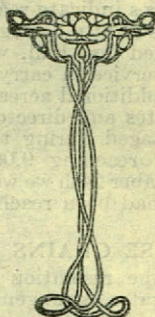


*Saskatchewan
Co-operative Wheat
Producers Limited*

FIRST
ANNUAL
REPORT



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SASKATCHEWAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Directors' Report

October 14th, 1925.

In presenting this Report your Board of Directors have endeavoured to outline the affairs of the Saskatchewan Wheat Pool so that this meeting of delegates may be enabled to arrive at, and lay down, a constructive, forward-looking policy for the coming year.

CONTRACTS AND ACREAGE

Wheat

At the last general meeting of delegates held in this city on February 26th, 1925, the Directors' Report indicated that at that time there were on file in the office of the Company, 51,507 completed Wheat Contracts covering a total acreage of 7,100,691.

Up to the present time there have been received Contracts, covering 9,331,700 acres.

Present Standing of Wheat Pool

According to the Provincial Government's 1925 estimate, there were 13,002,741 acres seeded to wheat in the Province of Saskatchewan. On this basis the pool now controls 71.8 per cent. of all the wheat grown in the Province.

The above figures indicate real progress. A good deal of credit for this rightly belongs to the Wheat Pool Committees organized last Fall, who have continued to render valuable service in carrying on organization work and securing additional acreage under the supervision of the delegates and directors.

A drive was staged during the summer months with the object of reaching 9,000,000 acres under contract. On September 24th we were able to announce that this objective had been reached and passed.

COARSE GRAINS POOL

Following up the resolution passed at the last meeting of the delegates, arrangements were made for the organization of a Coarse Grains Pool.

Objective

After considering the matter very carefully, your Board of Directors decided to set as an objective 33 1-3 per cent. of the Oats and Barley, and 50 per cent. of the Flax and Rye seeded in the Province of Saskatchewan according to the Provincial Government's estimate for 1925. It was decided that this acreage should be signed up not later than August 17th. Provision was made in the Contract, however, that if this objective was not reached, a period would be set apart during which all Contract Signers would have an opportunity to withdraw their Contract after which the Board would decide whether the acreage under contract in all of the Pools would be sufficiently large to warrant the operation of these Pools.

According to the Provincial Government's estimate for 1925, our objective in this connection was as follows:

Oats	1,690,500 acres.
Barley	355,133 acres.
Flax	476,888 acres.
Rye	134,886 acres.

The necessary acreage had not been received on August 17th, and the terms of the Contract were followed out when all Growers who had signed a Coarse Grains Contract were notified that the objective had not been reached, and they were given an opportunity to withdraw.

Withdrawals

During this period we received notice of withdrawal from 320 Growers covering:

19,475 acres of Oats.
6,435 acres of Barley.
5,577 acres of Flax.
1,713 acres of Rye.

Or approximately 1 per cent. of the Contracts signed.

During this withdrawal period 1,529 new Contracts were received, or nearly five times as many as were withdrawn during the same period.

At the September Board Meeting, a statement was submitted showing that there were on file in the office 31,452 Contracts covering:

1,534,371 acres of Oats.
299,905 acres of Barley.
292,903 acres of Flax.
65,325 acres of Rye.

Decision to Operate Coarse Grains Pools

New Contracts were still being received, and after careful consideration the Board decided that it would be advisable to operate all of the Coarse Grains Pools even although the acreage had not been reached.

Present Standing of Coarse Grains Pools

Coarse Grains Contracts are still being received, and the present standing at this date is 33,371 Contracts covering:

1,625,855 acres of Oats.
325,543 acres of Barley.
316,935 acres of Flax.
77,471 acres of Rye.

The statement made at the last delegates' meeting is still true, that Contracts have been received at the Office of the Pool every working day since August 29th, 1923, when the original campaign to establish the Pool was inaugurated.

Your Board of Directors believe that by whole-hearted co-operation the Coarse Grains objective can be reached and passed, and the Wheat Pool acreage carried to 10,000,000 acres before the end of the year.

