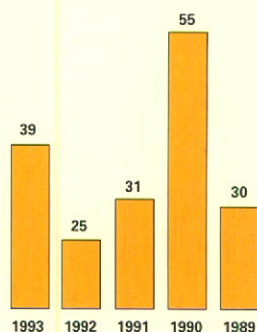


Share Capital [in millions]

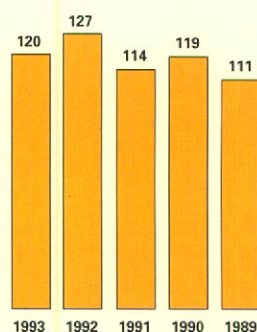
Consolidated Statement of Changes in Financial Position

For the Year Ended July 31

Statement 4



Capital Expenditures on Fixed Assets (Net) [in millions]



Working Capital [in millions]

	1993	1992
	[in thousands]	
Operating Activities		
Net earnings (Statement 2)	\$ 28,509	\$ 39,946
Items not requiring working capital		
Depreciation	22,763	23,548
Provision for disposal of fixed assets	5,398	3,152
Amortization of investment	397	328
Equity (earnings) losses of significantly influenced companies	(9,858)	620
	47,209	67,594
Adjustment of prior years' corporate taxes	2,691	32
Working capital from operating activities	49,900	67,626
Financing Activities		
New shares allotted	9	10
Estimated payments to or on behalf of members	(17,600)	(26,800)
Decrease in members' term loans	(503)	(2,521)
Repayment of debenture loans	(13,200)	(1,400)
Increase in other long term debt	5,178	12,718
Other	212	726
Working capital used in financing activities	(25,904)	(17,267)
Investing Activities		
Increase in minority interest	202	12,078
Decrease/(increase) in investments - net	8,069	(25,028)
Purchase of fixed assets - net	(38,647)	(24,551)
Working capital used in investing activities	(30,376)	(37,501)
(Decrease)/Increase in Working Capital	(6,380)	12,858
Working Capital Beginning of Year	126,532	113,674
Working Capital End of Year	\$120,152	\$126,532

Reconciliation of Changes in Working Capital to Cash (Note 10)

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

1. Saskatchewan Wheat Pool is incorporated by special act of the Saskatchewan legislature.

2. Accounting policies

a) Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and the following subsidiary companies:

	Ownership %
AgPro Grain Inc.	100 %
AgPro Grain (U.S.) Inc.	100 %
AgPro Grain Holdings (U.S.) Inc.	100 %
CSP Capital Corporation	66 2/3 %
SM Prairie Management Ltd.	66 2/3 %
SWP Venture Capital Corporation	91.9 %

b) Significantly influenced companies (Note 4)

The Corporation follows the equity method of accounting for its investment in the following companies over which it has significant influence, but not control:

	Ownership %
Canadian Pool Agencies Limited	33 1/3 %
CanAmera Foods	33 1/3 %
CF Edible Oils Inc.	33 1/3 %
MAALSA Investments Ltd.	40 %
Northco Foods Limited	40 %
Pacific Elevators Limited	30 %
Pool Insurance Company	50 %
Pound-Maker Agventures Ltd.	22 %
Prairie Malt Limited	42.4 %
PrintWest Communications Ltd.	55 %
Saskatoon Livestock Sales Ltd.	25 %
Vitality Health Science Corporation	20.8 %
Western Co-operative Fertilizers Limited	33 1/3 %
Western Pool Terminals Ltd.	30 %
XCAN Grain Pool Ltd.	33 1/3 %

c) Other investments

The Corporation follows the cost method of accounting for other investments.

d) Inventories

	1993 [in thousands]	1992
Grain purchased for sale to The Canadian Wheat Board valued on the basis of established selling prices after allowance for costs yet to be incurred.	\$166,718	\$ 6,936
Grain valued on the basis of open sales contracts, futures contracts or, in the case of unhedged grain, at the lower of cost, futures prices and net realizable value, after allowance for costs yet to be incurred.		
Grain stocks are hedged, where conditions permit, in order to protect against market fluctuations.	19,436	11,508
Other inventory valued at the lower of cost and net realizable value.	57,284	43,647
	<u>\$243,438</u>	<u>\$62,091</u>

