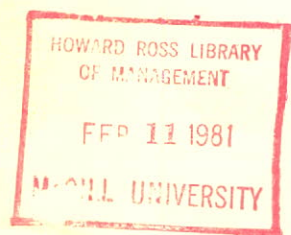


# SASKATCHEWAN WHEAT POOL

*and subsidiary companies*

# ANNUAL REPORT 80





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## BOARD OF DIRECTORS 1979-80

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*  
G. A. SIEMENS, *Fiske, District 11*  
A. B. WOOD, *Ruthilda, District 12*  
W. B. MUNDELL, *Leroy, District 13*  
H. G. YELLAND, *Porcupine Plain, District 14*

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(effective April, 1980)

O. E. DAHL, *Viceroy, District 2*

M. KOSTICHUK, *Insinger, District 8*

## 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

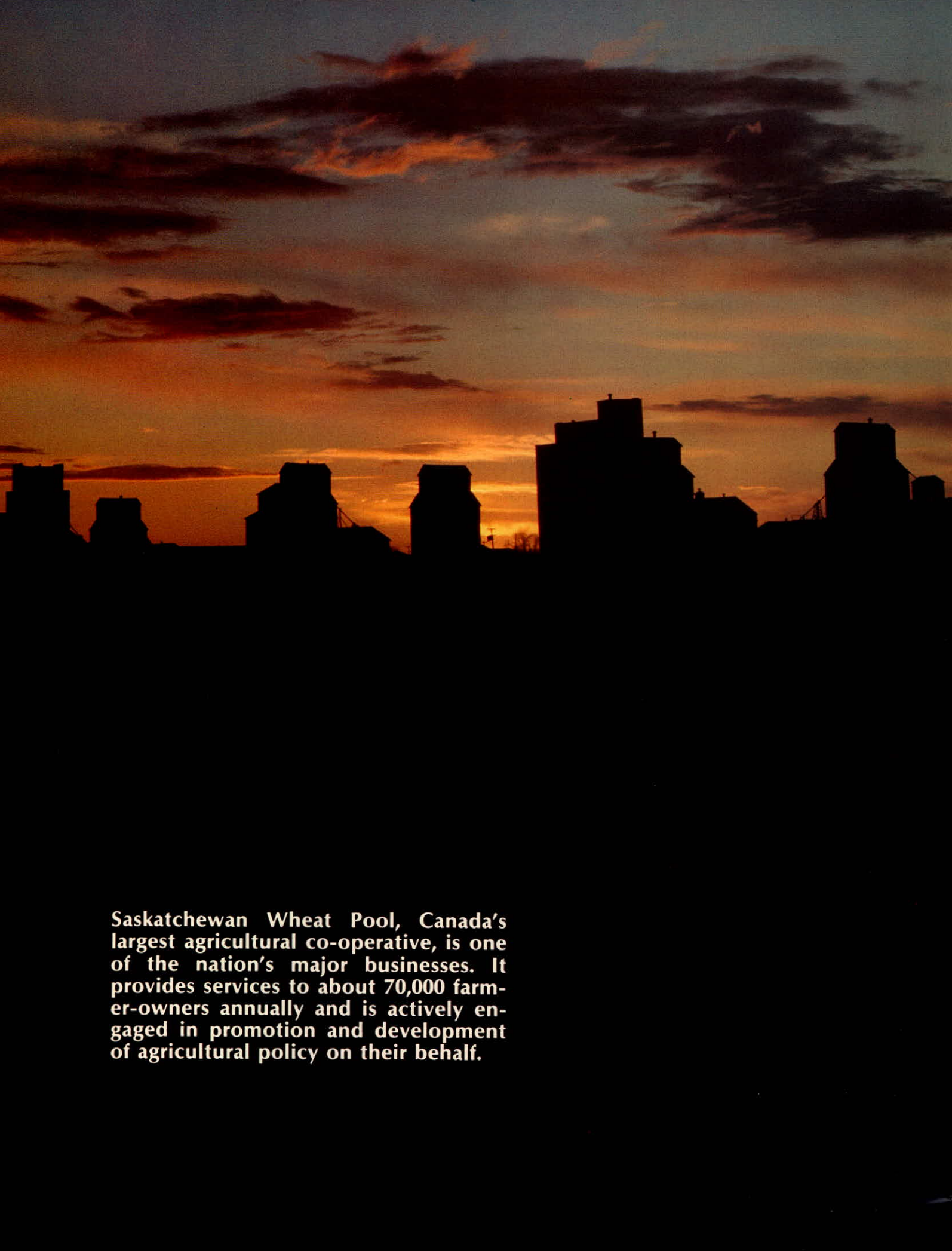
## SENIOR OFFICERS 1979-80

I. K. MUMFORD, *Chief Executive Officer*  
J. O. WRIGHT, *Corporate Secretary*  
C. R. KASHA, *Treasurer*  
J. M. FAIR, *General Manager, Operations*  
G. M. McGLAUGHLIN,  
*Executive Assistant to the Secretary*

## DIVISION DIRECTORS 1979-80

C. M. RYAN, *Country Elevator Division*  
J. K. MacDONALD, *Terminal Elevator Division*  
R. E. McKENZIE, *Farm Service Division*  
C. E. LEASK, *Livestock Division*  
R. H. D. PHILLIPS, *Western Producer Publications*  
R. B. PITFIELD, *Corporate Engineering Division*  
G. PEARDON,  
*Management Information Services Division*  
M. KERELUKE, *Personnel & Organization Division*  
J. I. TRAQUAIR, *Acting Director, Extension Division*  
A. D. MCLEOD, *Research Division*  
IAN BICKLE, *Information Division*