Working towards this end, arrangements have been made for the establishment of a Field Service Department, and an organizer has been placed in each of the 16 Districts in the Province, who will co-operate with the delegates and Local Committees.

ELEVATOR POLICY

Handling Agreement with Line Elevator Companies

Under the new Canada Grain Act, while provision has been made whereby a Grower may pay his elevator handling charges and secure the bill of lading, the Act provides that, after the elevator agent has handed over to the Grower an affidavit as to weight, the responsibility of the Elevator Company, for weights and grades ceases. In consequence of the difficulties involved, the pool has not felt that it could recommend Growers who load through line Elevator Companies to accept this risk and have their wheat billed directly to the Pool terminals.

In view of the above situation, the Agreement

entered into between the pool and the line Elevator Companies this year is substantially on the same basis as the Agreement in force for the handling of last year's crop.

Handling Agreement with Farmer-Owned Elevator Companies.

As intimated at the last delegates' meeting, negotiations have been continued with the Saskatchewan Co-operative Elevator Company and the United Grain Growers' Limited, with a view to establishing closer working relationships. Several conferences were held between representatives of the Pool and these two Companies.

As a result of these conferences a basis of Agreement was arrived at (which, at the date of this Report, has not been finally approved by all parties) under which Pool Grain would be handled by the Farmers' Companies through their Country Elevators on a cost basis.

Country Elevators

Maximum fixed charges for handling Pool Grain when delivered to the Country Elevators were agreed upon, and a final adjustment was to be made at the end of the season.

It was agreed that the actual cost of operation would be determined on a basis agreed upon between the Company and the Pool, and any surplus arising from the operation of the Company's Country Elevators would be distributed between the Company and the Pool on the basis of the percentage which the volume of Pool Grain bears to the total handling of the Company.

Terminals

In connection with Pool grain passing through the Company's Terminal Elevators, it was agreed that the Company would pay to the Pool the net terminal earnings on all Pool Grain passing through the Company's terminals originating elsewhere than in the Company's Country Elevators. It was further decided that in the event of the volume of grain passing through the Company's facilities being materially increased as a result of the Agreement between the Pool and the Company, this increase, when determined, would be considered as Pool Grain and the net terminal earnings on such grain would be payable to the Pool.

An agreement covering the handling of the 1925 crop was drawn up by the Pool embodying the above terms and forwarded to the Saskatchewan Co-operative Elevator Company for their signature. At the date of this Report this Agreement has not been completed by the Elevator Company.

United Grain Growers' Limited

The Agreement signed in 1924 with the United Grain Growers' Limited covered a period of three years. This Company, however, modified the Agreement to cover the details of the above arrangement. Since grain started to move the United Grain Growers' have arranged to lower their handling charges on Pool Street Wheat by 1c per bushel, bringing their charges to the level of those in force in Pool Elevators. Their handling charges have also been lowered on Coarse Grains in less than Carload lots.

SASKATCHEWAN POOL ELEVATORS LIMITED

The subsidiary Company, known as "Saskatchewan Pool Elevators Limited"—the incorporation of which was reported at the last delegates' meeting—is now in operation.

Amount of Elevator Deduction

The deduction of 2c per bushel for acquiring handling facilities, as provided under the Grower's Contract, amounted last year to \$958,238.32.

General Policy

After considering the whole question of acquiring or constructing elevators, the Board of Directors laid down the general policy that we would acquire elevators at those points where there was a minimum of 10,000 acres under contract to the Pool, except at such points now served by one or other of the Farmer Elevator Companies.

At such stations where the Farmers' Companies were represented, it was decided that a minimum of 30,000 acres should be under contract.

The Board also decided that it would be in the best interests of the pool that all elevators should be acquired on a cash basis.

Under this policy 86 elevators have been secured, and are in operation.

Provision has also been made to construct an additional four elevators on new branch lines in the southern part of the Province.

Growers' Equity

In connection with the 2c deduction made for acquiring elevators, as provided in the Growers' Contract, the Board decided that the Grower from whose account the deduction was made should be credited with the total deduction, and that this would bear interest at the rate of 6 per cent. The question of issuing some form of certificate to the Grower in this connection is still under consideration.

