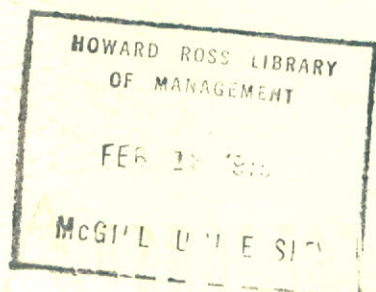


and subsidiary companies





Saskatchewan Wheat Pool is a co-operative which gives more than 70,000 active farmer-owners greater control of their livelihood through its operations in grain handling, livestock marketing, flour milling, printing and publishing, farm supplies, fertilizer manufacturing, and oilseed crushing. It also acts as spokesman for members respecting agricultural policy matters. The Pool's activities during the past year with operational outlook and policy plans for next year are recorded in this *Annual Report 1978*.

Board of Directors 1977-78

E. K. TURNER, *President*
District 16

D. M. LOCKWOOD
1st Vice-President
District 10

J. W. MARSHALL
2nd Vice-President
District 15

A. K. SAHL
Mossbank, District 5

G. STEVENSON
Whitewood, District 7

R. W. LUTERBACH
Lampman, District 1

H. M. SPROULE
LaFleche, District 2

G. C. ANDERSON
Val Marie, District 3

C. E. MURCH
Lancer, District 4

R. T. GRAY
Indian Head, District 6

W. SCHUTZ
Saltcoats, District 8

H. F. McLEOD
Leross, District 9

W. A. KUMPH
Smiley, District 11

A. B. WOOD
Ruthilda, District 12

W. B. MUNDELL
Leroy, District 13

H. G. YELLAND
Porcupine Plain, District 14

(The 1978-79 Board remains the same except that G. A. SIEMENS, Fiske, was elected as Director, District 11 when W. A. Kumph resigned shortly after year end, July 31, 1978)

Senior Officers

I. K. MUMFORD
General Manager

J. O. WRIGHT
Corporate Secretary

C. R. KASHA
Treasurer

J. M. FAIR
*Deputy General Manager &
Director of Administration*

C. P. HANSEN
Assistant Secretary

Division Directors

C. M. RYAN
Country Elevator Division

R. C. SPROULE
Terminal Elevator Division

R. E. McKENZIE
Farm Service Division

C. E. LEASK
Livestock Division

R. H. D. PHILLIPS
Western Producer Publications

M. R. THOMPSON
Corporate Engineering Division

G. PEARDON
*Management Information
Services Division*

M. KERELUKE
*Personnel and Organization
Division*

R. D. BRISTOW
Extension Division

A. D. McLEOD
Research Division

IAN BICKLE
Information Division

Solicitors

R. A. MILLIKEN
*(Balfour, Moss, Milliken,
Laschuk, Kyle, Vancise &
Cameron, Barristers and
Solicitors)*

Auditors

TOUCHE ROSS & CO.

Bankers

THE ROYAL BANK
OF CANADA

CANADIAN IMPERIAL
BANK OF COMMERCE

BANK OF MONTREAL

THE BANK OF
NOVA SCOTIA

THE TORONTO-DOMINION
BANK

Head Office

SASKATCHEWAN
WHEAT POOL

2625 Victoria Avenue, Regina,
Saskatchewan S4P 2Y6

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Telex 071-2284

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Errata

Page 19, **Members' Equity**, share capital issued to members in 1977 should read "\$114,166" instead of "\$114,116".

Page 20, **Statement of Unallocated Earnings Retained**, section beginning "Net proceeds . . ." should read "cost on" instead of "cost and".

Working in an atmosphere of steady activity, Saskatchewan Wheat Pool achieved a worthwhile record on behalf of members in 1977-78, both in terms of commercial success and advances in the public policy field.

Examples:

- An extensive capital program was carried out to extend and improve services available to members.
- Records in grain handling were established.
- There was a record for farm supplies sales.
- Near-record Company earnings of \$30.5 million were achieved.
- Working directly and with other farm organizations, Saskpool kept farmer concerns before governments.
- Gains on behalf of agriculture were achieved in a variety of ways.

Other examples of developments in 1977-78 that had an effect on farmers and Saskatchewan Wheat Pool are:

Grain Quotas

The non-Board domestic feed market, operating without quotas and with shipping priority over Board grains, offered an irresistible alternative to many producers who were prepared to sell at reduced prices as a means of marketing some of their surplus crop. The build-up of non-Board feeds restricted delivery of quota grains, resulting in frustration for producers at many stations.

Protein Grading

Protein grading at country points began August 1, 1978. Its value will not be known until there is more experience with it.

Hours of Work

Saskatchewan Pool's position is that implementation of an 8-hour day, 40-hour week for country elevator employees as proposed by Labor Canada would not only interfere with

the present level of service to members but would not be in the best interest of employees. Efforts continue to gain acceptance of a reasonable alternative.

Inflation

Inflationary pressures resulted in major cost increases. The rapid escalation of farm costs has prevented any significant improvement in farm net income.

Transportation

The Pool continued to stress to the Minister of Transport and the Canadian Transport Commission the importance of completing the task of identifying for producers and the grain industry the basic rail network for the future.

Livestock

There has been considerable improvement in the Canadian cattle industry. However, long-term stability can only be assured by clear direction from producers about the marketing system they are prepared to support, and by government programs to assure stability in the industry.

A Review



Operations, 1977-78

Saskatchewan Wheat Pool's commercial operations generated earnings of \$30.5 million during 1977-78, due largely to volumes of grain handled.

Despite transportation delays, Canadian grain exports for the fiscal year were the second best on record, reaching 785 million bushels and this was reflected in Saskatchewan Wheat Pool grain handlings.

Prairie grain deliveries exceeded one billion bushels for the first time in history and were 7 per cent higher than the previous record established in the 1972-73 crop year. The exceptional grain movement was due largely to forward sales by The Canadian Wheat Board in response to 1977 production short-falls in the U.S.S.R., Australia and Argentina. (There was a record world wheat trade in 1977-78 of 70 000 000 tonnes.)

The year began with little optimism that Pool handling volumes would produce adequate earnings to meet the continuing demands for facilities and services required by our membership. As a result of the unfavorable prospects, a number of restraint measures were introduced during the fall and winter months.

In early spring it became evident that the grain movement would surpass earlier projections. By the end of the crop year, record volumes of grains and oilseeds had come into country elevators in Western Canada. Similarly, large numbers of livestock came on the market in response to a significant improvement in prices. The dramatic increase in marketing volumes was reflected in greater earnings for the Pool than had been anticipated. Furthermore, it generated renewed optimism in the farm economy.

At the same time, however, Pool costs continued to rise at a rate which gave concern. Salary, wage and benefit costs increased by 8 per cent to \$79.2 million during the year and total interest costs jumped by 11 per cent to \$10.1 million.

Country Elevator Division

The second highest handle in the history of country elevator operations, totalling just in excess of 10 million tonnes (383 million bushels), resulted in a net earning of \$12.3 million. The earnings level is significantly higher than the \$3.8 million achieved in the previous year. The potential for a large handling became evident in the last four months of the year and reflects clearly the effect which volume has on the operations of the country elevator system.

The year presented many challenges. Low grade grain produced in the northern and eastern parts of the province, continuous congestion at many stations, and the active promotion of platform shipments of non-Board feed grains combined to result in a reduced percentage, from 64.97 per cent a year ago to 63.74 per cent. Elevation tariffs were increased by 1 cent per bushel to meet the escalation in operating and capital costs.

Construction and Maintenance

During the crop year, the following were among the highlights:

- 1 — 150,000 bushel high throughput elevator
- 3 — 100,000 bushel elevators
- 2 — 100,000 bushel crib annexes
- 2 — elevator moves with major improvements
- 4 — annex moves
- 77 — dust collector installations (234 elevators were equipped at year end)

Construction costs continued to rise. Costs to build various sized elevators during 1978-79 are:

- 50,000 bushels — \$470,000
- 100,000 bushels — \$702,000
- 150,000 bushels — \$850,000

Elevator Consolidation

The 1977-78 elevator consolidation program was finalized with the closure of 39 elevators at 29 stations and the re-opening of one station.



A great deal of time and effort is being expended by management of the division in planning the development of the country elevator system. Maximum efficiency is essential in all areas to generate the capital required to finance system development.

Terminal Elevator Division

Earnings of \$13.5 million in terminals reflect the continued pressures which cost increases are placing on operations. Record handlings were achieved at both Thunder Bay and Vancouver totalling 9.3 million tonnes (367.1 million bushels), yet earnings were down from the nearly \$15 million achieved last year.

The earnings reduction was due to increased costs of both operating and capital programs, and a significant decline in by-product values. Storage tariffs were increased to the new maximum 1/20 cent per bushel, and an increase of 1 cent per bushel in the cleaning tariff was reflected back to the country.