**HEAD OFFICE** SASKATCHEWAN WHEAT POOL,  
2625 Victoria Avenue, Regina, Saskatchewan S4P 2Y6 Telephone (306) 569-4411, Telex 071-2284,  
TWX 610-721-1340



**Saskatchewan Wheat Pool, Canada's largest agricultural co-operative, is one of the nation's major businesses. It provides services to about 70,000 farmer-owners annually and is actively engaged in promotion and development of agricultural policy on their behalf.**



## A REVIEW 1979-80

Saskatchewan's 1979 grain crop was reduced significantly from the record levels of the three previous years. Drought and frost damage reduced yields and grades in the eastern half of the province but conditions were relatively favourable across the west side. Strong export demand and an improved car supply permitted a new record 22.0 million tonnes export volume from Western Canada. Grain delivery quotas for cereal grains were opened wide throughout much of the province, the first time this had happened in a number of years. Grain prices at year's end were near record levels with Extra 1 C.W. wheat quoted at \$236.00 per tonne. This followed a depressing effect on prices due, at least in part, to the U.S. embargo on grain sales to the U.S.S.R.

Marketings of cattle were down, with livestock numbers on farms at their lowest level in years. Increased hog marketings tended to hold all meat prices down. Conditions were aggravated by the severe spring drought reducing hay and feed supplies.

Record Pool earnings of \$53.9 million compared with \$36.7 million in the previous year. All divisions had earnings and subsidiary operations contributed just under \$13 million of the figure achieved.

Work continued on development of a computer network for country elevators, farm service centres and for livestock marketing.

Farm supply sales reached new records in an extremely competitive market, complicated by drought conditions during the spring and early summer period.

The capital budget provided for \$29 million, used chiefly in the country and terminal elevator system.

Extensive emphasis has been placed on safety and accident prevention throughout the company and is reflected in improved experience with Workers' Compensation Board claims in Saskatchewan and an accident rate at Thunder Bay Terminals lower than the Ontario average. While achievements are gratifying, there are continuing efforts to improve health, safety and accident awareness programs.

Energy conservation was given increased attention in all development plans related to expansion both in country operations and at terminals. New construction was evaluated, basis heat utilization and lighting capacities. Such procedures will continue.



Major policy issues were related to grain production, marketing, handling and transportation. In the latter area, Pool actions helped to stimulate government purchase of hopper cars and these additional cars were important in moving the year's volumes.

Other issues given detailed attention included agricultural research, the drought, inflation, interest rates, energy for agriculture, livestock production and marketing, and land use.

Much-needed decisions with regard to the future branch line configuration were announced by the federal government during the year. The crucial question of compensation to the railways for hauling grain remained unresolved.

Grain handling capacity at the West Coast received continuing attention, both because of the accident at the Second Narrows Bridge and the continuing discussion about various developments at Prince Rupert.

One of the highlights of the Pool's member involvement program was a major event in Saskatoon, "Agriculture in the 80s." Almost 800 members examined the importance of agriculture and its role and that of the Pool in the economy of the future. There was a positive response to the event and the Board of Directors appreciated the direction that was provided.



## COUNTRY ELEVATOR DIVISION

Country elevator handlings reached 9.3 million tonnes, the third highest on record, and reflect the significant increase in overall grain movement. The handling percentage of 63.38 per cent represents an increase of almost 2¼ per cent over final figures for the previous season.

The Canadian Wheat Board's decision to pay premiums on wheat grading at least 1 CWSR 13.5 per cent protein meant more protein analyzers. At July 31, 1980, there were 102 analyzers at primary elevators, one at CSP Foods Ltd. in Saskatoon, and two at the Farm Service Centre in Regina.

Work continued on plans to test mini-computers in country elevators.

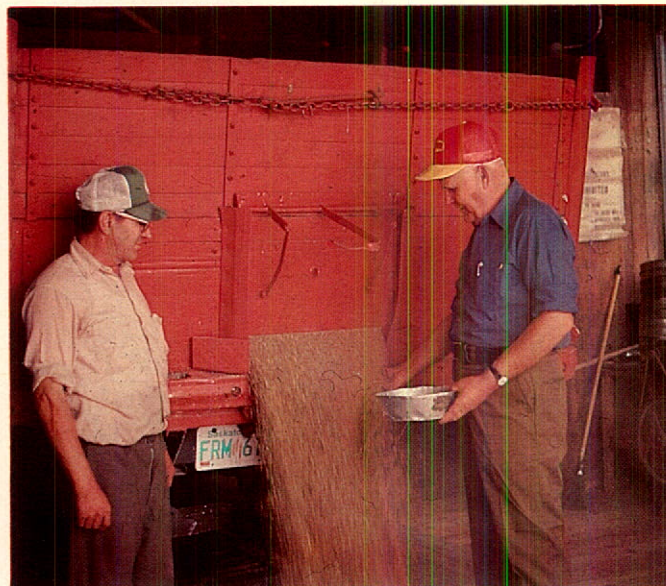
A department was established to co-ordinate the contracting, handling and marketing of special crops for Saskatchewan Wheat Pool. Crops include peas, lentils, faba beans, and canary seed.

A large capital and repair program was in effect during the year as the company continued its emphasis on redevelopment of the country elevator system. The program for the year included four new high throughput elevators, four new annexes, seven elevator moves with major improvements, three annex moves, 27 stations upgraded by way of major improvements, as well as minor projects including installation of dust collectors, car movers and scale conversions.

The ongoing Country Elevator Development Plan based on a maximum hauling distance of 25 miles (average 12 to 15 miles) has again been reviewed with delegates on a district or local basis. While new factors such as increased energy costs and the projected 30 million tonne export target encourage a greater emphasis on retention of facilities, nearly 100 stations in the system still handle less than 300,000 bushels and the systematic closure of such points will be essential to make the development program a practical reality.



