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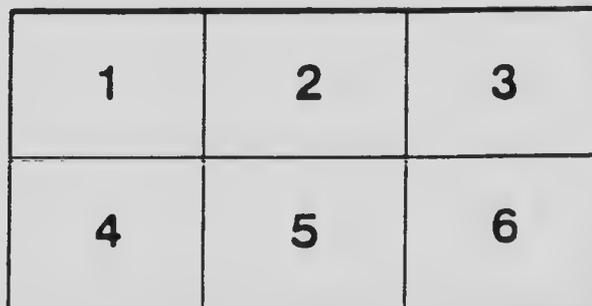
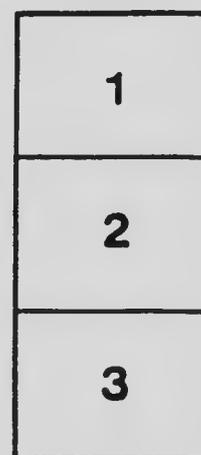
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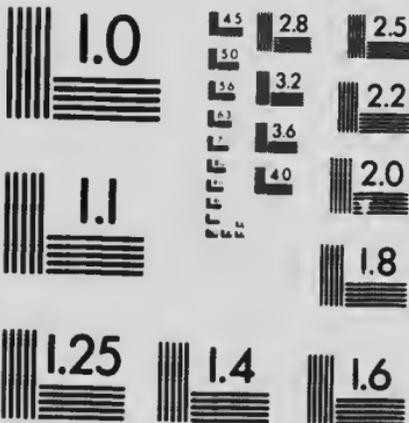
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PAMPHLET NO. 1

Revised December, 1915

CONTAINING

THE SASKATCHEWAN CO-OPERATIVE ELEVATOR COMPANY ACT

Together with an Explanation of Its Provisions



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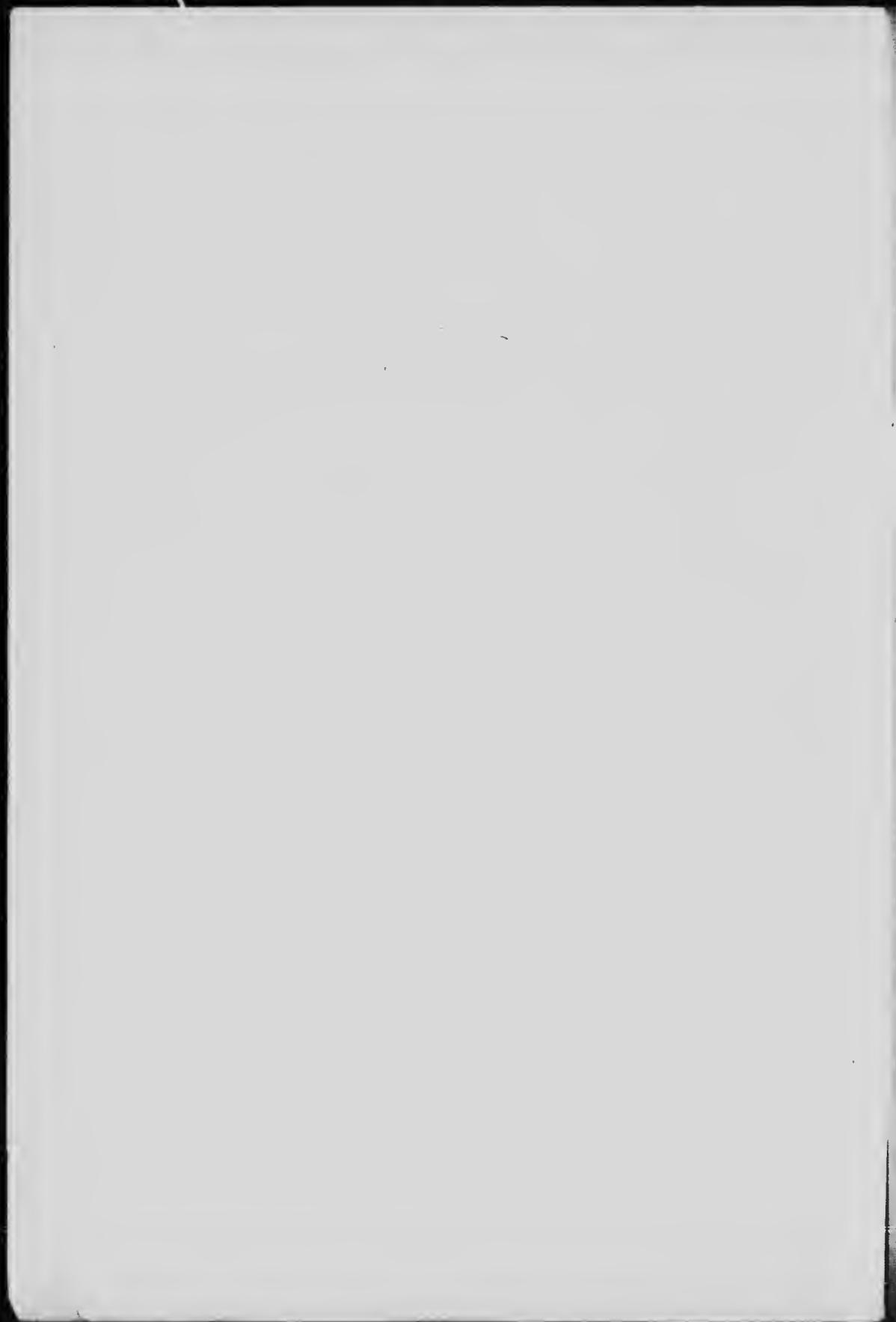
The Saskatchewan Co-operative Elevator Co., Ltd.