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

e) Recognition of Earnings

The basis of valuing grain stocks results in a net handling margin being included in earnings when grain is purchased by the Corporation. This practice is followed in order to achieve the objective of matching earnings and resulting patronage allocations with purchases from members.

f) Fixed Assets

	1993 [in thousands]	1992 [in thousands]	Rate of Depreciation
Cost			
Sites, trackage and paving	\$ 25,215	\$ 24,666	0-8 %
Buildings	309,626	295,965	5-10 %
Machinery and equipment	266,928	264,998	20-30 %
Vehicles	14,065	13,271	30 %
Work under construction	9,734	10,749	Nil
	625,568	609,649	
Accumulated depreciation	(368,727)	(363,294)	
Net book value	\$256,841	\$246,355	

Depreciation is provided on fixed assets on a diminishing balance basis at the rates indicated.

g) Corporate taxes

The income tax provision is calculated after deducting estimated patronage allocations to members. The Corporation claims certain available deductions for income tax purposes in excess of the related accounting deductions. No deferred income taxes have been recorded by the Corporation with respect to these deductions, as the timing differences relating thereto can be offset by the timing of future patronage allocations. Subsidiary companies do account for deferred income taxes but at July 31, 1993, there are no material amounts.

h) Pension costs and obligations

Pension costs for employees enrolled in defined benefit pension plans are charged to expense as services are rendered. The accrued pension benefits and pension fund assets, at adjusted market value, as of July 31, are as follows:

	1993 [in thousands]	1992 [in thousands]
Pension fund assets	\$148,922	\$138,830
Accrued pension benefits	(145,044)	(124,521)
Pension fund surplus	\$ 3,878	\$ 14,309

The Corporation also maintains defined contribution pension plans and is responsible for annual contributions but does not guarantee these funds. The pension expense is equal to the contributions for the year.

3. Bank loans

Bank loans are unsecured subject to the Corporation meeting certain covenants.

4. Investments

	1993 [in thousands]	1992 [in thousands]
Companies accounted for under the equity method:		
Shares	\$67,974	\$67,187
Notes and loans receivable	55,616	52,214
Deferred gains	(22,929)	(24,245)
Net cumulative equity losses	(27,809)	(35,453)
	72,852	59,703
Other investments	9,576	21,333
	\$82,428	\$81,036

Deferred gains represent aggregate gains on the investment of non-current assets in companies in which the Corporation has a financial interest. These deferred gains are being amortized on a straight line basis over 15 years.

5. Minority Interest

This represents the minority shareholders' investments in the Corporation's subsidiary companies.

6. Long term debt

	1993 [in thousands]	1992
Term bank loan	\$63,000	\$ —
Members' loans	14,541	57,531
9 7/8% sinking fund debentures Series A	—	14,600
Estimated liability under loan guarantee	—	16,000
Other	1,222	1,757
	78,763	89,888
Portion due within one year	13,062	15,662
	\$65,701	\$74,226

The term bank loan is an unsecured demand term credit facility. Interest is payable on a floating basis at rates which will not exceed the lender's prime rate.

Members' loans consists of two-year term loans with interest payable semi-annually at interest rates which vary from 5.0% to 8.75%. In 1992, \$40,000,000 in members' demand loans were classified as long term debt as they were supported by long term credit arrangements.

The maturities of long term debt are as follows:

	[in thousands]
1994	\$13,062
1995	15,589
1996	8,097
1997	10,015
1998	10,000
Subsequent years	22,000
	\$78,763

7. Commitments and contingencies

- The Corporation supports Western Co-operative Fertilizers Limited, jointly with two other shareholders, by purchasing sufficient quantities of fertilizer annually until 1996 to enable it to meet obligations under a long term financing arrangement. Borrowing under this arrangement is secured by a guarantee from the Corporation in the amount of \$11,250,000 (1992 - \$11,250,000).
- At July 31, 1993, planned future expenditures on authorized capital programs were \$21,823,000 (1992 - \$28,441,000).