*Elevator construction at Carnduff*



*Emil Sabulsky of Yorkton and Pool agent John Denesik, Insinger*

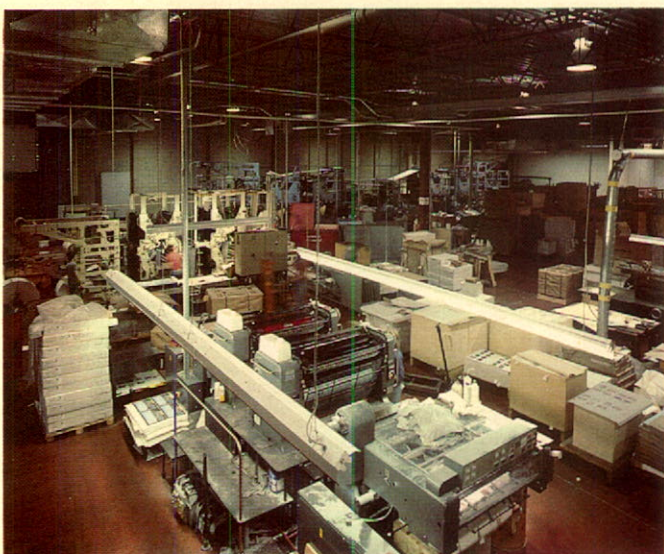
## WESTERN PRODUCER PUBLICATIONS

The Division achieved the highest earning ever as records were achieved in virtually all areas of the operation.

Among major changes in The Western Producer to provide the best possible newspaper for farmer readers was the creation of a news bureau in Ottawa.

Highlight stories carried during the year were the federal election, negotiations for expansion of grain handling capacity at Prince Rupert, the American restriction on grain shipments to the Soviet Union and the continuing debate on transportation and freight rates.





*Interior of Western Producer Publications*



*Terminal No. 4 at Thunder Bay*

## TERMINAL ELEVATOR DIVISION

Combined operations established new records for handling as the industry achieved new export levels.

Operations at Thunder Bay achieved a new record of 7.7 million tonnes throughput compared to the previous record of 7.1 million in 1977-78. Major factors contributing to the new record were: the improved efficiencies resulting from terminal upgradings; restrictions placed on storage of non-Board grains in terminal position thus allowing a rapid throughput of all grains; an early opening of navigation.

Vancouver operations were approximately 200 000 tonnes below the level achieved in the previous year, reasonably good considering that there were limited supplies of grain for a 4½ month period while the Second Narrows bridge was out of service. The major movement of grain to Prince Rupert, primarily from CN lines, resulted in a reduction of CN cars into Vancouver and affected the throughput.

At Thunder Bay, work continued on the control and communications project at Terminal No. 4; the overall results have been gratifying with a substantial increase in unloading capacity and improved efficiency.

Other significant projects completed or in process include diverter-type samplers for shipping at Terminal No. 4 and pneumatic sample transporters at Terminals 4 and 7. Automatic electronic scales are being installed at Terminals 15, 8 and 7B, and cleaner upgrading occurred at all plants.

Terminal 5 was demolished and the land it occupied plus Terminal 5F have been sold to a local firm for the handling of pellets.

A millwright training program at Thunder Bay, the first of its kind, provided several workers with the skills to maintain terminal equipment.

At Vancouver, the first stage of the oilseed plant expansion was completed, increasing cleaning capacity to 600-700 tonnes per day.

The Vancouver terminal was the first in Canada to have a Safety Committee which was officially approved by Labour Canada.

At the Winnipeg office renovations were completed, allowing accounting offices to be consolidated and the grade checking area to be expanded to provide for protein testing.

Including expenditures in 1979-80, more than \$20 million has been spent over the past few years for installation and upgrading of dust elimination equipment in Thunder Bay terminals. In addition to original investment on such equipment at Vancouver, \$3 million has been spent.

The newspaper's circulation, which has been declining with the drop in farm population, was 135,925 at June 30, 1980.

Life insurance sales were added to the insurance services during the fiscal year. The number of farm property insurance policies in force continued to increase.

Western Producer Prairie Books experienced its best publication year. Fourteen new titles were published along with a revised edition of a former title; four other titles were reprinted.

Book sales during the year, in excess of 90,000, were the best on record, surpassing the year before by 65 percent.



## FARM SERVICE DIVISION

Farm supply sales for the 1979-80 season were \$107.8 million, a new record for the Division and an increase of about seven percent over the previous year. Despite this fact, the year brought home very clearly the extent to which sales can be affected not just by economic conditions but more particularly by weather. Drought during May and June of 1980 brought an abrupt halt to a strong sales trend.

To extend service to producers, new service centres were opened at Leader and Watrous. Other major construction projects included three bulk fertilizer plants and sheds at several elevators.

Over 17 years, some \$20 million has been invested in capital projects and this has enabled the Division to maintain an operation second to none in facilities, equipment and services.

An extensive training and development program was planned and introduced. Ninety-six agents were honored through a sales recognition program.

The Technical Services Department assisted in training programs and was involved in various product information projects including displays at Agribition, Mexabition, Farm Progress show and Pool Producer Days.

Use of agricultural chemicals came under severe scrutiny from many sources during the year and resulted in more attention being given to dealing with these concerns.

Drought conditions in May and June resulted in a larger than ever number of inquiries being answered regarding use of various chemicals while the crop was under stress.

The Product Development Branch continued to initiate new projects and improvement of ongoing programs.

Varietal development continued during the year. Most of the plant material from the Pool's own crosses and from co-operating companies is still in early stages of testing at the Watrous farm. The three Pools are working together in various variety development programs and are continuing to co-operate with public plant breeding institutions. The Branch is co-ordinating the wheat variety development program for the three Pools.