Elevators to be Operated on Non-Profit Basis

It is the opinion of the Board that these elevators should be operated on a non-profit basis, and the necessary arrangements are under consideration at the present time.

Handling Charges

It should be noted also that the charge for handling Street Wheat through Pool Elevators is 4c per bushel on 1, 2 and 3 Northern Wheat, and 5c on the other grades, or 1c per bushel lower than the other Elevator Companies, with the exception of the United Grain Growers' Limited.

The handling charge for Coarse Grains in wagon-load lots is also lower than the charge made by the Elevator Companies.

Volume Handled Through Elevators

Up to date the volume handled through these Elevators has been very encouraging. A total of 5,572,658 bushels of all Grains has been handled through 81 Elevators, making an average handling per Elevator of 68,797 bushels.

In view of the fact that some of these elevators have only now been completed this handling can be considered very satisfactory.

Selling Agency to Finance Pool Elevators

In order to provide finances for the operation of the Elevator Company, the Central Selling Agency have agreed to loan to the Company up to \$2,000,000.00

at the rate of 6 per cent. interest, for the purpose of financing grain through the elevators.

General Policy in Connection with Farmer-Owned Elevators

The elevator policy, as originally laid down in connection with farmer-owned Companies has been strictly adhered to. We have acquired Elevators at 14 points, at which there is already a farmer-owned elevator, but in every instance there has been a minimum of 30,000 acres under contract before our elevator was acquired.

This policy governed the 1925 elevator program only, and was laid down with a view to avoiding duplication of farmer-owned handling facilities.

The general elevator policy of the Board is directed towards providing facilities at the earliest possible moment through which Pool Grain will be handled. Your Board are of the opinion that the time has now arrived when this policy can be more rapidly developed than during the past year.

With this end in view we believe that the Pool should approach existing Elevator Companies in the near future, with a view to acquiring their entire systems, and that as a first step in this direction negotiations should be entered into with the farmer-owned Elevator Companies with a view to bringing about the consolidation of all farmer-owned grain marketing facilities within the province. Your Board are of the opinion that such a step would be in the best interests of Co-operative Marketing in this Province.

Elevator Construction

In the development of the policy of acquiring elevators, it was found necessary to construct 52 new Elevators.

The Board of Directors do not favor the building of new Elevators at points where sufficient facilities are already in operation, but it was found exceedingly difficult to purchase existing elevators from Line Companies at a price in keeping with the valuation placed upon them by our Inspectors.

It is to be hoped that in the development of our elevator policy it will be found possible to purchase elevators at their physical valuation, and that the only new elevators which will be constructed will be along new lines of railroad, or at those points where existing elevators are out of date and unsuitable for the economic handling of grain.

CENTRAL SELLING AGENCY

It can be stated unreservedly that the first year's operations of Canadian Co-operative Wheat Producers Limited—the Central Selling Agency—have been an unqualified success. During its operations it has demonstrated the real value to the grower of orderly marketing.

In developing the Pooling idea in Saskatchewan the opinion has always been held that our greatest strength lies in the marketing of Western Canada's Wheat crop through a single selling agency. This idea was carried out in the organization of Canadian Co-operative Wheat Producers Limited.

The Board are of the opinion that the fact cannot be too often emphasized, that while there are three provincial associations for the purpose of dealing with the physical handling of wheat and for organization purposes, the chief end in view is full and complete inter-provincial co-operation. It can be stated that after one year's experience the three Provinces are closer

together and working more harmoniously as one complete organization than at any time since the formation of this Central Selling Agency. In fact, it would be difficult to know how there could be more complete understanding and unity of purpose in an organization covering such a wide territory.

Savings Effectuated

By concentrating the marketing of Western Grain in this way, the Central Selling Agency have been able to effect considerable savings in various directions. In determining costs of handling grain, volume has always been the principal factor. This has been amply demonstrated during the past year in our being able to secure the lowest possible rates in freight and insurance on both lake and ocean.