At Thunder Bay the record 7.15 million tonnes (283.4 million bushels) exceeded the previous record of 6.8 million tonnes (270 million bushels) achieved in 1975-76. At Vancouver the new record of 2.2 million tonnes (83.7 million bushels) exceeded the previous record achieved last year of 2.05 million tonnes (81.3 million bushels). The record achievements were accomplished despite certain labor problems and numerous interruptions in supply of cars.

Health, safety, dust and insurance concerns were significant during the year.

At Thunder Bay, the program for installation of dust emission controls proceeded on schedule and results are gratifying. Cleaner upgrading is proceeding. Work also continued throughout the year on implementing automated sampling, weighing, data

processing and radio communication systems and improvements to office facilities.

The safety program at Thunder Bay is considered one of the best in the industry.

At Vancouver, work continued on schedule on the new storage addition. Work also was done on improvements to control and handling systems, fire prevention systems, electrical safety and dust controls.

Shipments

There was a very heavy program of rail shipments out of Thunder Bay during the winter months, almost double that of the previous year. As a result, stocks were extremely low when navigation opened.

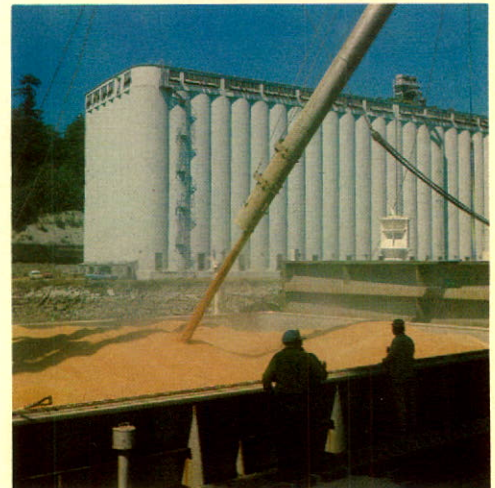
A total of 8.3 million tonnes was shipped through all West Coast terminals during the year, an increase of 13.2 per cent compared with 1976-77.

Flour Mill Division

Flour Mill operations were excellent again during 1977-78 with a net earning of \$1.3 million, down slightly from the \$1.5 million achieved the previous year. Production was down slightly from 1976-77 but the mill still operated 305 days compared to 327 in the previous year.

Sales of flour from the Pool mill totalled 64 000 tonnes, a drop of 4 000 tonnes from the previous year. Domestic sales decreased 7 000 tonnes and exports increased by 3 000 tonnes. The drop in domestic sales reflected the settlement of a long strike in eastern mills during the previous year. Improved export sales represented increased government flour purchases under Canadian International Development Agency assistance programs.

Construction of a distribution warehouse attached to the existing plant was begun during the year. This will add 15,000 square feet to existing storage.



Farm Service Division

A record \$82.7 million in sales was achieved in Farm Service operations during the year, an increase of 34 per cent over the \$61.6 million achieved in the previous year. Net earnings amounted to \$3.3 million, a significant improvement over the \$122,000 earning of 1976-77. No patronage dividend was received from Western Co-operative Fertilizers and this, coupled with minimal margin available on fertilizer sales, resulted in the modest earning compared to the volume of sales achieved.

Record sales were achieved during the year in many product lines including chemicals, fertilizers and steel bins. Fertilizer marketing again received critical attention, but despite the chaotic pricing situation the Pool maintained its share of the market.

Continued expansion of the aqua program was undertaken, with about 143,000 acres applied during the past year.

The program of the Product Development Branch, with particular emphasis on the Watrous farm development, showed encouraging progress during the year. The early interest of Pool members reflects support for a role by the Pool in applied research activity related to varieties and farm inputs.

In addition to the research projects under way on the three quarters of land on the farm, off-station plots were established at Yorkton, Weyburn and Demaine.

New Seed

In the spring of 1978 the first privately developed cereal variety suitable for Western Canada was licensed. This was a 2-Row feed barley developed by North American Plant Breeders of Mission, Kansas. The variety, named Summit, will be marked exclusively by three prairie Wheat Pools and United Co-operatives of Ontario.

Construction

New Farm Service Centre buildings were completed at Weyburn and

Outlook during the year. Warehouse and workshop additions were built on to the existing warehouses at Unity and Rosetown and a new bulk fertilizer plant was built at Melville.

Aqua ammonia storage and handling facilities were constructed at Lloydminster, Outlook, Raymore and Unity. In addition, nearly \$700,000 was invested in aqua equipment. This brings to thirteen the number of Farm Service Centres equipped to provide aqua fertilizer service.

Zambia Project

For the third crop year, the Division operated a wheat development project in Zambia as the executing agency for the Canadian International Development Agency. Extensive tests of wheat varieties from all over the world have been carried out and all have failed except for experiments in Northern Zambia where efforts are now being concentrated.

Livestock Division

Operations of the division for the year ended 31st July 1978 resulted in a loss of \$37,000 compared with a loss of \$101,000 in the previous year. Handlings of the Division were just over 691,000 head of cattle and calves, down 6.1 per cent from the previous year. The decline was a direct result of the decrease in the number of cattle on farms over the past three years.

The average price realized by producers for cattle sold through the Division increased by almost \$68 per head over the previous year. While the Division handled 45,000 less cattle and calves than in 1976-77, the gross value of cattle sold was up by more than \$35 million.

Deliveries were regular and orderly during the year except for two weeks of limited deliveries during the winter due to snowstorms and two weeks of disruptions caused by a producer delivery boycott.

The demand for feeder cattle remained high throughout the year,



although most of the demand originated from Ontario, Alberta and the United States. There was a further decline in cattle feeding within the province of Saskatchewan during the year.

The increase in the market prices during the year has been gratifying. Producers, after a series of years when market prices have been severely depressed, achieved returns ranging from 50 per cent to 100 per cent above those received in 1976-77. Unfortunately, some of the reduction in handlings reflects the sell-off of herds by operators who are unprepared to carry on in the face of the very low prices experienced in the industry in recent years.

Hogs

The Livestock Division assembled 60,800 hogs for the Saskatchewan Hog Marketing Commission and sold 15,200 hogs through its Saskatchewan branches, plus 56,000 hogs at Talbotville. Total hog handlings by the Division were 132,000 head, up 5,800 head from the previous year.

4-H Sales

The Division staff attended twenty-six 4-H calf sales held throughout the province during the year and purchased a total of 344 calves. The Division attempts to be a leader at these sales to make sure that each 4-H Club member gets at least full market value for his calf.

Western Producer Publications

Formerly the Printing and Publishing Division of Saskatchewan Wheat Pool, this Division took on a new title at the beginning of the year and also moved to a new location. Although a number of records were achieved by the Division, the cost of new facilities and equipment coupled with the disruption of the move and operation from two locations during part of the period, resulted in a net deficit for the year amounting to \$836,000.

By year-end, start-up problems at the new plant had been largely resolved. It is anticipated that the benefits of new technology will reflect in improved production levels and better operating results in the future.

The first issue of The Western Producer produced on the new equipment at the new location was on August 11, 1977.

Producer reporters and editorial staff travelled widely and also maintained close telephone contact with new sources to keep abreast of happenings and people of interest to western farmers. Among special reports were those pertaining to negotiations on a new International Wheat Agreement, and terminal elevator questions regarding storage, handling, transportation, grain dust and other issues. The Division also established a staff correspondent's office in Edmonton to provide coverage for northern Alberta.

Letters to the editor continue to be a popular feature. During 1977-78 there were a total of 498 letters published compared with 529 in the previous year.