There were approximately 900 plots in the chemical field program in the summer of 1980. These consisted of contracts with nine companies.

More work was carried out on methods of applying fertilizer under zero-minimum tillage conditions. Urea application on snow appeared



*Flour mill in Saskatoon*



*Walter Davidson, manager of the Farm Service Centre at Kindersley*

promising. Extensive testing of pneumatic applicators was undertaken across the province in co-operation with WCFL.

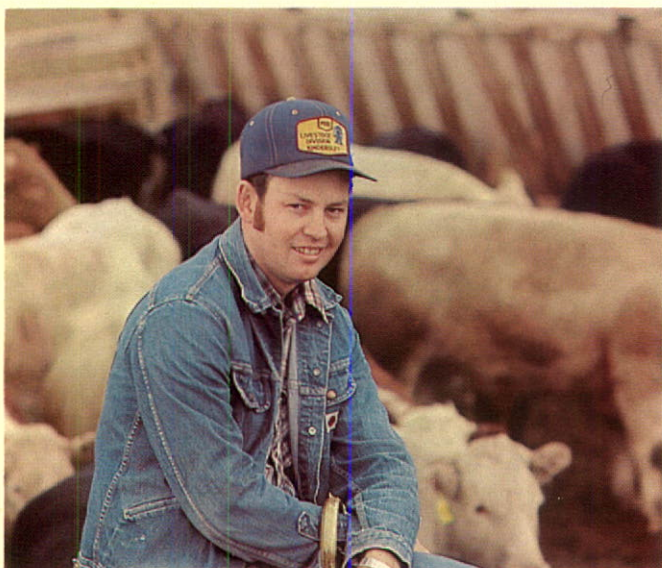
## FLOUR MILL DIVISION

Total sales for the year were down by 5 700 tonnes from the previous year, reflecting a decrease of 9 400 tonnes in export sales and an increase of 3 700 tonnes in domestic marketings. The drop in export sales predominantly reflects the reduction in CIDA programs for aid flour to various countries, while the increase in domestic sales was distorted by a large inventory build-up by domestic buyers





Inside looking out, at the Regina Pool Complex



Manager Ken Lidberg of the Kindersley Livestock Yards

during July, just prior to the increase in domestic prices on August 1.

After many years in litigation, the Canadian National Millers Association was successful in contesting with the railways demurrage rates assessed on export freight moving under the "At and East" statutory rate. The ruling by the Supreme Court meant \$4 million for the industry for demurrage assessed since 1968 and resulted in a saving of \$100,000 for the Pool's mill.

The plant operated 267 days during the year.

A \$900,000 capacity expansion program began. It's intended to increase the current production capability by 25 per cent.

## LIVESTOCK DIVISION

The Division handled 584,388 head of cattle and calves, down 5.8 percent from 1978-79 handlings. Hogs handled for the Saskatchewan Hog Marketing Commission, however, increased by 47.7 per cent to 149,951 head.

There were large increases in pork and poultry production during the 1979-80 crop year. This led to a substantial decline in pork prices which also had a negative impact on beef prices.

Prices of cattle strengthened from August, 1979, to January, 1980, but feeder prices rose more than was realistic. When finished prices fell in February-July, 1980, producers who were finishing cattle experienced losses.

The Division continued to participate in 4-H calf sales, being represented at 24 sales at which 308 calves were purchased.

The Division pooled 84,580 cattle, or about 14.5 per cent of total cattle and calf handlings.

Activity under the feeder finance program was reduced during the past year to little more than half of the previous year's activity.

A study was initiated to determine the feasibility of using computers to assist branch staff in daily operating procedures. As a result, design work of a system began in January 1980 and implementation of a pilot project is scheduled for the spring of 1981 at the Regina branch. If the project is successful, the system will be extended to all Pool-owned yards later in the year.



## ASSOCIATED ORGANIZATIONS

The growth and development of joint venture operations played a significant role in the operation of Saskatchewan Wheat Pool during the past year. Success in future will depend increasingly on close working relationships with other organizations. The original concept of subsidiary operations was to improve efficiency and provide a broader marketing base for the particular venture. In today's economic conditions the necessity of the joint venture approach has become even more evident as development costs have risen dramatically. In future years the involvement of governments in joint venture operations will increase either in financing or direct participation. While the trend is not always desirable, governments of all political persuasions are becoming more involved in commercial business affairs either due to their control of funds or their general dominance of the economy. The Pool's philosophy has been to maintain active dialogue with all governments in farm policy matters, and management has experienced few problems in extending this concept to commercial operations.

Highlights of 1979-80 operations of associated co-operatives follow.

### Western Co-operative Fertilizers Ltd.

WCFL achieved a new record in fertilizer manufacture and shipment. Dry fertilizer manufactured at the Calgary and Medicine Hat plants totalled 559,000 tons. An additional 246,500 tons were purchased from other manufacturers such as Canadian Fertilizers Ltd., owned by three Canadian Co-ops including WCFL, and a U.S. farm supply co-operative.

WCFL's share of the Western Canadian market increased over the previous year.

Projected capital expenditures in excess of \$100 million will be required at the WCFL plants over the next five to seven years to accommodate projected production increase requirements and to meet emission standards imposed by the Alberta Department of the Environment. An important project started in the past year is a \$20 million sulphuric acid plant at Medicine Hat.

An item of key concern was resolved during the year when fertilizer companies were acquitted of charges laid by the Department of Consumer and Corporate Affairs.

### CSP Foods Ltd.

CSP Foods established new records in earnings and in total crush.

The company purchased Dundas Valley Food Products Ltd., providing a base for future growth into the Eastern domestic refined oil markets. This acquisition along with the introduction of Achieve margarine opens up a new and significant challenge for the organization.