The Central Selling Agency last year handled 81,399,882 bushels of Wheat for the three Provinces, as follows:—

Manitoba.....	8,426,324 bushels
Saskatchewan.....	50,093,753 bushels
Alberta.....	22,879,805 bushels

Terminal Elevators

As intimated at the last Shareholders' Meeting, in view of the fact that Wheat from the three Provinces is being marketed through Canadian Co-operative Wheat Producers Limited, it has been decided that the control of terminal elevators should be vested in that body. Two terminals were operated last year. Altogether they handled 10,000,000 bushels of Wheat, mostly from platform shipments. The result of the year's operations was very satisfactory.

A lease for three years covering these two terminals has now been secured. In addition to this another terminal elevator has been purchased with an average capacity of 1,500,000 bushels. These three terminals represent a storage capacity of over 2,500,000 bushels.

Pool Price of Wheat

At the close of the 1924 Pool the Central Selling Agency were able to announce that the price payable to the Provincial Pools was \$1.66 per bushel, basis One Northern, Fort William, after carrying charges and operating costs had been provided for. The Board are of the opinion that this price represents the fair average value of Wheat over the entire year.

Export Sales

It can be confidently stated that great progress has been made in connection with the marketing of our grain. It should be remembered that it has been necessary during the year's operations to build up direct export connections and to establish agencies for the handling of Pool Grain all over the world. Spread over the entire year, it is estimated that from 55 per cent. to 60 per cent. of all Pool Wheat was marketed directly, outside of the regular Exchange channels.

Up to date in this year's operations, 80 per cent. of all sales are made outside of Exchange channels.

The method of financing the Central Selling Agency was outlined at the last delegates' meeting. Our relations with the Canadian Banks financing the movement of grain, have been uniformly satisfactory throughout the entire season. No difficulties have been experienced in arranging for a line of credit for this year's operations.

POOL DELIVERIES

Volume Marketed of 1924 Crop

During the crop season of 1924-25 there was delivered in the Province of Saskatchewan a total of 107,540,000 bushels of Wheat. Of this amount 50,202,599 bushels were delivered to the Saskatchewan

Wheat Pool, or approximately 47 per cent. of the total crop.

While the acreage under contract was in excess of 50 per cent., it will be remembered that last year only a small part of the Province harvested a good crop. A considerable acreage seeded to Wheat was not harvested at all, and in many parts of the Province the crop was light. This condition particularly applied to various parts of the Province where the acreage under contract to the Pool was particularly heavy. Also, it should be remembered that a considerable volume of Wheat had been marketed before the Pool was in a position to accept deliveries.

In view of all the circumstances, your Directors believe that the deliveries of Wheat to the Pool were quite satisfactory.

1925 Deliveries to Date

While it is impossible to get an exact figure at the present time, when so much grain is moving, our records indicate that there have been delivered to the Pool this year 39,197,529 bushels. At this date last year there had been delivered 10,240,000 bushels.

VIOLATION OF CONTRACT

We are instituting a close check up through our Field men on all Growers who did not deliver grain last year. Action has been taken in one case against a Grower who deliberately violated his Contract. This case has been brought to trial but no decision has yet been rendered by the Judge.

Reports of Non-Delivery Being Investigated

Reports on investigations of non-delivery up to date indicate that only a very small number of members actually delivered Wheat outside the Pool. In most of these cases this was done through lack of understanding of the terms of the Contract. Through our Field Department we are now in a position to immediately follow up any report on violation of Contract.

Growers should feel it their duty to furnish the Field Service Department with any information which they may have in connection with any violation of contract.

FINANCIAL STATEMENTS

Cost of Operation

The Balance Sheet, copy of which has already been mailed to you, will be presented to the meeting, together with Financial Statements giving full and complete information regarding the year's operations.

The total cost of the year's operations amounted to \$319,821.07, or slightly over half a cent per bushel.

Elevator Deductions

As already intimated, the full deduction of 2c per bushel for acquiring handling facilities under the Grower's Contract, was made. This amounted to \$958,238.32.

Commercial Reserve

The Board also decided that the full deduction of 1 per cent. for the purpose of creating a Commercial Reserve, should also be made. This amounted to \$756,462.65. This money has been loaned to the Central Selling Agency for the purpose of financing Marketing operations, at the rate of 6 per cent. interest.