Address all Communications to.

ORGANIZATION DEPARTMENT.

SASKATCHEWAN CO-OPERATIVE ELEVATOR CO., LTD.,

REGINA.



The Elevator Act in Plain English

In this pamphlet the facts concerning The Saskatchewan Co-operative Elevator Company, Ltd., are presented. Practically everything in it is contained in the Act creating the Company, but here the facts are presented in simple language free from legal phraseology. It has been deemed advisable to adopt the categorical, or question and answer, style of presenting the subject. In order that the facts may be verified, the Act itself is included with this pamphlet and may be referred to. At the end of each answer the number of the section (of the Act) that applies to the point under discussion will be found.

Question—What is The Saskatchewan Co-operative Elevator Company, Ltd.?

Answer—The Saskatchewan Co-operative Elevator Company, Ltd., has been created by the Saskatchewan Legislature and has at this date (December 1, 1915), over 16,000 Saskatchewan farmer shareholders. As other farmers subscribe for shares, they, too, become members. (Section 2.)

Question—Why has it been created; what is its purpose?

Answer—It has been created in response to the requests of the organized farmers of Saskatchewan for relief from the exactions of corporate interests, controlling, in a large measure, the grain trade and other industries. It was the most promising measure of relief that the Elevator Commission and Saskatchewan Legislature could devise and has the unanimous endorsement of The Saskatchewan Grain Growers' Association. The purpose of the legislation is to create a company of farmers as well directed and as strong financially as any existing corporation in the grain trade. This Company is by its mere presence in the trade raising the level of business practice and ensuring a larger measure of fair dealing. By its operations in the trade it aims to honestly make fair profits and distribute them amongst its patrons and supporters. (Section 2.)

Question—How was the Company first organized?

Answer—As soon as sufficient shares were taken by farmers at twenty-five different points to enable the Company to start to build elevators, a general meeting of the shareholders was called. Of course, all the shareholders could not come to one place at one time any more than all the members of The Grain Growers' Association could come to Regina to a convention. Therefore, the shareholders, or members of the Company living in one district, first met and appointed delegates or representatives to attend the general meeting of the Company and represent their local elevator. A body of shareholders who are all interested in one elevator and live in one district is called a "local." (Section 1.) Thus these delegates from each group of shareholders or local constituted the first general meeting. At this meeting nine directors were elected, three of them for three years, three for two years, and three for one year. These nine directors are responsible for the affairs of the Company until the next general meeting, and so on. (Sections 7, 8, 10.)

Question—Where is organization being conducted from?

Answer—The head office of the Company is at Regina. All inquiries on any subject should be addressed to Organization Department, Saskatchewan Co-operative Elevator Company, Ltd., Regina. (Section 5.)

Question—What are the powers of the Company?

Answer—The powers of the Company are very wide as it may do "all things incidental to the production, storing and marketing of grain." Thus if it wishes it may not only own and operate elevators and buy and sell grain, but it may own and operate lumber yards, deal in coal, wood, flour, feed, twine and machinery and, in short, do anything—carry on any business—incidental to the production of grain. Under Section 2 of the Act, therefore, the Company may engage in any business needful to grain growing, if it judges that the farmers are not getting a square deal from those already engaged in it. It was felt very strongly that farmers were getting less than justice from those engaged in the business of buying, storing and handling grain; the creation of this Company is the result. It has taken years of effort and agitation to secure it, but on account of the wide powers given to this Company it will never again be necessary for the organized farmers to ask for assistance of this kind from the Saskatchewan Government. There is now no business affecting farmers in this province in which farmers may not lawfully and effectively engage on a co-operative basis. (Sections 2, 4.)