8. Other income

	1993 [in thousands]	1992
Prince Rupert Grain Ltd.	\$2,781	\$ 3,497
Pacific Elevators Limited	4,219	5,364
Gain on disposal of investment	3,165	—
Provision for disposal of fixed assets	(5,398)	(3,152)
	\$4,767	\$ 5,709

Earnings from Pacific Elevators Limited and Prince Rupert Grain Ltd. represent amounts received as the Corporation's share of a return to shippers. For Prince Rupert Grain Ltd., the amount is reduced by amortization of \$397,000 (1992 - \$328,000) of the cost of the Corporation's investment in the terminal.

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

9. Share capital

	1993	1992
Fully paid shares (par value \$1 each)	286,198,254	278,044,803
Partially paid shares	63,974	65,016

10. Changes in financial position

	1993	1992
	[in thousands]	
Reconciliation of changes in working capital to cash:		
Changes in working capital	\$ (6,380)	\$ 12,858
Changes in non-cash components of working capital		
Inventories	(181,347)	214,035
Other current assets	(31,703)	(19,454)
Current liabilities	35,780	(40,940)
	(183,650)	166,499
Cash/(bank financing) beginning of year	30,449	(136,050)
(Bank financing)/cash end of year	<u>\$ (153,201)</u>	<u>\$ 30,449</u>
(Bank financing)/cash includes:		
Cash	\$ 3,620	\$ 7,058
Deferred cash ticket deposits	26,739	14,940
Notes receivable	—	54,481
Outstanding cash tickets and cheques	(95,960)	(44,362)
Bank loans	(87,600)	(1,668)
(Bank financing)/cash end of year	<u>\$ (153,201)</u>	<u>\$ 30,449</u>

11. Related party transactions

- a) The Corporation operates as a co-operative and, as such, conducts a significant portion of its business activities with related parties consisting primarily of the Corporation's shareholder members and companies owned by the Corporation in concert with other Western Canadian co-operatives and over which it has significant influence. In addition to transactions with members including grain purchases, sale of farm products, livestock handling and financing transactions, the Corporation acquires from and sells to other related parties certain other goods and services in the normal course of business.

In addition to amounts disclosed separately, the Corporation has the following:

	1993	1992
	[in thousands]	
Due from members	\$117,544	\$110,283
Due from other related parties	\$ 46,022	\$ 28,975
Due to members	\$ 93,485	\$109,185
Due to other related parties	\$ 602	\$ 2,570

- b) Interest of \$2,818,000 (1992 - \$2,226,000) receivable on interest-bearing notes from a company in which the Corporation has an investment was waived during the year.

Allocation of Unconsolidated Net Earnings

For the Year Ended July 31

The unconsolidated financial results of the Corporation for the year ended July 31, 1993 are as follows:

[in thousands]

Earnings before corporate taxes per financial statements	\$31,809
Net equity accounting and consolidation adjustments re: associated companies	(9,947)
Unconsolidated net earnings before corporate taxes	\$21,862

The Board of Directors recommends that the unconsolidated net earnings before corporate taxes for the year ended July 31, 1993, in the amount of \$21,862,000 be allocated as follows:

[in thousands]

Patronage allocation on grain at the rate of \$1.05 per tonne for regular deliveries and \$.50 per tonne for producer cars, estimated	\$12,313
Patronage allocation on farm supplies at the rate of 1.6% of purchases, estimated	3,025
Patronage allocation on livestock at the rate of \$0.45 per head for cattle, calves and horses and \$0.10 per head for hogs and sheep, estimated	181
Provision for corporate taxes, estimated	3,300
Transfer to retained earnings, estimated	3,043
Total	\$21,862

An estimated total of \$1,480,000 will be paid to the Receiver General for Canada as a prepayment of income tax on behalf of shareholders whose total patronage allocation for the year exceeds \$100 and the balance of the patronage allocation, estimated at \$14,039,000 will be applied in payment of shares allocated.