MILLING VALUES BASIS OF MARKETING

Protein Content of Crop

It was anticipated that some research work would be done along the lines of marketing on the basis of

milling value. A large number of protein tests have been conducted which indicate that this year the crop is of a very high average quality. Our Sales Manager advises that there is very little chance of securing any premium for high gluten or extra heavy wheat as the millers find that they can get all the high test wheat they need by merely taking the cars as they come along. Up to the present One Northern Wheat is weighing on an average of 63 pounds and testing on an average of 13.5 protein. This situation may change as the marketing season develops, but at present it would mean a loss of earning from other sources to reserve space in the Pool Terminals for special binning such grain.

PUBLICITY

The Western Producer

The arrangement entered into between The Western Producer and the Pool reported at the last delegates' meeting, continues to work out very satisfactorily.

For the last few months the publishers have placed two pages of the paper at the disposal of the Pool's Publicity Department for the publication of Pool News.

The Board would recommend to the delegates that they lend all assistance possible in widening the circulation of The Western Producer. It is of vital importance to the co-operative movement as a whole, that a paper of this kind should be read as widely as possible in the Province of Saskatchewan.

Country Weekly Newspapers

The country weekly newspapers have also continued the friendly attitude which they have maintained towards the Pool since its inception.

INTERNATIONAL CO-ORDINATION

Co-operation with Wheat Marketing Associations in the U.S.

It has been the opinion of the Board that the problems of all of the farmers on the North American continent in connection with the marketing of Wheat, are identical, and that it should be possible to arrive at a place where there could be more complete co-operation between Associations of Wheat Growers in the United States and Canada.

Conference of North American Wheat Associations

Our Association has kept in touch with all similar organizations in the United States, during the last twelve months, and at the present time arrangements are being made for the holding of a conference of representatives of all such Wheat Marketing Associations in the near future, for the purpose of discussing problems common to all and to lay the foundation for the possible co-ordination of activities in the future.

Australia

Associations of Wheat Growers in Australia have also been invited to attend the conference, and it is understood that the London representative of the Australian Pool's Selling Agency may be in attendance.

We look forward to a much closer co-operation on the part of all producers of Wheat in these three Anglo-Saxon countries. It will take some time to develop this co-ordination but as we become better acquainted and study each other's problems, we are hopeful that we may be in a position to render some as-

sistance in the development of Co-operative Marketing in these countries; just as the Growers of these countries may be able to show us something that we have overlooked. It is vitally important to the success of our organization that some understanding should be developed between these three countries at the earliest moment.

THE POOL'S AIM

Your Board of Directors are satisfied that the Pool method of Co-operative Marketing will continue to grow and increase. In the first year of its operation the Saskatchewan Wheat Pool has justified its existence.

According to reports the movement of grain during the last five or six weeks has been greater than any year in the history of the grain movement in Western Canada. Hitherto large volumes of wheat delivered in the Fall months resulted in depressed markets. It is worthy of note that during the last few weeks the market has been remarkably stable.

Your Board of Directors are of the opinion that this situation exists because of the fact that some 50 per cent. of all grain being delivered is Pool Grain which does not require to be hedged on the Winnipeg market.

If Pool members will continue to give the same loyal and whole-hearted support to the organization which they have created, in the face of many difficulties and great opposition—if they will continue to realize that this is their own organization—keeping in view the aims of the Pool which are clearly set out in the charter of the Central Selling Agency: "To be an agricultural organization for the purpose of mutual help to reduce speculation, manipulation and waste and all unnecessary transactions in such marketing; to increase consumption, build up new markets, and develop new uses for grain; marketing same directly, and with regularity, so as to furnish it economically to the users thereof; and to preserve for the growers and the public, their proper profits and economies," then the future for the Pool method of Co-operative Marketing in Western Canada is exceedingly bright.

All of which is respectfully submitted.