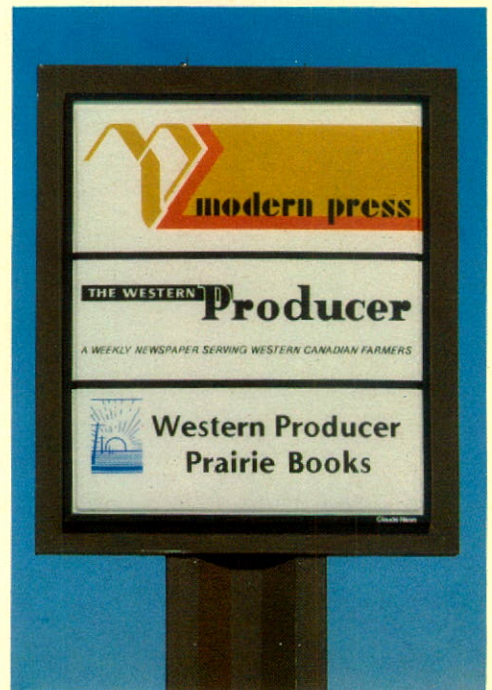
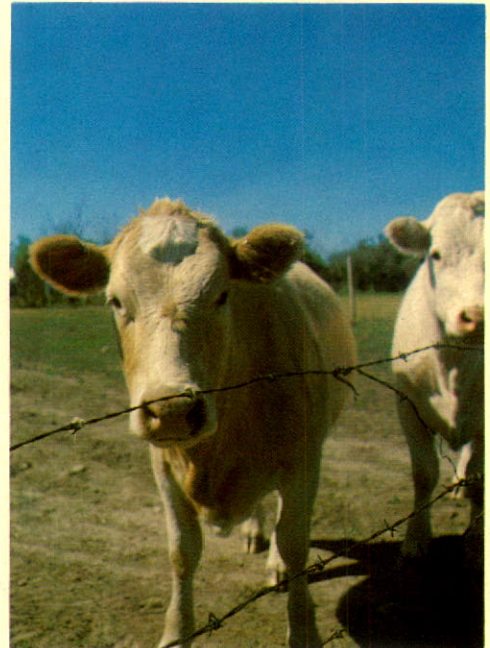
Net paid circulation for the paper was 149,051 at June 30, 1978.

Insurance

This was the 17th year of operation of The Western Producer Insurance Department and one of its most successful years. At the end of the fiscal year there were 20,432 insurance policies in effect.

Western Producer Prairie Books

This branch published ten new titles during the year and brought out two issues in the Spectra series, which are revised paperback publications of books published earlier. One "Pride of the West" full-color illustrated calendar and ten reprints of books were also published.



Operational Outlook 1978-79

Initial operating projections for 1978-79 indicate a satisfactory year for the Country and Terminal Elevator Divisions. However, current indications of larger crops on a world basis may tend to decrease delivery opportunities for producers later in the crop year. Prices, while showing some strength at least partly due to the current lower value of the Canadian dollar, are unlikely to increase much more because of the apparent increase in world grain availability.

The lower quality of grains harvested will again give the Canadian Wheat Board problems in marketing and continue to tax country handling facilities. In addition, labor disruptions have already affected the early season grain movement and could have a marked influence in reducing grain shipments this year.

Projections by Saskatchewan Wheat Pool, The Canadian Wheat Board and others indicate that grain production will increase and so will exports and more grain will be directed through west coast ports. Saskatchewan Wheat Pool has recognized the necessity for improved west coast terminal capacity and future grain movement will be assisted by the Pool's recently completed three million bushel expansion program at Vancouver. The Pool is also studying, along with other grain companies, the requirements for future grain handling capability at Prince Rupert.

The primary elevator system operated by Saskatchewan Wheat Pool is undergoing continuous review to accommodate the permanent rail line configurations being developed. The Pool is committed to the maintenance of a balanced network of

facilities which will provide a satisfactory level of service to grain producers at a reasonable cost.

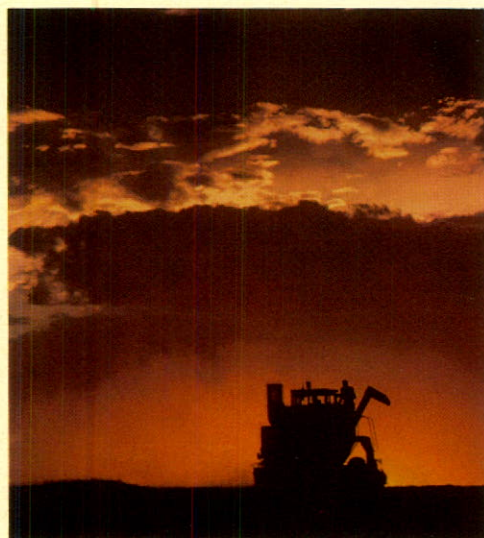
Substantial improvements have already been made to the Pool's grain handling system and detailed plans for 1978-79, and beyond, are now well advanced. Decisions by the Prairie Rail Action Committee and the Canadian Transport Commission concerning the future rail network will give a clearer indication of areas where immediate upgrading must occur to provide service to producers. If rail abandonment turns out to be more severe than recommended or contemplated, it will not only increase the producer's delivery distance, but will require much increased capital to construct facilities for orderly rationalization. Such pressure will put a severe strain on available capital resources.

The growth of the farm service operations has been dramatic, with sales increasing from approximately \$42 million five years ago to nearly \$83 million in the past season. It is recognized that about half the increase reflects price increases, but the balance represents volume increases in the sale of farm inputs. As producers are encouraged to adopt farm practices for increased production, there will be continued demand for products and for new and improved services. This will have a positive effect on farm service operations.

Generally speaking, Pool operations will feel economic pressures but there is optimism that 1978-79 overall operating results will be satisfactory.

CAPITAL PROGRAM

The capital program for 1978-79 sees expenditure of \$25.3 million.



This is significantly above the \$21.9 million originally budgeted in 1978 and about \$6 million more than the \$19.9 million Divisions will have spent on 1978 projects. The country elevator development program will be emphasized along with improvements and expenditures necessary to meet requirements under government regulations and/or insurance demands. All Divisions have been encouraged to be very selective in the programs submitted and to put forward those projects needed to meet the service requirements of members or that reflected a good return on the funds invested. Operational results for 1977-78 and projections for 1978-79 are permitting a more aggressive program to assist in achieving some of the Pool's objectives more quickly. However, the availability of skilled manpower to supervise and control capital projects places some practical limits on the potential for expansion.

Major items in the Country Elevator Division are 33 major improvement projects along with an extensive relocation program which includes 5 elevators and 10 annexes. The installation of protein testers is projected at \$1 million on the assumption that a broader protein program may be in place during 1979-80.

Terminal expenditures totalling \$8.4 million are allocated to areas associated with dust, environmental, insurance and other government regulation requirements. Thunder Bay work totalling \$1 million continues at Terminal #4 to upgrade this plant to a fully automated operation.

At the Flour Mill \$482,000 has been allocated for the erection of a new warehouse for the storage of finished product.

The remainder of the Division budgets reflect no expansion and expenditures are limited to replacements of a capital nature which are required to maintain business.

Associated Co-operatives & Related Companies

CSP Foods Ltd.

CSP Foods Ltd. completed its third fiscal year of operations as a wholly owned subsidiary of Saskatchewan Wheat Pool and Manitoba Pool Elevators on March 31, 1978. Net earnings for the year were \$140,000 compared with \$5,000 in the previous year.

CSP Foods' crush increased from 234 000 tonnes (1976-77) to 285 000 tonnes (1977-78).

CSP Foods Ltd. purchased the assets and brands of Westminster Foods, and the remaining 50 per cent of Nipawin Edible Oils Ltd. which were held by Agra Industries Ltd. The purchase of these facilities and brands expands CSP Foods' operations into consumer marketing of margarines, shortenings, salad oils and flour products. A major marketing study undertaken during the year helped to determine the direction and strategy for consumer product marketing in the future.

At year-end no solution had been found to the freight rate problem affecting oilseed products.

Western Co-operative Fertilizers Limited

1977-78 was the twelfth full year of operation for Western Co-operative Fertilizers Limited. There were 455,000 tons of dry fertilizers and 106,000 tons of nitrogen products produced.

Gross sales exceeded \$100 million for the first time. Savings for the fiscal year ended June 30, 1978 amounted to \$564,000 compared with \$1,031,000 in the previous year.

During the year an opportunity arose for WCFL to take an equity position in rock phosphate processing facilities and reserves in Idaho. Work progressed during the year to verify the value of such a venture to shareholders with the objective of concluding the transaction by 1978 calendar year-end. This will assure long-term requirements of processed ore for WCFL.

XCAN Grain Ltd.

XCAN Grain Ltd. enjoyed a very satisfactory year with substantial increases in the volume of product handled and in earnings. A large percentage of XCAN's business is done on behalf of its principals, Alberta Wheat Pool, Manitoba Pool Elevators and Saskatchewan Wheat Pool.

XCAN Far East continued to develop as a base to serve the Japanese market. Through this office it is hoped to develop the potential markets in other parts of southeast Asia as well. The Powell Union office in London, England also provides an excellent base for serving the European market.

During the eight years XCAN has been in operation, steady progress has been made in developing international markets. A key objective of the company is to further expand its services to the principals with greater emphasis being placed on a fully integrated operation in the near future.

Pacific Elevators Limited

This subsidiary company is jointly owned with Alberta Wheat Pool and Manitoba Pool elevators. Receipts at the terminal in 1977-78 amounted to 2 056 000 tonnes (82,421,000 bushels) compared with 1 919 000 tonnes (76,587,000 bushels) in 1976-77.