Question—What is the capital and how is it divided?

Answer—The capital of the Company is not a fixed amount, as is the case with other companies; it may be changed from time to time by the Government. The reason for this will be referred to later. All the capital, however, is divided into shares of fifty dollars each. These shares can be held only by farmers and no person is allowed to take more than twenty shares. Thus, no farmer can hold more than \$1,000 worth of shares in the Company. To secure \$1,000 worth of shares, however, it is not necessary that a farmer pay \$1,000 in cash. Only \$150 need be paid in cash. This represents 15 per cent. of the face value of the shares. The remaining 85 per cent. will remain subject to call. A farmer may take any number of shares from one to twenty. (Section 3.)

Question—How may a local be organized?

Answer—If a group of farmers wish the Company to buy one of the elevators at their shipping point, or to build a new one, they should write to the Company for petition forms in order that they may proceed to subscribe for shares in the Company and induce their neighbors to do the same. To secure a 30,000 bushel elevator, at least as many shareholders as will represent 6,000 acres of land under crop, and who will subscribe for a minimum of 180 shares, will be required before an elevator of that capacity can be provided at the point by the Company. One hundred and eighty shares are stated, for that is the approximate number of shares required to capitalize the building of one of the Company's standard 30,000 bushel elevators, fully equipped, allowing for fluctuations in prices of materials, labour, etc., which, of course, differ somewhat from year to year. No limit is set regarding the number of shares that

may be subscribed for any one local, because the Company is desirous that all Saskatchewan farmers shall become interested supporters of the Company. (Sections 12, 13.)

Question—Explain that more fully—give an instance.

Answer—Suppose, then, that ten farmers, each having about 100 acres under crop; ten, each having about 200 acres; five, each having about 300 acres; and four, each having about 400 acres under crop, each took from one to twenty shares, aggregating at least 180 shares, and paid up from \$7.50 to \$150 on their shares, the total acreage under crop of these twenty-nine farmers would be 6,100 acres. The Act requires that the shareholders shall represent 2,000 acres of crop for each 10,000 bushels capacity of the proposed elevator. Thus, these twenty-nine farmers and shareholders would enable the Company to build or buy a 30,000 bushel elevator.

These requirements are quite reasonable, and are designed to secure and retain the interest and support of a sufficient number of the actual grain-growing farmers to insure the success of the local, even if no grain other than that grown by shareholders were handled by the elevator. The objectionable and unworkable feature of requiring a guarantee of support from the farmers of a district is absent; but the self-interest of a sufficient number is invoked and support practically assured.

Question—Does a shareholder pledge or bind himself in any way to put his grain through the Company's elevator at his point?

Answer—No pledge or guarantee of any kind, expressed or implied, is expected, asked for, or required. A shareholder is as much at liberty as any other farmer to ship his grain how he pleases or to sell it to the highest bidder. It has been proven, however, that the Company is able to do for its supporters at least as well as anyone else can do, and its shareholders realize that by dealing with it, they, instead of others, will receive the profits. (Section 12.)

Question—Is the Company compelled to organize a local and acquire an elevator at every point that requests are received from?

Answer—As the Company is a commercial concern—that is, it exists to conduct a certain line of business at a profit—it is evident that it must be allowed to carry on its affairs and develop in its own way, and always with a view to making a financial success of its work. Therefore, it may not always be possible for it to establish an elevator immediately it is asked to do so. The elevator might be far distant from any existing local so that the cost of inspection, etc., would be very heavy. To be administered economically elevators should be located in groups or in lines (hence the term "line companies") and if it is to succeed financially and otherwise the Company must act in harmony with economic laws, just as a private company would have to do. (Section 12.)

Question—Can the Company organize locals or establish elevators at points where the shareholders have not enough acreage.

Answer—Provision is made in the Act for the establishment by the Company, with the consent of the Government, of elevators at points where the shareholders may not represent sufficient acreage of crop.

The purpose of this provision is apparent. At many of the newer points in the province there may not be sufficient acreage for the requirements of the Act in the current year, but the prospective increase in acreage might justify the directors in asking for special permission from the Government to build there. (Section 13.)

Question—How are the affairs of the Company managed?

Answer—For every local there is a local board of management, five in number, elected annually by the shareholders of the Company at that point. The duties and powers of these local boards of management are contained in the By-laws of the Company. (Sections 14, 16.)

Question—What about the central management that we hear of?