The construction of a \$40 million crushing plant near the Saskatchewan-Manitoba border at Harrowby, Manitoba, was authorized shortly after fiscal year end. The intent is that seed will be drawn about equally from the Manitoba and Saskatchewan regions. Capacity will be 600 tonnes per day.

Work has begun on upgrading crushing facilities at Saskatoon and on a new receiving facility at Nipawin.

### XCAN Grain Ltd.

XCAN Grain Ltd. completed its 10th year of successful operations.

The most significant development was the incorporation of XCAN Shipping Ltd. This will provide for flexibility and more specialized attention to the growing freight operations of the company.

The European affiliate, Powell Union Produce Ltd., changed its name to XCAN Grain (Europe) Ltd. and continued to strengthen its operations and perform a valuable role in servicing customers in Europe and North Africa. XCAN Far East Ltd., the wholly-owned subsidiary in Japan, continued to do an excellent job, particularly related to rapeseed exports to Japan.

### Pacific Elevators Ltd.

Handlings at Pacific Elevators totalled just under 2.5 million tonnes, a new record.

The plant, managed by Alberta Wheat Pool, operated in a very efficient manner.

### Prince Rupert Grain Ltd.

The federal government turned over its elevator to a consortium of grain companies and a net earning was achieved on operations. The first stages of a \$2,500,000 upgrading program are underway.

Negotiations for the construction of a new \$160 million terminal at Prince Rupert occupied a great amount of time during 1979-80 before agreement was achieved. Construction is expected to begin about September, 1981. The Government of Alberta has agreed in principle to provide about 75 per cent of the financing for the project on a repayable basis with part bearing a basic fixed interest rate plus a share of earnings, and part on the basis of share of earnings only.

The consortium operating the present terminal and building a new one consists of Saskatchewan, Alberta and Manitoba Pools, United Grain Growers, Pioneer Grain, and Cargill Grain.



## SERVICE DIVISIONS

*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 the Chief Executive Officer on operational areas.*

### Co-operative Energy Venture

The Government of Canada has expressed its desire to repatriate 50 percent of the Canadian oil industry by about 1990. Discussions were held between various co-operatives and the Government of Canada which may lead to formation of an organization representing the major co-operatives to participate in an energy development program. Saskatchewan Wheat Pool is involved and the proposal is being explored further.

### Co-op and Farm Organizations

Saskatchewan Wheat Pool is represented on the Board of the Co-operative Union of Canada which carries the interests of the co-operative movement to the federal government and co-ordinates Canadian co-operative assistance to international development.

The Pool is a major shareholder in The Co-operators Group Limited, a national holding company which controls Co-operative Life Insurance Company, Co-operative Fire and Casualty Company, the Co-operators Insurance Association and the Co-operators Life Insurance Association of Ontario.

The Pool maintains a membership in the Co-operative College of Canada.

The Pool was one of the original members of the Saskatchewan Co-operative Credit Society (known now as Credit Union Central), the Canadian Co-operative Credit Society and the Co-operative Trust Company of Canada. The Pool is part of Canadian Pool Agencies Limited and Pool Insurance Company, through which the three Pools insure their facilities and inventory.

Saskatchewan Wheat Pool has always played a prominent role as a member of the Saskatchewan Federation of Agriculture which pursues agricultural policy matters through the Canadian Federation of Agriculture. There is also direct initiative to governments and government agencies and joint efforts with other Pools aimed at stimulating government action.

Canadian farm organizations are represented in the International Federation of Agricultural Producers through the Canadian Federation of Agriculture.

**Treasury Division** is 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 systems, 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.*

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



## BOARD OF DIRECTORS 1979-80

### **E. K. (Ted) Turner**, President

Director, District 16

Elected: Delegate 1957; Director 1960; First Vice-President 1966; President 1969.

Board of Directors: Western Co-operative Fertilizers Limited; XCAN Grain Limited (President); Prince Rupert Grain Ltd.; Pacific Elevators Ltd.

Member, Advisory Committee, Canadian Wheat Board. Advisor, International Wheat Agreement talks, 1971 and 1978.

### **D. M. (Don) Lockwood**, First Vice-President Director, District 10

Elected: Delegate 1951-1953, elected again 1959; Director 1962; Executive Committee 1968; Second Vice-President 1969; First Vice-President 1973.

President, Co-operative Union of Canada.  
Director and executive member, The Co-operators Group Ltd.  
Director, Northland Bank.

### **J. W. (Bill) Marshall**, Second Vice-President Director, District 15

Elected: Delegate 1962; Director 1966; Executive Committee 1968; Second Vice-President 1973.  
Member, Livestock Production and Marketing Committee of the Board.

President, Saskatchewan Federation of Agriculture.  
Board Member, Canadian Federation of Agriculture.  
Director: Western Co-operative Fertilizers Limited; CSP Foods Limited; Rapeseed Association of Canada.

### **A. K. (Avery) Sahl**

Mossbank

Director, District 5 and Member of the Board's Executive Committee.

Elected: Delegate 1962; Director 1968; Executive Committee 1972.

Member, Field Crops Production and Marketing Committee of the Board.

Member, Advisory Committee, Canadian Wheat Board

Member, Advisory Committee to the Western Grain Stabilization Plan.

### **G. (Garf) Stevenson**

Whitewood

Director, District 7 and Member of the Board's Executive Committee.

Elected: Delegate 1959; Director 1968; Executive Committee 1971.

Member, Livestock Production and Marketing Committee of the Board.

Board Member, Saskatchewan Federation of Agriculture.

Member, Saskatchewan University Commission.  
Member, Regional Committee, The Co-operators.  
Director, Western Co-operative Fertilizers Ltd.  
Director, Swine Research Board.