Other Companies

Other companies in which Sask. Pool's involvement provides benefits to member-owners are The Co-operators (formerly Co-op Insurance Services), Canadian Pool Agencies Ltd., Pool Insurance Company, and Co-op Union of Canada.

In addition to joint commercial activities, Saskatchewan Wheat Pool joins with Manitoba and Alberta Pools in Canadian Co-operative Wheat Producers Limited to co-ordinate policy and action on key items of mutual concern.



Saskatchewan Pool has seven service divisions whose functions are complementary to the organization's commercial and farm policy role. Four of the divisions report to General Management on operational areas, namely:

TREASURY DIVISION

Responsible for developing and managing programs in the areas of finance, taxation, insurance, financial planning, control, accounting systems and internal auditing in line with safeguarding the organization's assets and achieving financial policy objectives. In financial policy matters, Treasury reports to the Board of Directors.

PERSONNEL & ORGANIZATION DIVISION

Assists with manpower planning, training and recruitment in the various divisions, is responsible for industrial relations programs, and other functions related to employee benefits programs.

CORPORATE ENGINEERING DIVISION

Provides technical information to the operating divisions and helps to co-ordinate planning for future facilities and construction.

MANAGEMENT INFORMATION SERVICES DIVISION

Assists other SaskPool divisions to develop and maintain efficient manual and machine supported information system, and directs the operations of the company's computer facility.

The other three divisions report to the Corporate Secretary and are responsible for organization of services related to the democratic structure, the farm policy role of the Pool and information services. These are:

EXTENSION DIVISION

Maintains the democratic structure of

the Pool and assists members to work through their elected representatives. The primary role is to assist farmer members to understand the agricultural issues and the operation of their organization and how to effectively reflect their views to and through their own organization.

RESEARCH DIVISION

Responsible for economic analysis on questions which affect the economic and social well being of farmers and their families and the development of background material on farm policy issues. The Division also prepares feasibility studies, market analysis and background information for other divisions within the organization.

INFORMATION DIVISION

Responsible for advertising, public relations and public information services for the organization, including liaison with the public and members through issuance of media releases and production of programs on policy and business activities of the Pool.

Service Divisions



Board of Directors 1977-78



At Product Development Farm, Watrous.

Left to right:

R. T. Gray,
District 6
G. C. Anderson,
District 3
A. K. Sahl,
District 5
R. W. Luterbach,
District 1
H. M. Sproule,
District 2



At Regina Farm Service Centre.

Left to right:

E. K. Turner,
President, District 16
D. M. Lockwood,
1st Vice-President,
District 10
Wm. Schutz,
District 8
J. W. Marshall,
2nd Vice-President,
District 15



At POS Pilot Plant, Saskatoon.

Left to right:

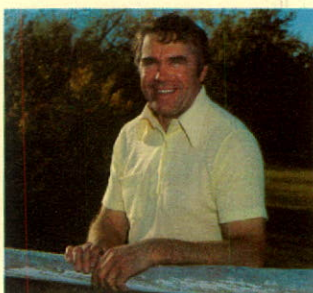
W. B. Mundell,
District 13
C. E. Murch,
District 4
A. B. Wood,
District 12
G. Stevenson,
District 7
H. G. Yelland,
District 14
H. F. McLeod,
District 9
(Far right,
John V. Cross,
Executive Director,
POS Plant)



W. A. Kumph,
Director, District 11,
was not available for
the group picture.



*G. A. Siemens, Fiske,
was elected as Director,
District 11, to replace
W. A. Kumph who resigned
shortly after year end,
July 31, 1978.*