The Board of Directors also recommends that:

The sum of approximately \$16,120,000 be used as required in 1993-1994 for the purchase of equities of members in all eligible categories, namely estates, ceased farming, and with the exception of qualifying shares, repayment in full to members who reach the age of 70, repayment of 20% of share equity of members (upon application) who reach the age of 65 by December 31, 1993 and repayment of 7% of share equity to corporate members.

If the above recommendation is accepted, payments totalling \$17,600,000 will be made to or on behalf of members during the 1993-1994 year.

Board of Directors

President

Leroy J. Larsen (District 15)¹

First Vice-President

Ray L. Howe (District 11)

Second Vice-President

Barry W. Senft (District 6)²

Member of Executive Committee

Kenneth W. Elder (District 10)

Member of Executive Committee

Marvin W. Shauf (District 1)³

Timothy R. Coulter (District 2)

Maurice Kostichuk (District 8)

Thomas J. Lowes (District 9)⁴

Michael P. Ozeroff (District 13)

David B. Sefton (District 7)¹

Henry E. Seidlitz (District 5)⁵

C. Dennis Van Der Haegen (District 16)

Gary L. Wellbrock (District 3)

Marvin D. Wiens (District 4)

Charles E. Weir (District 12)

Harold G. Yelland (District 14)

Secretary to the Board

Verna M. Mitura⁶

Executive Management

Chief Executive Officer

J. Milton Fair

**Executive Director, Policy and
Member Services**

Glen R. McGlaughlin

Chief Financial Officer

Lyle A. Spencer

General Manager, Grain Group

Gerry L. Liski

**General Manager, Food and Allied
Services Group**

Donald K. Loewen

Division Management

Communications Division

Duane B. Mohn, Director⁷

**Corporate Development Division and
Information Technology Division**

Robert T. Virgo, Director

Corporate Engineering Division

Richard B. Pitfield, Director

Country Services Division

Ron E. Gorst, General Manager

Financial Resources Division

Lyle A. Spencer, Director

CSP Foods Division

Neil W. Moore, General Manager

Human Resources Division

Michael J. Roberts, Director

Livestock Division

D. John LaClare, General Manager

Member Relations Division

Nial B. Kuyek, Director⁸

**Policy and Economic Research
Division**

Terry J. Harasym

Terminal Elevator Division

William E. Hunt

**Western Producer Publications
Division**

Allan W. Laughland, Publisher and
General Manager

Solicitor

Balfour, Moss

Barristers & Solicitors

Auditor

Deloitte & Touche

Financial Institutions

Bank of Montreal

Canadian Imperial Bank of Commerce

Credit Union Central of Saskatchewan

Royal Bank of Canada

Toronto-Dominion Bank

**For copies of this report, contact
Communications Division, Head Office.**

¹ Garf Stevenson retired in April, 1993.

² Elected in April, 1993, replacing Leroy Larsen.

³ Elected in April, 1993, replacing Barry Senft.

⁴ Succeeded Larry Gislason in April, 1993.

⁵ Succeeded Leander Buhr in April, 1993.

⁶ Appointed July, 1993.

⁷ Appointed June, 1993.

⁸ Duane Bristow retired in December, 1992.

Head Office

Saskatchewan Wheat Pool
2625 Victoria Avenue
Regina, Saskatchewan S4T 7T9
Telephone (306) 569-4411
Fax (306) 569-4708

CSP Foods

75 - 33rd Street East
P.O. Box 190
Saskatoon, Saskatchewan S7K 3K7
Telephone (306) 244-1335
Fax (306) 244-2878

Terminal Elevator Division

Saskatchewan Wheat Pool
220 Portage Avenue
Winnipeg, Manitoba R3C 0A5
Telephone (204) 947-6863
Fax (204) 947-2777

Western Producer Publications

2310 Millar Avenue
Saskatoon, Saskatchewan S7K 2C4
Telephone (306) 665-3500
Fax (306) 653-1255



Sheena and Don Beaton

"Even though Don's dad is just 3 miles away, we're really trying to do things ourselves. We talk about our decisions together and run new things past Dad and the people at the Pool elevator. I'm planning to take some courses to learn more about farm management."



Farming. For all of us.