Answer—A business of such large proportions must be operated as a system, and a system must have central management. In such matters as selling the grain, employing operators, inspecting elevators and records, purchasing building material and supplies, making financial arrangements, and in a score of other ways, a central body has a great advantage over a number of scattered units. This is why wide powers are given to the board of directors. (Section 9, 11.)

Question—Is this a new principle or has it already been applied to other affairs?

Answer—This is the principle upon which all the great business concerns of the day are conducted—and these are the concerns which this Company is created to cope with. The central board of directors is elected at the general meeting, which is composed of one delegate from each local, and this central board is responsible for the whole of the Company's business. (Section 16.)

Question—Is there any danger that the central board of directors will abuse these large powers?

Answer—The central board will have no powers other than those given it by the general meetings, and these meetings are made up solely of delegates from the locals. Thus the source of authority is in the local, and the remedy for any abuse of power lies with the locals through their appointed delegates. The authority that gives the power in the first instance can withdraw or modify it, if necessary. (Sections 11, 16.)

Question—What is this general meeting that has been referred to?

Answer—This is the Company's annual convention or parliament and is composed of one delegate from each local. Reports of the year's work are presented, fully discussed, and passed upon by the delegates assembled. Vacancies on the directorate, caused by the retiring of three directors, as provided by Section 9, are filled, and the general policy of the Company reviewed. The meeting may also add to, or amend, the By-laws regulating the affairs of the Company.

Question—Where is the necessary money to come from?

Answer—The Company must have money to buy or build elevators, and to buy grain. Of the money required for acquiring elevators 15 per cent. is paid by the farmer shareholders and 85 per cent. by the Saskatchewan Government. This money is loaned by

the Government and is not a grant. For the purpose of buying grain, the Company may borrow from a bank on the security of its uncalled capital stock. It may hypothecate to the bank the grain which it buys. It may mortgage any real or personal property it acquires, and, generally, it may arrange to raise the necessary funds in exactly the same manner as other companies do. The Government neither gives nor loans to the Company any money with which to buy grain. (Sections 27, 24, 30, 4.)

Question—How are the earnings of the Company spent?

Answer—The money earned by the Company is spent as follows:

- (1) Expenses of operating and maintaining the elevators, etc., are first paid; this includes head office expenses, salaries, etc.
- (2) Amounts due to the Government for principal and interest on loans made for the purpose of acquiring elevators will next be paid.

Divisions of Profits.

(3) A dividend of not more than 10 per cent. may come next; it rests with the Company to decide whether any, and if any, how much, of the profits shall be distributed in the form of a dividend.

(4) The balance, if any, may then be divided according to any one of several plans. After the dividend has been paid, (and this has been the policy hitherto adopted) 50 per cent. of the balance of the surplus, or profits, may be applied on the unpaid portion of the shares that were allotted prior to the first of April in the financial year during which such surplus was earned. That is to say, a certain amount may be placed to the credit of the shareholders for each share they hold, increasing its paid up value and lessening the unpaid portion for which the shareholder is liable, thus improving the Company's standing by increasing the paid up capital, without making further calls upon the shareholder. If this procedure is followed for a number of years the shareholders may in time become possessed of fully paid up shares without having been called upon for more than the first payment of 15 per cent. Or again, half of the remaining surplus, after the dividend has been paid, may be divided amongst the shareholders on the basis of the business brought by them to the Company; thus, the man putting five thousand bushels of wheat through a co-operative elevator would receive five times as large a share of the balance after the dividend has been paid as would the man putting only one thousand bushels through. This should naturally encourage loyalty to their own elevator upon the part of the supporters of a local; or, half of the balance may be paid to the shareholders upon the basis of the profits earned by the particular local to which each belongs compared with the profits earned by others.

Having disposed of 50 per cent. of the profits (after the payment of the dividend, if any, has been provided for) in accordance with one, or more, of the plans outlined, the balance must be placed to a reserve fund which would be a nest egg for use in a bad year, should one be experienced. Thus, several plans for the distribution of profits are provided in the Act, and the choice of any, or either, lies with the Company. (Sections 20, 21.)

Question—It is not a fact, then, that all profits and losses must be pooled and that the supporters of a successful local will get no more than the supporters of an unsuccessful one?