A. J. McPHAIL, *President.*
L. C. BROUILLETTE, *Vice-President.*
A. E. WILSON.
H. MARSH.
R. S. DUNDAS.
E. B. RAMSAY.
A. F. SPROULE.
H. SMYTH.
A. E. BYE.
C. W. COATES.
A. LEFEBVRE.
J. H. ROBSON.
BROOKS CATTON.
R. J. MOFFAT.
THOS. BIBBY.
J. H. WESSON.

Financial Statement and Auditors' Report

FOR YEAR ENDED JULY 31st, 1925

Regina, Sask., October 6th, 1925.

To The Shareholders,
Saskatchewan Co-operative Wheat Producers, Ltd.

We, your Auditors, have the honor to report that we have prepared the accompanying Balance Sheet and Summarised Statements of Operations from the books of your Company as at July 31st, 1925.

Detailed reports and Schedules are being submitted to the Directors.

We feel the Shareholders are to be congratulated on the manner in which the immense volume of business has been handled. The work involved by the inauguration of Operations was exceptionally well planned by the Officers and performed throughout the year in an efficient manner by the Staff.

G. C. ROOKE & CO. }
O. J. GODFREY & CO. } Chartered Accountants.

ASSETS

Cash on Hand.....	\$ 946.40	
Cash at Banks.....	23,976.24	\$ 24,922.64
Due from Canadian Wheat Producers, Ltd. (Central Selling Agency).....		9,356,988.99
Accounts Receivable....		4,046.82
Growers Notes Receivable.....		25,449.60
Growers Accounts Receivable.....		2,627.38
Sundry Assets.....		908.13
Prepaid Expenses.....		4,651.12
Total Current Assets		\$9,419,594.68
Furniture, Equipment, Autos, Etc.....	54,343.32	
Less Depreciation.....	5,434.32	48,909.00
Shares in Canadian Co-operative Wheat Producers, Ltd.....		5,000.00
Advance to Saskatchewan Pool Elevators, Ltd....		493,653.69
		\$9,967,157.37

EXPENSE SUMMARY

Management Expense...	\$ 98,745.33
Regina Office Salaries and Expense.....	195,050.20
Winnipeg Office Salaries and Expense.....	5,396.27
Adjustment of Pool and Market Spreads with Elevators.....	141,947.04
Sundry.....	6,804.35
Preliminary Expenses:	
Net, Wheat Pool.....	\$28,837.16
Preliminary Expenses:	
Net, Coarse Grains....	2,092.01
	30,929.17
	478,872.36
Less Earnings.....	159,051.29
	\$ 319,821.07

LIABILITIES

Cheques issued but not Cashed.....		\$5,784,747.74
Due on First Interim Payment.....	\$ 24,883.18	
Due on Second Interim Payment.....	295,271.80	
Due on Final Payment..	2,085,563.25	2,405,718.23
Sundry Accounts Payable.....		6,310.43
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Total Liabilities to Growers and Public.....		\$8,196,776.40
Capital and Reserve:—		
Elevator Reserve.....	958,238.32	
Commercial Reserve.....	756,462.65	1,714,700.97
Subscribed Capital.....		55,680.00
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		\$9,967,157.37
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SUMMARY OF OPERATIONS

Realization on Fort William Basis:

Initial Payment.....	\$46,877,869.89
First Interim Payment..	16,619,513.25
Second Interim Payment Available for Final Payment.....	9,403,774.60
	4,120,085.29
	<hr/>
	\$77,021,243.03
 Less Expense (See Opposite).....	 319,821.07
	<hr/>
Net Proceeds to Growers	\$76,701,421.96
	<hr/>

Note:—Of the amount available for Final Payment \$958,238.32 has been transferred to the Elevator Reserve, and \$756,462.65 to the Commercial Reserve.

We hereby certify that the foregoing Balance Sheet and accompanying Statements are true and correct according to the books of the Saskatchewan Co-operative Wheat Producers, Limited, as at July 31st 1925, and according to information supplied to us, and that subject to our report to the Directors, all our requirements as Auditors have been complied with.

G. C. ROOKE & CO. }
O. J. GODFREY & CO. } Chartered Accountants.

Regina, Sask., October 6th, 1925.