I. K. Mumford



J. O. Wright

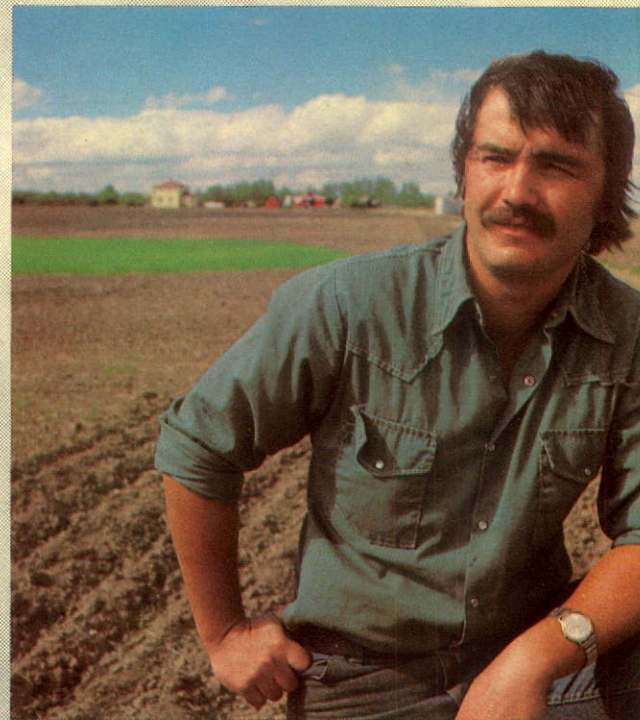


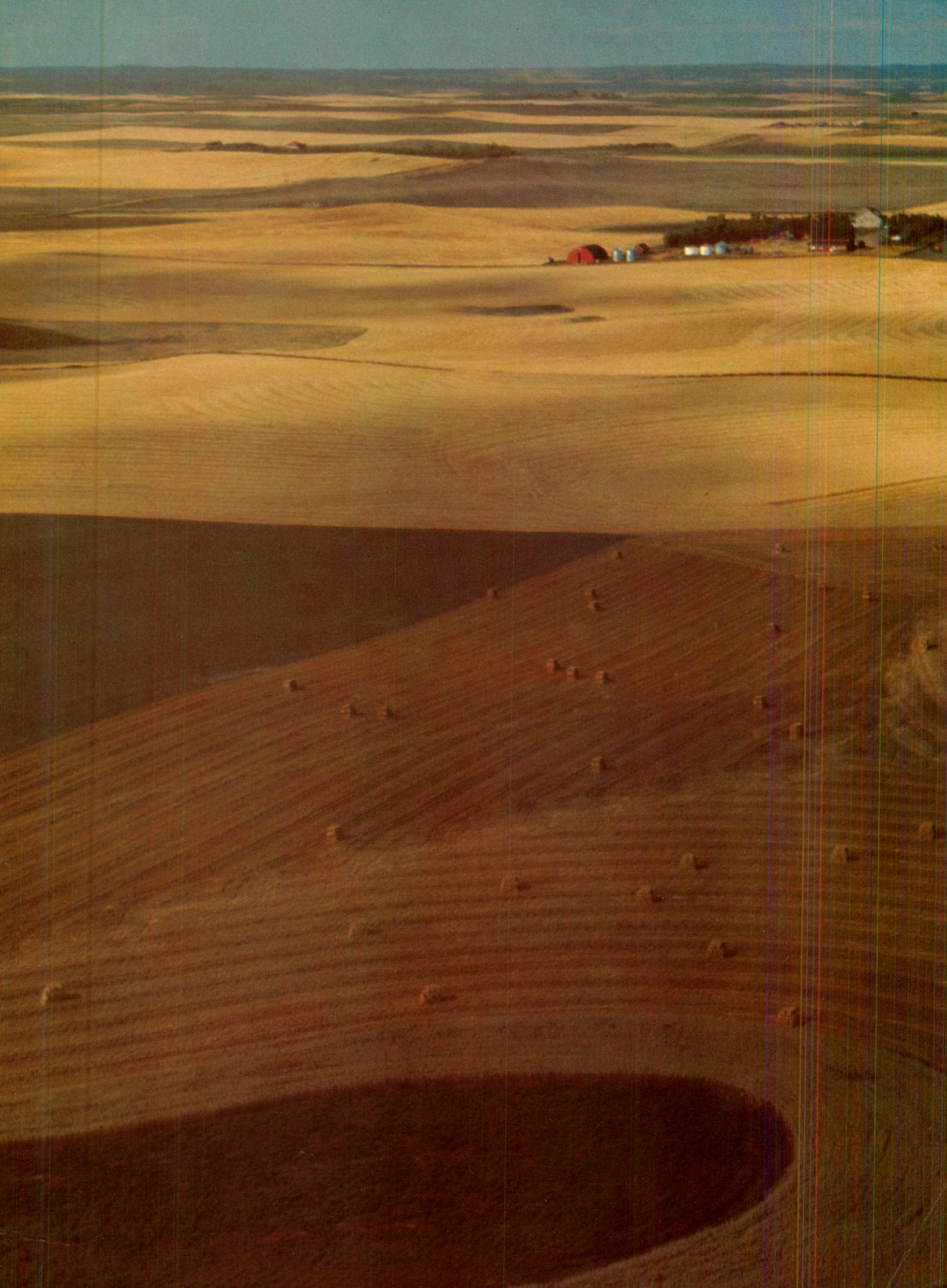
C. R. Kasha

Senior Officers

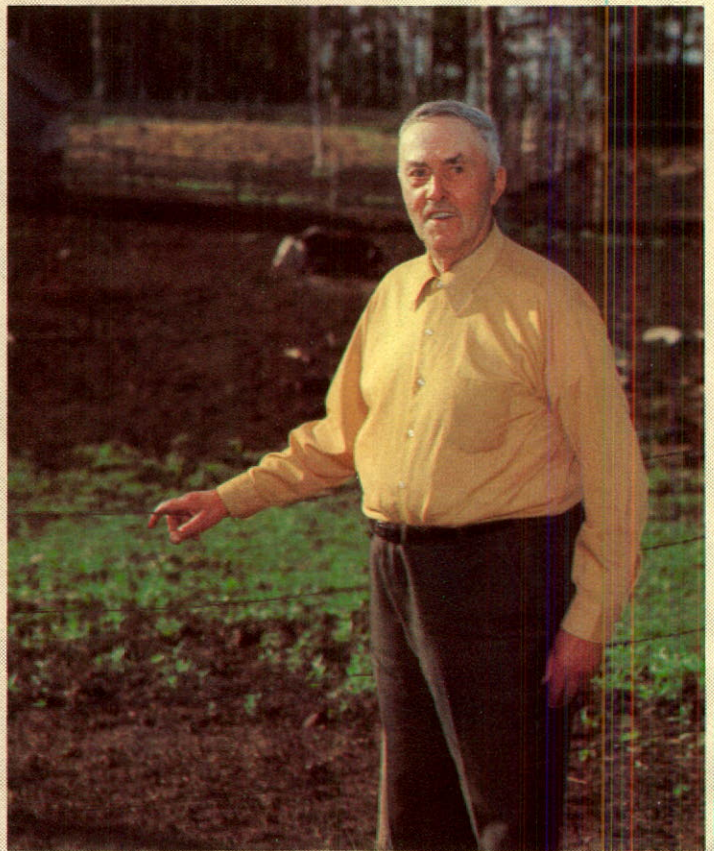
Mr. Mumford, general manager, and Mr. Wright, corporate secretary, are Sask. Pool's chief executive officers reporting to the Board of Directors. Mr. Kasha, treasurer, is responsible to the Board of Directors for financial policy and to general management for general treasury operations. Mr. Mumford's chief responsibility is the efficient management of business operations. Mr. Wright's chief responsibility is for the organization of duties related to the Pool's democratic structure and farm policy role, as well as corporate records.













Delegates 1977-78

District 1

1. D. F. Wilmot, Carnduff
(resigned March 78)
T. M. Firth, Carievale (elected June 78)
2. R. W. Luterbach, Lampman
3. J. Kish, Estevan
4. D. W. Bryson, Estevan
5. H. E. Voelching, Weyburn
6. E. O. Johnsrude, Weyburn
7. L. Clark, Willmar (resigned June 78)
8. W. Hjertaas, Wauchope
(resigned Nov. 77)
B. Hjertaas, Wauchope (elected Jan. 78)

District 2

1. A. Barbarin, Radville
2. S. Kozachuk, Fife Lake
3. J. C. Prefontaine, Lisieux
4. H. M. Sproule, LaFleche
5. J. Lindsay, Limerick
6. O. E. Dahl, Viceroy
7. G. Muldoon, Crane Valley
8. B. L. Nast, Trossachs

District 3

1. G. C. Anderson, Val Marie
2. S. L. Onerheim, Frontier
3. G. A. Sanderson, Consul
4. H. V. Anderson, Shaunavon
5. R. A. Thomson, McCord
(resigned Jan. 78)
A. Stengler, Mankota (elected April 78)
6. H. E. McDonough, Cadillac
7. G. E. Murphy, Neville
8. V. D. Ross, Hazenmore

District 4

1. G. S. Lightfoot, Swift Current
2. R. W. Benjamin, Swift Current
3. K. Sawby, Maple Creek
4. A. Myrol, Fox Valley
5. H. Yackel, Leader
6. C. E. Murch, Lancer
7. J. A. Anderson, Cabri
8. J. Macaulay, Leinan

District 5

1. N. R. Lowe, Moose Jaw
2. A. K. Sahl, Mossbank
3. D. W. Hook, Bateman
4. J. Mann, Hodgeville
5. F. G. Mercer, Caronport
6. L. E. Buhr, Herbert
7. J. M. Cooper, Tugaskie
8. D. E. Hicks, Marquis

District 6

1. H. C. Wilke, Yellow Grass
2. N. W. Haack, Milestone
3. S. G. Petruic, Avonlea
4. H. Ruehs, Rouleau
5. A. Kambeitz, Sedley
6. R. T. Gray, Indian Head
7. D. Horsman, Fort Qu'Appelle
8. R. D. McKell, Regina
9. J. W. Russell, Craven

District 7

1. A. A. Adamson, Fairlight
2. W. J. E. Glydon, Kipling
3. K. Wiggins, Fillmore
4. L. M. Merkel, Broadview
5. G. Stevenson, Whitewood
6. E. Knuttila, Rocanville
7. S. J. Pask, Esterhazy
8. D. B. Sefton, Broadview

District 8

1. W. Schutz, Saltcoats
2. E. Mitrenga, Melville
3. M. Kostichuk, Insinger
4. T. W. Wood, Yorkton
5. R. Galye, Wroxton
6. A. Hladyboroda, Mikado
7. S. Hrynkiw, Canora
8. N. Wetterlund, Sturgis
9. L. Fiala, Hyas

District 9

1. J. E. Keisig, Ituna
2. E. Kramer, Southey
3. W. A. Day, Bulyea
4. R. D. Young, Cymric
5. G. A. Buitenhuis, Raymore
6. H. F. McLeod, Leross
7. M. D. Horvath, Wishart
8. F. H. Bjornson, Elfros
9. M. H. Ewert, Drake

District 10

1. K. W. Elder, Simpson
2. D. M. Lockwood, Regina
3. R. B. Gifford, Glenside
4. M. Gossling, Lucky Lake
5. P. D. Wensley, Wiseton
6. G. N. Robbins, Laura
7. P. M. Paulsen, Hanley
8. D. E. Rue, Watrous

District 11

1. T. E. Moe, White Bear
2. W. A. Marjerrison, Elrose
3. R. L. Howe, Eston
4. R. J. Thomson, Alsask
5. W. G. Nargang, Kindersley
6. G. A. Siemens, Fiske
7. R. A. Greer, Sovereign
8. G. H. Mack, Dodsland
9. W. A. Kumph, Smiley

District 12

1. A. B. Wood, Ruthilda
2. H. H. Horner, Cando
3. C. J. Scherman, Battleford
4. E. M. Ternan, Luseland
5. R. Burwash, Macklin
6. A. Keay, Unity
7. C. Sawtell, Neilburg
8. L. C. Bingham, Cut Knife

District 13

1. W. B. Mundell, Leroy
2. J. L. Hinz, Muenster
3. A. Thoen, Viscount
4. G. E. Harvey, Saskatoon
5. C. E. Weir, Perdue
6. E. Wiebe, Langham
7. L. Hamoline, Aberdeen
8. J. B. Buchinski, Cudworth
9. R. J. Gerwing, Lake Lenore

District 14

1. D. W. Angell, Rose Valley
2. D. N. MacDonald, Wadena
3. W. Black, Archerwill
4. A. T. Groat, Melfort
5. G. Bone, Tisdale
6. H. G. Yelland, Porcupine Plain
7. M. R. Turnquist, Prairie River
8. L. Hleck, Codette
9. L. T. McConaghy, Beatty

District 15

1. J. L. Yeaman, Birch Hills
2. H. R. Bastness, Hagen
3. N. C. Hazelwood, Prince Albert
4. W. H. Funk, Laird
5. J. A. Weathered, Marcelin
6. L. J. Larsen, Canwood
7. J. W. Marshall, Regina
8. S. C. Belt, Spruce Home
(resigned April 78)
R. E. Walls, Paddockwood
(elected June 78)
9. F. J. Meyers, Meath Park
10. N. L. McTaggart, Chociceland

District 16

1. E. K. Turner, Regina
2. J. P. Simmonds, Speers
3. H. W. Moffatt, Denholm
4. C. L. Hanson, Edam
5. G. A. Ross, Paynton
6. A. Harbin, Lashburn
7. E. Morgan, Spruce Lake
8. P. Loewen, Glenbush
9. C. J. Story, Leoville
10. C. P. Olson, Meadow Lake

1978 Annual Meeting



Policy Action for 1979

Saskatchewan Wheat Pool believes agricultural policies at the national and international level must be developed and strengthened to create an environment where food is produced at prices that will provide a proper return to farmers.