Answer—It has been wrongly thought by many that all profits and losses must be pooled, and that the division of any surplus would be on the basis of share and share alike. It will have been seen from the foregoing that this is not the case, and that provision is made in the Act for various divisions of a surplus, and that the choice of which division shall be made rests with the general meeting. The earnings of all locals need only be pooled until operation and maintenance charges on all have been paid and the amounts due to the Government have been refunded. Of course, the basic principle of a co-operative enterprise is that of union for strength, and that the strong fortunate may uphold the weak and unfortunate. The shareholders are, therefore, shareholders in the Company as a whole, and are connected with their respective locals only as supporters and patrons thereof. The principles laid down by the originators of the scheme—that each shareholder should have a financial interest not in his own local, but in the Company as a whole, and that locals, instead of being independent of each other, should be inter-dependent through a system of central management—have been amply justified by the experience of the Company, and have been important factors in its success. Thus, though in unfavourable seasons the business of a few locals may be seriously affected by drought or hail, the co-operative feature of the Company's organization provides a link binding the whole together so that locals doing an unprofitable business are helped and carried over by those doing a good business. Were the affected locals owned and controlled by small independent farmers' companies, the shareholders would not only not receive dividends, but their companies would possibly be compelled to give up business owing to the financial loss of operating their elevators under such adverse conditions. The policy of share and share alike has many advantages and were it not a feature to some extent the Company would lose half its usefulness and use only half its opportunity. But, to follow that policy through thick and thin might conceivably, under certain circumstances, be almost putting a premium on carelessness and disloyalty, as some local might slacken its efforts towards success and rest on the assurance that the others were succeeding and that it would share in the profits. Therefore provision has wisely been made for several systems of distribution of profits: on the basis of the number of shares held; or on a patronage basis, that is, in accordance with the amount of business brought to the Company by each shareholder, or to the supporters of each local in accordance with the aggregate relative net financial result of the business done by the respective locals. (Section 20.)

Question—What assistance does the Government give to the Company?

Answer—The Government will advance in cash 85 per cent. of the cost of each elevator bought or built by the Company. The Government has no say as to whether or not a certain elevator shall be bought, what shall be paid for it, whether one shall be built at a certain place, or what shall be its capacity or equipment. The directors of the Company, or those appointed by them, decide these matters,

and the Government will put up the money. This money is to be loaned to the Company, not to the local. (Sections 27, 24.)

Question—When is this money to be repaid, and what is the Government's security?

Answer—The Government takes for its security a first mortgage on the elevator and other property of the Company at that point, and also has a claim on some portion of the subscribed stock that is not yet paid up. The amount loaned on each elevator is repayable in twenty equal annual instalments of principal and interest; but the first of these payments will not become due until (in most cases) more than two years after the elevator has been built. For instance, the first instalment of money loaned by the Government to the Company in May, 1911, did not become due and payable until August 13, 1913. Thus an elevator built in 1911 had the whole of two crops passed through it before it was called upon to pay one cent either of principal or interest upon its loan. (Sections 24, 25, 26.)

Question—Why does the Government control the amount of stock to be issued?

Answer—The Government has to borrow the money which it will loan to the Company in the manner described. It also has to borrow money at intervals for a variety of capital expenditures, such as construction of telephone lines, bridges, buildings, etc. It is expected to keep the credit of the province on a high level, and must borrow money only at times when the money markets are in a buoyant condition; otherwise it cannot sell its bonds—or promise to pay—to such good advantage. It is for this reason that the amount of the capital stock of the Company is by section 3 of the Act kept under the control of the Government. This is not done in the case of other companies, joint stock or otherwise. But then, no other Company comes to the Government and borrows from it a large percentage of its subscribed capital! Surely it is right that the party who puts up the money shall decide the amount that he will provide! The Government is as interested in the success of the Company as the farmers are, and there is no fear of the Company being restricted in its operations for lack of the 85 per cent. of the cost of the elevators that the Government is pledged to supply. But in fairness to the credit of the province and the other interests that must be provided for and protected, the Government must be allowed to decide in a general way, by controlling the amount of stock the Company may issue, how much money it shall be called upon to advance for the construction or purchase of elevators. (Sections 3, 26.)

Question—Will a shareholder be liable, in the event of the failure of the Company for more than the amount of the stock he holds?

Answer—He certainly will not. The liability of the shareholders of this Company is limited to the amount of the par value of the shares for which he has subscribed, the same as in any other limited liability company.

Any further information regarding the Company and its development may be obtained by writing to Saskatchewan Co-operative Elevator Company, Ltd., Organization Department, Regina.

1910-11

An Act to incorporate The Saskatchewan Co-operative Elevator Company, Limited

(In which Amendments are Incorporated)

[Assented to March 14, 1911.]

[Amended March 15, 1912.]

[Amended December 19, 1913.]

[Amended June 24, 1915.]

His Majesty by and with the advice and consent of the
Legislative Assembly of Saskatchewan enacts as follows:

Interpreta-
tion

1. In this Act the term "local" unless the context otherwise requires means the body of shareholders who support an elevator organised and established at any point in the province and the term "local board of management" means the board of managers elected at any such local according to the provisions of this Act.