### **R. W. (Ray) Luterbach**

Lampman

Director, District 1

Elected Delegate 1970.

Elected Director 1976.

Member, Livestock Production and Marketing Committee of the Board.

Member, Regional Committee, The Co-operators.  
Member, Board of Directors, Estevan Credit Union.  
Director, Co-op Trust of Canada.

### **H. M. (Merle) Sproule**

Lafleche

Director, District 2

Delegate 1953-56; 1958-64; elected again 1975.

Elected Director 1977 (Served until April, 1980).

Member, Field Crops Production and Marketing Committee of the Board.

Member, Western Grain Standards Committee, Canadian Grain Commission.

### **G. C. (Gus) Anderson**

Val Marie

Director, District 3

Elected Delegate 1959.

Elected Director 1964.

Member, Member Relations and Information Committee of the Board.



**C. E. (Cliff) Murch**

Lancer  
Director, District 4  
Elected Delegate 1968.  
Elected Director 1973.  
Member, Field Crops Production and Marketing  
Committee of the Board.  
Member, Saskatchewan Natural Products  
Marketing Council.  
Member, Regional Board, Co-op College of  
Canada.

**R. T. (Roger) Gray**

Indian Head  
Director, District 6  
Delegate 1953-58 and elected again 1967.  
Elected Director 1976.  
Member, Member Relations and Information  
Committee of the Board.  
Member, Provincial Land Use Committee.

**Wm. (Bill) Schutz**

Saltcoats  
Director, District 8  
Elected Delegate 1949.  
Elected Director 1972 (Retired April, 1980).  
Member, Livestock Production and Marketing  
Committee of the Board.

**H. F. (Hugh) McLeod**

Leross  
Director, District 9  
Elected Delegate 1955.  
Elected Director 1964.  
Member, Livestock Production and Marketing  
Committee of the Board.  
President, Saskatchewan Safety Council.  
Governor, Canadian Centre for Occupational  
Health and Safety.

**G. A. (George) Siemens**

Fiske  
Director, District 11  
Elected Delegate 1963.  
Elected Director 1978.  
Member, Member Relations and Information  
Committee of the Board.

**A. B. (Aubrey) Wood**

Ruthilda  
Director, District 12  
Elected Delegate 1968.  
Elected Director 1973.  
Member, Livestock Production and Marketing  
Committee of the Board.  
Board Member, Farm Credit Corporation Appeal  
Board.  
Board Member, Saskatchewan Mining  
Development Corporation.

**W. B. (Bernard) Mundell**

Leroy  
Director, District 13  
Elected Delegate 1953.  
Elected Director 1968.  
Member, Field Crops Production and Marketing  
Committee of the Board.

**H. G. (Harold) Yelland**

Porcupine Plain  
Director, District 14  
Elected Delegate 1960.  
Elected Director 1973.  
Member, Field Crops Production and Marketing  
Committee of the Board.  
Member, Western Grain Standards Committee,  
Canadian Grain Commission.  
Board Member, CSP Foods Ltd.

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**O. E. (Orville) Dahl**

Viceroy  
Director, District 2  
Elected Delegate 1959.  
Elected Director April, 1980.  
Member, Member Relations and Information  
Committee of the Board.

**M. (Maurice) Kostichuk**

Insinger  
Director, District 8  
Elected Delegate 1969.  
Elected Director April, 1980.  
Member, Field Crops Production and Marketing  
Committee of the Board.





From left, back row: R. W. Luterbach, W. B. Mundell, J. W. Marshall, D. M. Lockwood, A. K. Sahl, C. E. Murch, H. M. Sproule, Wm. Schutz.  
Front row: G. C. Anderson, R. T. Gray, H. F. McLeod, E. K. Turner, G. Stevenson, G. A. Siemens, H. G. Yelland, A. B. Wood.



Two new directors were elected in April, 1980. The director in a reorganized District 2 is O. E. Dahl, Viceroy (left), and in District 8, Maurice Kostichuk, Insinger, succeeded Wm. Schutz, Saltcoats, who retired.



**POOL**

## SENIOR OFFICERS



**I. K. Mumford**, Chief Executive Officer, is responsible to the Board of Directors for all commercial operations and related services.

**J. O. Wright**, Corporate Secretary, is responsible to the Board for co-ordination of the farm policy activity and for the programs of member relations, public information and research divisions.



**C. R. Kasha**, Treasurer, is responsible to the Board for financial policy and to general management for general treasury operations.

**J. M. Fair**, General Manager — Operations, is responsible to the Chief Executive Officer for the operations of the commercial divisions.





# DELEGATES 1979-80

The first list shows delegates in office prior to boundary changes and election in April 1980. The second list shows the result of those changes.

## DISTRICT 1

- |                           |                             |
|---------------------------|-----------------------------|
| 1. T. M. Firth, Carievale | 2. R. W. Luterbach, Lampman |
| 3. J. Kish, Estevan       | 4. N. T. Mossing, Estevan   |
| 5. J. Lohse, Oungre       | 6. E. O. Johnsrude, Weyburn |
| 7. M. W. Shauf, Stoughton | 8. B. Hjertaas, Wauchope    |

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. T. M. Firth, Carievale   | 2. R. W. Luterbach, Lampman |
| 3. J. Kish, Estevan         | 4. P. Wiens, Midale         |
| 5. M. W. Shauf, Stoughton   | 6. W. C. Wilson, Carlyle    |
| 7. B. Hjertaas, Wauchope    | 8. A. A. Adamson, Fairlight |
| 9. W. J. E. Glydon, Kipling |                             |