Many of the concerns of 1977-78 are carrying into the current year and undoubtedly will occupy the Pool's attention well into the future.

Saskatchewan Wheat Pool's Board of Directors, after consideration of recommendations from the 1978 delegates' annual meeting, is taking action in areas of Transportation, Grain Handling and Marketing and International Trade, Livestock Marketing, Inflation, Land Use, Energy and Research.

Transportation

The Pool will work to achieve:

- A National Transportation policy.
- A further commitment of federal funds for rail upgrading.
- Settlement of the total basic rail network for the future to assist in proper planning of elevator facilities.
- An agreement whereby the government would reimburse The Canadian Wheat Board for any funds spent to buy hopper cars. (Assurance of a pay-back should be guaranteed before the Board places a car order.)
- More government-purchased hopper cars.
- A commitment from the railways to keep in service a basic number of multi-purpose cars capable of hauling grain, and to provide adequate motive power to fully utilize all equipment.
- A satisfactory federal policy position on freight rates.

SaskPool feels that the size and complexity of rail transportation problems in Western Canada remain its greatest challenge.

The long and bitter battle over the Crow rate issue seems to be reaching a climax. The long term policy of the Pool, supporting the Crow rate at existing levels, is fair and reasonable in the context of national policy. Policies to facilitate and improve the market competitiveness of oilseed and livestock products should be introduced as part of the national transportation commitment.

Grain Handling

The Pool will:

- Maintain a balanced network of elevator facilities that will provide a satisfactory level of service to grain producers at a reasonable cost. Over time this means a minimum network of about 500 delivery points.
- Continue to assess, along with other grain companies, the requirements for future grain handling capability at the West Coast.

Grain Marketing

The Saskatchewan Wheat Pool will:

- Continue its strong support for the single selling agency role of the Canadian Wheat Board in the marketing of all prairie grains.
- Work for changes in the marketing of domestic feed grains which will permit the application of quotas and price pooling under Canadian Wheat Board responsibility.
- Contribute to the achievement of a fair, up-to-date delivery quota system.
- Support the concept of protein grading of wheat at country elevators, provided it results in a net benefit to producers.
- Try to help Canada achieve a meaningful international wheat agreement.
- Act to achieve higher floor and ceiling prices under the Two-Price



Wheat Act, the levels to take account of the ever-increasing costs of production.

- **Support international commodity agreements that will provide greater price stability to both producing and consuming nations.** (The key ingredient in any agreement, is a guarantee that minimum price levels bear a close relationship to farmers' costs of production.)

In continuing its unwavering support for the central selling agency, the Pool has been concerned about political comment about The Canadian Wheat Board that has tended to interfere with Board operation. SaskPool feels the Wheat Board must always be responsive to the needs of producers.

SaskPool feels that until the open market system for feed grains can be eliminated completely, the Wheat Board should apply quotas to non-Board feed grain. It has not been efficient to operate two systems of grain marketing where each has partial control over the same grain. The equity that producers have been able to achieve through the operations of the Wheat Board is lost when delivery quotas are not uniformly applied or when open market grains are moved forward to meet futures contracts instead of sales commitments.

The non-Board domestic feed market, operating without quotas and with shipping priority over Board grains, offered an irresistible alternative to many producers who were prepared to sell at reduced prices as a means of marketing some of their surplus crop. "Switching" privileges got out of control, and the producer car policy became popular as a means of gaining extra delivery privileges.

Thus the build-up of non-Board feeds, which through "switching" became Board stocks in country elevators, reduced delivery of quota grains, resulting in serious inequity of producers' delivery opportunities at many stations.

The Pool does not oppose the principle of producer right to order cars; however, ways must be found to exercise individual rights without causing damage to the system and to access of other individuals to the system.

Livestock Marketing

The Pool will work to implement the improvements to the existing cattle marketing system that producers want. It will support import quota policies, a proper tariff system, and measures that will improve the percentage of cattle sold under competitive bidding arrangements.

The future of the livestock industry is uncertain without a clear direction as to the marketing system which producers are prepared to support. Pressures fostered or permitted by governments in a misguided attempt to maintain cheap food policies have created demoralization in the livestock industry and are delaying a necessary growth response within the industry in this province. The farm economy of Saskatchewan will not be healthy unless the potential for livestock production is utilized.

SaskPool will be working with livestock producers to ensure their needs are met.

Inflation

SaskPool regards the level of inflation in Canada as unsatisfactory and will support tough government measures to bring it under control if they become necessary. Statistics reveal that, for four years inflationary pressures have resulted in major cost increases for farmers. The rapid escalation of farm costs has prevented any significant improvement in farm net income.

The Pool has supported federal government initiatives to curtail

expenditures, but wants care taken that essential programs do not suffer. Policies are required that will create productive economic activity and increased employment.

Land Use

Saskatchewan Wheat Pool will continue to participate in land use policy discussions so members may be informed on current thinking on how this limited resource is to be handled. Through the organization members will be able to consider and react to any government proposals.

Energy

Saskatchewan Wheat Pool will promote development of a comprehensive national energy policy that recognizes agriculture must have priority in the use of energy derived from fossil fuels.

The Pool feels greater stability in farm production costs and food prices in Canada depends on a reasonable energy cost for primary producers.

Research

SaskPool supports federal and provincial government funding of agricultural research and hopes increased amounts can be provided. It also favors a program of grants to provide research incentives to private industry.

With respect to the allied question of plant breeders' rights, the Pool wants a delay in legislation so that grain producers have the chance to ensure that their interests are taken care of. Specifically, the Pool feels the federal government must maintain control over the licensing of all grain varieties to ensure high-quality.

(More details on Pool policy for 1979 are available from Pool delegates or by writing to Information Division, Saskatchewan Wheat Pool, 2625 Victoria Avenue, Regina, S4P 2Y6.)

Allocation of Net Earnings

The Board of Directors decided that the net earnings for the year ended July 31, 1978, in the amount of \$30,488,000 will be allocated as follows:

Grain:	(thousands of dollars)
Patronage dividend at the rate of \$2.75 per tonne pursuant to Article 79 of the Articles of Association of the Company, estimated.....	\$24,575
 Farm Supplies:	
Patronage dividend at the rate of 3.80 per cent of the value of farm supply purchases pursuant to Article 79 of the Articles of Association of the Company, estimated.....	2,854
 Total patronage dividend, estimated	27,429
Provision for income tax, estimated	1,275
Transfer to unallocated earnings retained from prior years, estimated	1,784
 Total	<u>\$30,488</u>

An estimated total of \$3,224,000 will be paid to the Receiver General for Canada as a prepayment of income tax on behalf of shareholders whose total dividends earned for the year exceed \$100 and the balance of the patronage dividend, estimated at \$24,205,000 will be applied in payment of shares allotted pursuant to Article 80 of the Articles of Association of the Company.

The Board of Directors also decided that:

1. The sum of approximately \$7,280,000 will be used as required in 1978-79 for the purchase of equities of members in all eligible categories, namely estates, retirements, and with the exception of qualifying shares, repayment in full to members (upon application) who reach the age of 70, repayment of 20% of share equity to members (upon application) who reach the age of 65 by December 31, 1978, and repayment of 7% of share equity to corporate members.
2. After allocation to shares of the 1977-78 patronage dividend, and payment of withholding tax, a sum of approximately \$5,307,000 will be paid, representing a 4% purchase of share equity to members not attaining the age of 65 by December 31, 1978.

Payments totalling approximately \$15,811,000 will be made to or on behalf of members during the 1978-79 year.