Incorporation, Powers, etc.

Incorporation

2. John A. Maharg, of Moose Jaw; Charles A. Dunning, of Beavercdale; Fred W. Green, of Moose Jaw; Allen G. Hawkes, of Percival; James Robinson, of Walpole; Dr. T. Hill, of Kinley, all in the Province of Saskatchewan and all such persons as shall become shareholders of the company shall be and are hereby declared to be a body corporate and politic under the name and style of "The Saskatchewan Co-operative Elevator Company, Limited," with power to construct, acquire, maintain and operate grain elevators within Saskatchewan, to buy and sell grain and generally to do all things incidental to the production, storing and marketing of grain.

Capital stock

3. The capital stock of the company shall consist of such amount as shall from time to time be fixed by the Lieutenant Governor in Council and shall be divided into shares of fifty dollar each to be held only by agriculturists:

Provided that no person shall hold more than twenty shares and no assignment or transfer of any share shall be valid unless approve by the directors.

Powers

4. The company shall have power to acquire by purchase or otherwise and to hold any interest in real or personal property which the directors may deem requisite for the purposes of the company and to dispose of the same or any part thereof.

Head office

5. The head office of the company shall be at Regina in the Province of Saskatchewan or at any such other place in Saskatchewan as the directors may from time to time determine by bylaw.

6. Until directors are elected as hereinafter provided the aforesaid John A. Maharg, of Moose Jaw; Charles A. Dunning, of Beaverdale; Fred W. Green, of Moose Jaw; A. G. Hawkes, of Percival; James Robinson, of Walpole; Dr. T. Hill, of Kinley, all in the Province of Saskatchewan, shall be the provisional directors; and they or a majority of them are hereby empowered to take subscriptions for shares and to receive payments thereon, to organise locals, to make all necessary payments for costs and expenses incident to the sale of shares and the organisation of locals and generally to perform all acts and things necessary for the organisation of the company.

7. The company shall not commence business until twenty-five locals have been organised as hereinafter provided.

8. As soon as the conditions for the commencement of business as set out in the next preceding section have been complied with the provisional directors shall call the first general meeting of the company at the head office of the company by giving twenty days' notice of the holding of such meeting to each shareholder; such notice to be given by registered letter; and at the said meeting a board of directors comprised of nine duly qualified shareholders shall be elected who shall be paid such remuneration as the meeting may determine.

9. At the first general meeting of the company three directors shall be elected for three years, three for two years and three for one year and thereafter a sufficient number of directors shall be elected each year to fill the vacancies occurring on the board; and all directors elected annually subsequently to the first general meeting shall hold office for three years.

(2) The company in general meeting may by a resolution which shall receive a two-thirds majority of the delegates voting thereon remove any director before the expiration of his period of office and may subsequently by an ordinary resolution appoint another person in his stead, the person so appointed shall hold office during such time only as the director in whose place he is appointed would have held the same if he had not been removed.

10. The persons entitled to vote at the first general meeting and at all subsequent general meetings of the company shall be the shareholders who have been elected delegates by the locals for that purpose under the provisions of section 14 hereof; each delegate shall have one vote; and excepting as provided in this section no shareholder shall vote at any meeting of the company on account of any shares held by him or otherwise and all acts done by a majority of the delegates at any meeting of the company shall be deemed to be the acts of the company.

11. The business of the company shall be managed by the directors who may affix the seal of the company and make all contracts on behalf of the company and may exercise all

such powers of the company as are not by this Act required to be exercised by the company in general meeting or as are not conferred by bylaw of the company upon the local boards of management and any other powers not contrary to the provisions of this Act which may be conferred upon them by bylaw of the company.

Locals.

Locals

12. Any number of shareholders may request the directors to establish a local at any railway shipping point in the province.

Conditions of establishment of locals

13. The directors shall not without the consent of the Lieutenant Governor in Council establish any local unless it appears to their satisfaction that the amount of shares held by the supporters of the proposed local is at least equal to the value of the proposed elevator, that fifteen per cent. of the amount of such shares has been paid up and that the aggregate annual crop acreage of the said shareholders represents a proportion of not less than 2,000 acres for each 10,000 bushels of elevator capacity asked for.

Annual meeting

14. Upon the establishment of a local and annually thereafter upon a date to be fixed by bylaw of the company a meeting of the supporters of the said local shall be held at which all matters pertaining to the management, operation and maintenance of the elevator shall be reviewed and discussed and a local board of management consisting of five duly qualified supporters shall be elected to hold office until their successors are appointed; and at the said meeting there shall be elected from among the supporters of the local three delegates or such other number of delegates as the company may by bylaw determine to attend the general meetings of the company.