## 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   |

- |                           |                             |
|---------------------------|-----------------------------|
| 1. J. Lohse, Oungre       | 2. S. Kozachuk, Fife Lake   |
| 3. O. E. Dahl, Viceroy    | 4. G. Muldoon, Crane Valley |
| 5. B. L. Nast, Trossachs  | 6. M. Wanner, Weyburn       |
| 7. K. Wiggins, Fillmore   | 8. H. Wilke, Yellow Grass   |
| 9. S. G. Petruic, Avonlea |                             |

## DISTRICT 3

- |                              |                              |
|------------------------------|------------------------------|
| 1. G. C. Anderson, Val Marie | 2. S. L. Onerheim, Frontier  |
| 3. G. A. Sanderson, Consul   | 4. H. V. Anderson, Shaunavon |
| 5. A. Stengler, Mankota      | 6. G. Wellbrock, Ponteix     |
| 7. G. E. Murphy, Neville     | 8. M. A. Janis, Glen Bain    |

- |                               |                              |
|-------------------------------|------------------------------|
| 1. J. C. Prefontaine, Lisieux | 2. A. Stengler, Mankota      |
| 3. G. C. Anderson, Val Marie  | 4. S. L. Onerheim, Frontier  |
| 5. G. A. Sanderson, Consul    | 6. H. V. Anderson, Shaunavon |
| 7. G. Wellbrock, Ponteix      | 8. G. E. Murphy, Neville     |
| 9. M. A. Janis, Glen Bain     | 10. H. M. Sproule, Lafleche  |

## DISTRICT 4

- |  |                                  |
|--|----------------------------------|
| 1. G. S. Lightfoot, Swift Current              | 2. R. W. Benjamin, Swift Current |
| 3. K. Sawby, Maple Creek (Resigned October 79) | 4. A. Myrol, Fox Valley          |
| A. Lockhart, Maple Creek (Elected December 79) |                                  |
| 5. S. Baron, Leader                            | 6. C. E. Murch, Lancer           |
| 7. J. A. Anderson, Cabri                       | 8. J. Macaulay, Leinan           |

- |                                   |                                  |
|-----------------------------------|----------------------------------|
| 1. G. S. Lightfoot, Swift Current | 2. R. W. Benjamin, Swift Current |
| 3. A. Lockhart, Maple Creek       | 4. A. Myrol, Fox Valley          |
| 5. E. Schneider, Leader           | 6. C. E. Murch, Lancer           |
| 7. J. A. Anderson, Cabri          | 8. J. Macaulay, Leinan           |
| 9. T. E. Moe, White Bear          |                                  |



Keith Wiggins of Fillmore in District 2.



James Mann, Hodgeville, District 5.



Merle Sproule, Lafleche, District 3, Chairman at Annual Meeting.

## DISTRICT 5

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

- |                           |                          |
|---------------------------|--------------------------|
| 1. A. K. Sahl, Mossbank   | 2. D. W. Hook, Bateman   |
| 3. J. Mann, Hodgeville    | 4. L. E. Buhr, Herbert   |
| 5. D. Pavier, Mortlach    | 6. N. R. Lowe, Moose Jaw |
| 7. R. Measner, Holdfast   | 8. D. E. Hicks, Marquis  |
| 9. J. M. Cooper, Tugaskie |                          |

## DISTRICT 6

- |                                |                            |
|--------------------------------|----------------------------|
| 1. H. C. Wilke, Yellow Grass   | 2. N. W. Haack, Milestone  |
| 3. S. G. Petruic, Avonlea      | 4. B. Cornea, Moose Jaw    |
| 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       |                            |

- |                            |                                 |
|----------------------------|---------------------------------|
| 1. A. Perras, Montmartre   | 2. A. Kambeitz, Sedley          |
| 3. B. Cornea, Moose Jaw    | 4. R. D. McKell, Regina         |
| 5. J. W. Russell, Craven   | 6. D. N. Olson, Fort Qu'Appelle |
| 7. R. T. Gray, Indian Head | 8. B. Senft, Lipton             |
| 9. E. Kramer, Southey      |                                 |





Gerald Muldoon, Crane Valley, District 2.



John Kish, Estevan, District 1.



Dave Sefton, Broadview, District 7.

## DISTRICT 7

1. A. A. Adamson, Fairlight
3. K. Wiggins, Fillmore
5. G. Stevenson, Whitewood
7. S. J. Pask, Esterhazy

1. E. Knuttila, Rocanville
3. D. B. Sefton, Broadview
5. B. Cooper, Waldron
7. E. Golemba, Ituna
9. R. E. Schmidt, Marchwell

2. W. J. E. Glydon, Kipling
4. D. B. Sefton, Broadview
6. E. Knuttila, Rocanville
8. K. A. Bender, Neudorf

2. G. Stevenson, Whitewood
4. A. Olson, Spy Hill
6. K. A. Bender, Neudorf
8. E. Mitrenga, Melville

## DISTRICT 8

1. Wm. Schutz, Saltcoats  
(Retired in April)
3. M. Kostichuk, Insinger
5. R. Galye, Wroxton
7. S. Hrynkiw, Canora
9. L. H. Fiala, Hyas