Balance Sheet at July 31, 1978

Assets	1978 (thousands of dollars)	1977
Current assets		
Cash.....	\$ 3,547	\$ 3,869
Accounts receivable.....	93,114	45,634
Inventories (Note 1a).....	155,417	179,437
Prepaid expenses.....	3,245	3,185
Prepayment of income taxes	3,080	3,276
	<u>258,403</u>	<u>235,401</u>
Investments and memberships (Notes 1c & 2).....	23,250	20,759
Fixed assets (Note 1d)	122,148	98,556
Goodwill (Note 1e)	1,208	1,538
	<u>\$405,009</u>	<u>\$356,254</u>

Liabilities

Current liabilities		
Outstanding cash tickets and cheques.....	\$ 92,757	\$121,925
Bank loans (Note 3).....	12,675	1,500
Notes payable	1,000	—
Accounts payable	59,475	47,986
Long term debt due within one year.....	3,842	8,508
Unallocated earnings (Note 1f).....	30,488	21,364
	<u>200,237</u>	<u>201,283</u>
Long term debt (Note 4)	55,926	18,661
	<u>256,163</u>	<u>219,944</u>

Members' Equity

Share capital (Note 5)		
Authorized 200,000,000 shares of \$1 each		
Issued to members.....	124,893	114,116
Unallocated earnings retained	23,953	22,144
	<u>148,846</u>	<u>136,310</u>
	<u>\$405,009</u>	<u>\$356,254</u>

On behalf of the Board
E. K. TURNER, Director
DONALD M. LOCKWOOD, Director
October 13, 1978

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

Statement of Operations

For the year ended July 31, 1978

	1978	1977
	(thousands of dollars)	
Revenue from sales and services	\$1,242,480	\$1,184,428
Cost of sales and services	1,165,747	1,117,290
	76,733	67,138
Selling and administrative expenses	47,117	46,741
	<u>\$ 29,616</u>	<u>\$ 20,397</u>
Summary of net earnings (loss) by division		
Country Elevator	\$ 12,356	\$ 3,787
Terminal Elevator	13,474	14,974
Farm Service	3,321	122
Flour Mill	1,338	1,529
Livestock	(37)	(101)
Western Producer Publications	(836)	86
	<u>29,616</u>	<u>20,397</u>
Share of earnings — Pacific Elevators Limited	872	967
Net earnings	<u>\$ 30,488</u>	<u>\$ 21,364</u>

Statement of Unallocated Earnings Retained

For the year ended July 31, 1978

	1978	1977
	(thousands of dollars)	
Unallocated earnings retained, beginning of year	\$ 22,144	\$ 20,252
Prior year's earnings	21,364	31,163
Provision for income taxes	(885)	(1,967)
Patronage allocated to members		
Shares	(16,539)	(23,611)
Cash	(677)	(1,134)
Withholding taxes	(2,068)	(3,319)
Balance retained	<u>1,195</u>	<u>1,132</u>
Net proceeds in excess of original cost and disposal of fixed assets and prior year's adjustments	614	760
Unallocated earnings retained, end of year	<u>\$ 23,953</u>	<u>\$ 22,144</u>

Statement of Changes in Financial Position

For the year ended July 31, 1978

	1978	1977
	(thousands of dollars)	
Working capital was provided by:		
Prior year's earnings	\$21,364	\$31,163
Expenses charged against current operations not requiring the use of funds, principally depreciation and amortization	11,740	9,921
Increase in members' term loans	8,591	6,200
Sinking fund debentures series A	30,000	—
Other sources	626	777
	<u>72,321</u>	<u>48,061</u>
Working capital was used for:		
Fixed asset additions — net	35,002	26,253
Provision for income taxes on prior year's earnings	885	1,967
Current maturity of first mortgage debenture loan	1,325	1,325
Payments to or on behalf of members		
Share redemptions (Note 5)	5,825	8,129
Cash	677	1,134
Withholding taxes	2,068	3,319
Purchase of investments	2,491	666
	<u>48,273</u>	<u>42,793</u>
Increase in working capital	24,048	5,268
Working capital, beginning of year	34,118	28,850
Working capital, end of year	<u>\$58,166</u>	<u>\$34,118</u>

Auditors' Report

The Shareholders
Saskatchewan Wheat Pool

We have examined the balance sheet of Saskatchewan Wheat Pool as at July 31, 1978 and the statements of operations, unallocated earnings retained and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial positions of the Company as at July 31, 1978 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 applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
October 13, 1978

TOUCHE ROSS & CO.
Chartered Accountants

Notes to Financial Statements for the year ended July 31, 1978

1. Significant accounting policies

a) Inventories

	1978 (thousands of dollars)	1977
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	\$108,779	\$145,257
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	22,316	10,462
Other inventory valued at the lower of cost (principally average cost) and net realizable value, or on the basis of open sales contracts	24,322	23,718
	\$155,417	\$179,437

b) Recognition of income

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

c) Investments and memberships

Investments and memberships are valued at cost. Included are investments in joint ventures with other co-operatives. The equity of the Company in the net assets of these joint ventures is in excess of cost, which has not been reflected in the accounts. The Company's interest in the earnings of these joint ventures is reflected in its accounts as patronage dividends are declared.

d) Fixed assets

The major components of fixed assets are:

	1978 (thousands of dollars)	1977	Rate of Depreciation
Cost			
Sites	\$ 2,674	\$ 2,387	nil
Buildings	132,490	125,710	5 - 10%
Machinery and equipment	76,302	65,797	20%
Vehicles	2,921	2,521	30%
Other	4,286	3,041	various
Work under construction	31,721	18,851	nil
	250,394	218,307	
Less accumulated depreciation	128,246	119,751	
Net book value	\$122,148	\$ 98,556	

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

e) Goodwill

The Company's policy is to amortize purchased goodwill on a straight line basis over ten years. The balance of \$1,208,000 will be amortized by 1985.

f) Unallocated earnings

Net earnings for the year before providing for income taxes are included as a current liability called unallocated earnings. These earnings are allocated by the Board of Directors after the annual meeting of delegates. Income taxes on current earnings retained cannot be determined until after the allocation to members has been made.

2. Investments and memberships

a) Investments and memberships are summarized as follows:

	1978 (thousands of dollars)	1977
Co-operative joint ventures	\$19,785	\$19,136
Other co-operative investments, principally shares	3,418	1,576
Memberships	47	47
	\$23,250	\$20,759

b) On April 28, 1978, the Company, together with a consortium of other co-operatives, undertook to strengthen the financial condition of Canadian Co-operative Implements Limited. The Company invested \$1,750,000 in preferred shares and further agreed to provide a maximum of \$500,000 in working capital loans should the need arise in the future. As a result of this re-financing, the Company's guarantee of a previous financing arrangement was extinguished. The underlying value of this investment is dependent on the continued viability of Canadian Co-operative Implements Limited.

c) Included in investments in co-operative joint ventures are notes receivable totalling \$6,889,000 which have been postponed in favour of other creditors of these companies.

d) An investment of \$5,000,000 in 5 3/4% first mortgage bonds, maturing on June 30, 1979, continues to be shown as a non-current asset as an extension of the maturity date, as well as changes in other terms, is presently being negotiated.

3. Bank loans

Accounts receivable, inventories, conditional sales contracts and fire insurance policies on stocks of grain have been assigned to secure bank loans.

4. Long term debt

a) The long term debt of the Company is as follows:

	1978 (thousands of dollars)	1977
7 1/4% first mortgage debenture loan	\$ 5,125	\$ 6,450
Members' term loans	24,643	20,719
9 1/2% sinking fund debentures series A	30,000	—
	59,768	27,169
Portion due within one year ..	3,842	8,508
	\$55,926	\$18,661

b) The first mortgage debenture loan consists of borrowings from the Saskatchewan Co-operative Credit Society Limited of \$3,225,000 and Co-operative Fire and Casualty Company of \$1,900,000, bearing interest at 7¼% and repayable at \$1,325,000 on August 1st each year to 1979 and \$2,475,000 in 1980. The debenture is secured by an unregistered mortgage on the Company's head office properties, and by hypothecation of Western Co-operative Fertilizers Limited bonds in the principal amount of \$5,000,000.

c) Members' term loans range from two year to ten year terms with interest rates from 8% to 10%. Each loan is repayable at maturity with interest payable semi-annually.

d) On August 3, 1977 the Company issued \$15,000,000 of 9½% sinking fund debentures series A with a further \$15,000,000 issued on March 1, 1978. Interest is due and payable on February 1 and August 1 of each year.

In each of the years 1981 to 1996 sinking fund payments will be made to the Trustee sufficient to retire \$1,400,000 principal amount of the debentures with the issue maturing on August, 1, 1997. The debentures are not redeemable prior to August, 1, 1992, except for sinking fund purposes, from the proceeds of funds borrowed at a lower interest cost. The issue is secured by a floating charge on all the property and assets of the Company.

5. Share capital

a) Details of changes in share capital during the year are as follows:

	1978 (thousands of dollars)	1977
Balance, beginning of year.....	\$114,166	\$ 98,667
Add: New Shares allotted.....	13	17
Allocated from prior year's earnings.....	16,539	23,611
	<u>16,552</u>	<u>23,628</u>
Less Share redemptions:		
Purchased from eligible categories.....	2,175	2,553
Authorized annual redemptions and adjustments.....	3,650	5,576
	<u>5,825</u>	<u>8,129</u>
Balance, end of year.....	\$124,893	\$114,166

b) The number of shares issued to members is as follows:

	1978	1977
Fully paid.....	124,853,618	114,127,216
Partially paid.....	78,358	77,748

c) By resolution of delegates, authorized capital was increased from \$120,000,000 to \$200,000,000 during the year.