Voting

15. Unless otherwise provided by bylaw of the company at all meetings of the supporters of any local each shareholder shall have one vote for each share held by him:

Provided that no person shall have more than five votes.

Powers of local board

16. The local board of management shall have such powers and duties as shall be determined from time to time by bylaw of the company or as may be delegated to them by the directors.

Finance.

Finance

17. It shall be the duty of the directors to make provision for keeping an accurate account of all the business and financial transactions of the company and for that purpose all books, records, forms and methods of accounting shall be submitted to the Provincial Treasurer and Provincial Auditor for approval before being adopted.

Financial year

18. The financial year of the company shall end on the thirty-first day of July in each year, on which date the books and accounts of the company shall be closed and balanced.

19. It shall be the duty of the Provincial Auditor to arrange for a continuous audit of the accounts and inspection of the books and records of the company. Such audit and inspection shall be under the supervision of the Provincial Auditor, and the cost and expenses thereof shall be paid by the company.

Audit by provincial auditor

20. Out of the moneys received by the company as a result of the operation of the elevators under its control there shall first be paid all charges for operation and maintenance including salaries.

Disposition of moneys received by the company

(2) If after the said charges are paid there remains a surplus on hand at the end of the financial year the company may at its discretion pay out of such surplus to each shareholder whose shares were allotted prior to the first day of April of such financial year a dividend of not more than ten per cent. upon the paid up capital.

(3) If after the said dividend's, if any, are paid there remains a balance on hand the company may at its discretion distribute:

- (a) To the shareholders of the company such sums as may be fixed by the company but not exceeding fifty per cent. of such balance on a co-operative basis, each shareholder being entitled to receive such sum hereunder as shall be fairly and equitably proportionate to the volume of business which he has brought to the company; or
- (b) To the supporters of locals such sums as the company may fix but not exceeding fifty per cent. of such balance on the basis of the aggregate relative net financial results of the respective locals; or
- (c) To the shareholders and supporters of locals partly according to each of the schemes of distribution provided for in clauses (a) and (b) of this subsection such sums as the company may fix but not exceeding on the aggregate fifty per cent. of such balance;
- (d) Or in lieu of any or all of the payments authorised under this or the next preceding subsection as aforesaid it may apply such surplus or balance to the extent of fifty per cent. thereof for the general purposes of the company or in making provision for the same;
- (e) Or it may apply such surplus or balance to the extent of fifty per cent. thereof in liquidation or part liquidation of the unpaid balance of the capital stock of the company, an equal proportionate payment being made upon all shares allotted prior to the first day of April in the financial year during which such surplus was earned.

payments - share. 50%.

payments - local

shareholder payments.

Sum of

unpaid balance

(4) Should there remain a surplus on hand after all payments and disbursements are made as provided in the next preceding subsection of this section, such surplus shall be set apart in a separate account to be styled "The Elevator Reserve Account," which account may be drawn upon by the company from time to time for the purpose of purchasing grain, and at

Elevator reserve account

Elev. Reserve

the close of the grain season any sum so taken and invested shall be replaced in the account out of the company's funds:

Provided that the funds in such account may be employed for such other purposes not inconsistent with this Act as may be approved by the Lieutenant Governor in Council.

Restriction upon next preceding section

21. The provisions made in the next preceding section for the payment of dividends, the distribution of surplus moneys and the creation of a reserve fund shall not be put into effect unless and until all moneys then due and payable to the government under this Act have been paid.

Moneys to be deposited in chartered bank

22. All moneys received by the company or any of its officers on behalf of the company shall be deposited forthwith in such chartered bank or banks as the directors may determine and shall be paid out under regulations to be framed by the directors by cheques signed by the president and treasurer of the company or such officers as may be appointed by the directors for the purpose.

Security by officers of the company

23. The treasurer of the company and each of its officers, employees or servants whose duty it is to receive or handle moneys on behalf of the company shall before entering upon the duties of their office furnish a bond or covenant of some guarantee company to be named by the directors to secure the due accounting by them for all moneys that come into their hands which bond shall in each case be in such form and for such amount as shall be approved by the directors or such other officers as are appointed by the board of directors for that purpose and the directors shall pay the premiums for such guarantee bonds out of the funds of the company.

Government Assistance.

The Lieutenant Governor may make loan to the company

24. The Lieutenant Governor in Council is hereby authorised from time to time and on such terms and conditions as may be agreed on with the company to loan to the company for the purpose of aiding in the acquisition or construction, extension or remodelling of any local elevator a sum not to exceed eighty-five per cent. of the estimated cost of the said elevator or such extension or remodelling of any such elevator as may from time to time be considered advisable or necessary by the directors.

Raising funds for loans

(2) For the purpose of raising the funds required for loans under this section the Lieutenant Governor in Council may authorize the Provincial Treasurer from time to time to issue securities of the province; and the sums required shall be raised as provided by The Saskatchewan Loans Act and shall form part of the general revenue fund of Saskatchewan.

Terms of repayment and security therefor

25. Any sums loaned to the company by virtue of the next preceding section shall be repayable in twenty equal annual instalments of principal and interest, the first of such instalments to be due and payable on the thirty-first day of August in the second year next following the granting of the loan and shall be secured by a mortgage or mortgages upon the said

elevator and any interest in real or personal property which the company may hold and use in connection with the said elevator.

25a. All elevators, property or uncalled capital stock of the company and every interest which the company may have therein intended under this Act or by any agreement between the company and the government to be transferred to the government as security for any loan or advance made under the authority of this Act or any other Act to the company by the government shall pending the execution of such transfer or transfers be charged with the payment of all moneys which may have been or may hereafter be advanced upon any such loan pursuant to the terms of any agreement relating thereto between the government and the company and the company may not without the consent of the Lieutenant Governor in Council first obtained dispose of the same save subject to any charge so created as aforesaid.

26. The form and terms of the mortgages and of any other evidences of debt which may be given by the company on account of any such said loan, the times and manners in which the sums loaned shall be paid to the company and the disposition of all moneys loaned shall be such as the Lieutenant Governor in Council may approve.

26a. It shall be sufficient for the purposes of this Act and *The Chattel Mortgage Act* if any chattel mortgage or other instrument given by the company to the province or to any minister on behalf of the province by way of security for any advance made to the company under the authority of this Act be without any affidavit of execution or of *bona fides* or without a detailed description of the chattel property charged thereby filed in the office of the registrar of joint stock companies and such mortgage or other instrument shall have priority from the date of such filing over all executions, transfers, mortgages or other incumbrances or charges or dispositions of any sort affecting the same property or any part thereof and shall from the date of the filing thereof as aforesaid be and remain in full force and effect without renewal until discharged or satisfied.

27. The Lieutenant Governor in Council shall have power to pay to the provisional directors of the company any sum not exceeding the amount granted by the Legislature for that purpose which may be required to cover the expenses incurred in the organisation of the company and of locals; any sums so paid to the provisional directors shall be expended in such manner as may be approved by the Lieutenant Governor in Council and all such expenditures shall be subject to the audit of the provincial auditor.

27a. Subject to the approval of the Lieutenant Governor in Council and upon such terms and conditions as may be fixed by him the Provincial Treasurer may enter into an agreement

Payment of
expenses of
organisation

General
powers of the
Lieutenant
Governor in
Council.

Guaranteed by
provincial
treasurer

with the company and with any person, bank or corporation to guarantee the repayment of moneys advanced to the company for purposes authorised by this Act, with interest, and the company may secure the government against loss through such guarantee in such manner or form as the Lieutenant Governor in Council may approve.

General

General powers of Lieutenant Governor in Council

28. The Lieutenant Governor in Council shall have power to make all provisions not inconsistent with this Act which may be required for the better carrying out of the purposes of the Act.

Bylaws

Powers to make bylaws

29. The company may from time to time make such bylaws not contrary to law or inconsistent with this Act for the administration, management and control of the property and business of the company and for the conduct in all particulars of the affairs of the company as are considered necessary or expedient for carrying out the provisions of this Act according to the true intent and meaning thereof.

Power to borrow money

30. The company shall have power to borrow money for the purpose of carrying out the objects of its incorporation and to hypothecate, pledge and mortgage its real and personal property, rights and assets and to sign bills, notes, contracts and other evidences of or securities for money borrowed or to be borrowed by the company for the purposes aforesaid.

(2) The board of directors may exercise these powers when duly authorised thereto by bylaws of the company.

Agreements

Variation of agreements

31. Where the company has hitherto made or shall hereafter make an agreement with the government of Saskatchewan or with any person, bank or corporation or with the government and any person, bank or corporation, the terms of such agreement may be altered or varied with the consent of all the parties thereto.

Agreements to be laid before Legislature

32. The provincial treasurer shall lay before the Legislative Assembly within fifteen days of the opening of the annual session in each year copies of all agreements entered into by the government with the company or with any person, bank or corporation for the advance of money to the company, for the guarantee of any advance or for the indemnification of the government against its liability under any such guarantee.