6. Commitments, guarantees and contingent liabilities

a) The Company has guaranteed borrowings of several co-operative joint ventures to maximum amounts aggregating \$5,267,000 (1977-\$10,767,000). The Company has also guaranteed performance of two co-operative joint ventures under Process Elevator Bonds placed with the Canadian

Grain Commission to maximum amounts aggregating \$12,067,000 (1977-\$14,067,000). The aggregate amount of the bonds fluctuates from time to time.

b) At July 31, 1978 planned future expenditures on authorized capital programs approximated \$17,453,000.

c) There is a liability of undetermined amount in connection with unexpired subscriptions to The Western Producer.

d) Future payments to the employees' retirement plans in respect to past services have been actuarially determined to be \$9,640,000 and are required to be made in varying amounts over the next 14 years. During the year payments totalling \$698,000 were made to the plans in respect of past services.

An actuarial valuation of the plans as at December 31, 1975 disclosed an experience deficiency which is being funded over a five year period. Payments of \$667,000 were made during the year in respect of this deficiency and future payments totalling \$1,334,000 are required to be made over the next two years.

e) Western Co-operative Fertilizers Limited is in the process of negotiating a 50% interest in certain phosphate rock leases, processing facilities and inventories at Conda, Idaho, U.S.A. to be acquired by a wholly-owned U.S. subsidiary at an estimated cost of \$61,000,000 U.S. The financing of this acquisition over 17 years, together with certain operating costs, will be covered by contractual commitments to purchase specified minimum annual quantities of phosphate rock. Saskatchewan Wheat Pool will guarantee a portion of this annual commitment.

7. Anti-inflation legislation

The Company is subject to and is complying with the federal government's anti-inflation legislation. The legislation limits increases in prices, profits and compensation payments.

8. Additional information.

Included in the statement of operations are the following revenues and expenses:

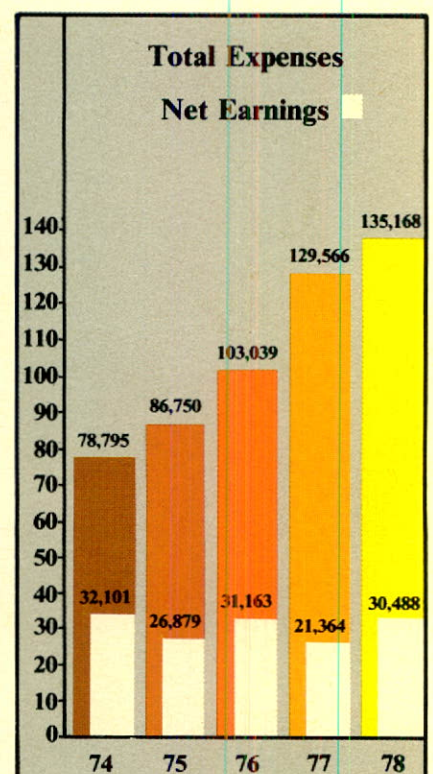
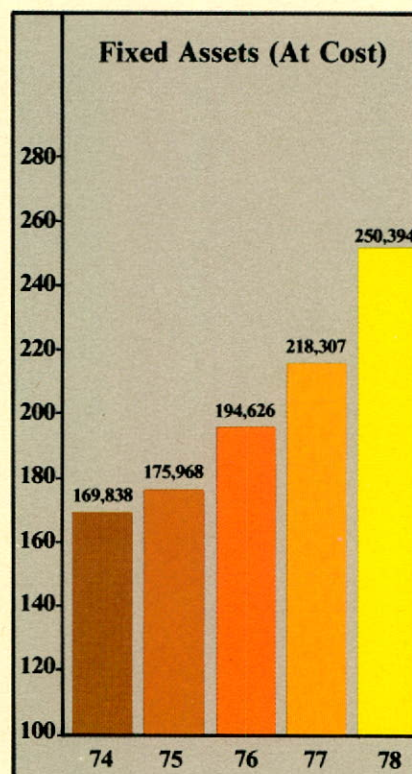
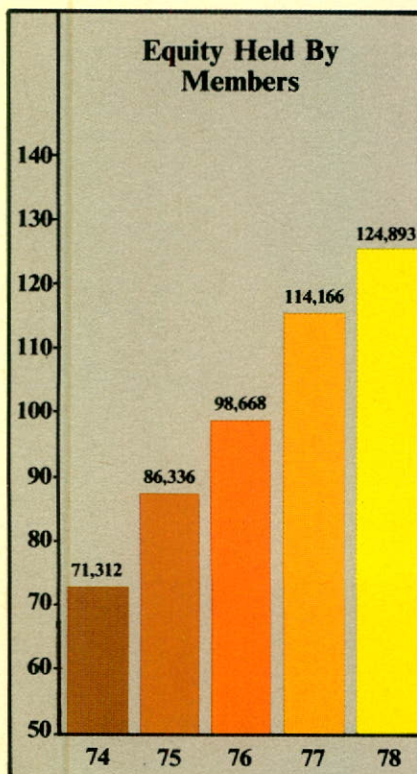
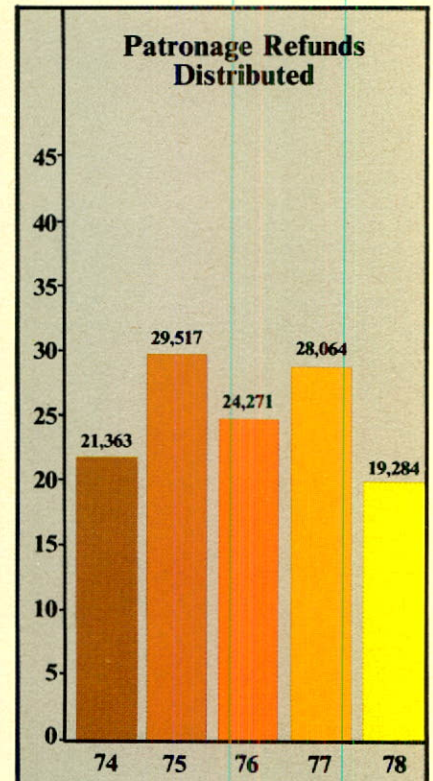
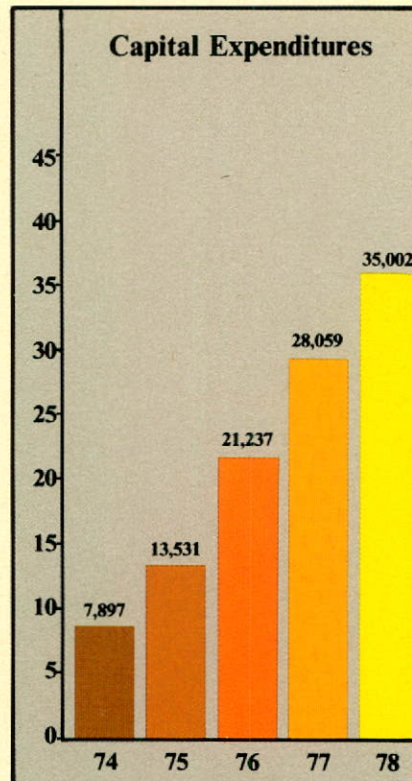
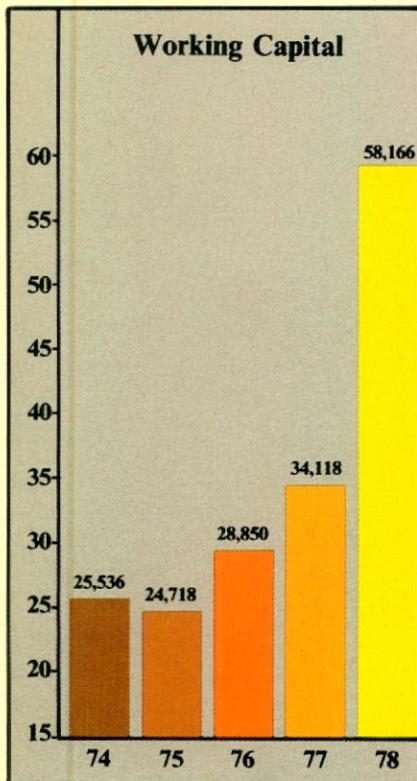
	1978 (thousands of dollars)	1977
Revenues		
Income from investments, principally interest.....	\$4,472	\$5,761
Expenses		
Depreciation.....	11,410	9,591
Amortization of goodwill....	330	330
Interest on long term debt..	4,510	1,853
Other interest.....	5,601	7,274

9. Comparative figures

Certain 1977 amounts have been restated to conform with the 1978 presentation.

Five Year Summary

in thousands of dollars



Photos by

Gibson Photos (1977) Ltd., Saskatoon

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Tim Almas, Regina

Lumby Productions Ltd., Saskatoon

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Jim Struthers, Regina

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