1. R. Galye, Wroxton
3. M. Kostichuk, Insinger
5. A. Kazakoff, Kamsack
7. L. H. Fiala, Hyas
9. N. Wetterlund, Sturgis

2. E. Mitrenga, Melville

4. T. W. Wood, Yorkton
6. A. Hladyboroda, Mikado
8. N. Wetterlund, Sturgis

2. T. W. Wood, Yorkton
4. A. Hladyboroda, Mikado
6. L. Abbott, Norquay
8. S. Hrynkiw, Canora

## DISTRICT 9

1. E. Golemba, Ituna
3. W. A. Day, Bulyea
5. G. A. Buitenhuis, Raymore
7. M. D. Horvath, Wishart
9. M. H. Ewert, Drake

2. E. Kramer, Southey
4. R. D. Young, Cymric
6. H. F. McLeod, Leross
8. F. H. Bjornson, Elfros

1. H. F. McLeod, Leross
3. R. D. Young, Cymric
5. C. Gudnason, Wynyard
7. G. Bottcher, Margo
9. D. Angell, Rose Valley

2. G. A. Buitenhuis, Raymore
4. M. H. Ewert, Drake
6. L. Gislason, Foam Lake
8. D. N. MacDonald, Wadena

## DISTRICT 10

1. K. W. Elder, Simpson
3. R. B. Gifford, Glenside
5. E. E. Hauta, Dinsmore
7. P. M. Paulsen, Hanley

2. D. M. Lockwood, Regina
4. M. Gossling, Lucky Lake
6. G. N. Robbins, Delisle
8. D. E. Rue, Watrous

1. K. W. Elder, Simpson
3. R. B. Gifford, Glenside
5. E. E. Hauta, Dinsmore
7. V. Murray, Young

2. D. M. Lockwood, Regina
4. R. H. Bunes, Demaine  
(Elected May 15/80)
6. M. F. Summerfeldt, Dundurn
8. A. Thoen, Viscount  
(Elected April 24/80)

9. B. C. Rugg, Elstow

## DISTRICT 11

1. T. E. Moe, White Bear
3. R. L. Howe, Eston
5. W. G. Nargang, Kindersley
7. S. F. Stanek, Rosetown
9. L. G. Thiessen, Kerrobert

2. W. A. Marjerrison, Elrose
4. R. J. Thomson, Alsask
6. G. A. Siemens, Fiske
8. R. W. Reynolds, Kerrobert

1. W. A. Marjerrison, Elrose
3. R. J. Thomson, Alsask
5. G. A. Siemens, Fiske

2. R. L. Howe, Eston
4. W. G. Nargang, Kindersley
6. D. C. Calvert, Rosetown  
(Elected April 24/80)
8. R. W. Reynolds, Kerrobert

7. G. N. Robbins, Delisle
9. J. Epp, Major

## DISTRICT 12

1. A. B. Wood, Ruthilda
3. C. J. Scherman, Battleford
5. R. A. Burwash, Macklin
7. C. Sawtell, Neilburg

2. H. H. Horner, Cando
4. E. M. Ternan, Luseland
6. A. Keay, Unity
8. G. Blackstock, Gallivan

1. C. E. Weir, Perdue
3. H. H. Horner, Cando
5. R. A. Burwash, Macklin
7. W. Cey, Scott  
(Elected April 24/80)
9. C. Sawtell, Neilburg

2. A. B. Wood, Ruthilda
4. E. M. Ternan, Luseland
6. A. Keay, Unity
8. C. J. Scherman, Battleford



### DISTRICT 13

- |                              |                              |
|------------------------------|------------------------------|
| 1. W. B. Mundell, Leroy      | 2. J. L. Hinz, Muenster      |
| 3. B. C. Rugg, Elstow        | 4. G. E. Harvey, Saskatoon   |
| 5. C. E. Weir, Perdue        | 6. E. Wiebe, Langham         |
| 7. L. M. Hamoline, Aberdeen  | 8. J. B. Buchinski, Cudworth |
| 9. E. Altrogge, St. Benedict |                              |

- |                              |                              |
|------------------------------|------------------------------|
| 1. W. B. Mundell, Leroy      | 2. L. Rueve, Muenster        |
| 3. J. L. Hinz, Muenster      | 4. J. B. Buchinski, Cudworth |
| 5. L. M. Hamoline, Aberdeen  | 6. G. E. Harvey, Saskatoon   |
| 7. M. P. Ozeroff, Langham    | 8. W. Funk, Laird            |
| 9. E. Altrogge, St. Benedict |                              |

### 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. L. LaPaire, Mistatim      | 8. L. Hleck, Codette              |
| 9. L. T. McConaghy, Beatty   |                                   |

- |  |                         |
|--|-------------------------|
| 1. H. G. Yelland, Porcupine Plain              | 2. W. Black, Archerwill |
| 3. D. N. Voldeng, Naicam<br>(Elected May 8/80) | 4. A. T. Groat, Melfort |
| 5. G. Bone, Tisdale                            | 6. L. LaPaire, Mistatim |
| 7. B. Weighill, Carrot River                   | 8. L. Hleck, Codette    |
| 9. L. T. McConaghy, Beatty                     |                         |

### DISTRICT 15

- |                                   |                             |
|-----------------------------------|-----------------------------|
| 1. J. L. Yeaman, Birch Hills      | 2. M. J. Lawrence, Meskanaw |
| 3. N. C. Hazelwood, Prince Albert | 4. W. H. Funk, Laird        |
| 5. Vacant                         | 6. L. J. Larsen, Canwood    |
| 7. J. W. Marshall, Regina         | 8. W. G. Cheal, Spruce Home |
| 9. N. L. McTaggart, Chociceland   |                             |

- |                                   |                                  |
|-----------------------------------|----------------------------------|
| 1. M. J. Lawrence, Meskanaw       | 2. J. R. Boyd, Kinistino         |
| 3. N. C. Hazelwood, Prince Albert | 4. A. P. Postnikoff, Blaine Lake |
| 5. C. J. Story, Leoville          | 6. L. J. Larsen, Canwood         |
| 7. J. W. Marshall, Regina         | 8. W. G. Cheal, Spruce Home      |
| 9. Vacant                         |                                  |

### 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. G. Finlay, Lloydminster   |
| 7. E. Morgan, Spruce Lake | 8. P. Loewen, Glenbush       |
| 9. C. J. Story, Leoville  | 10. C. P. Olson, Meadow Lake |

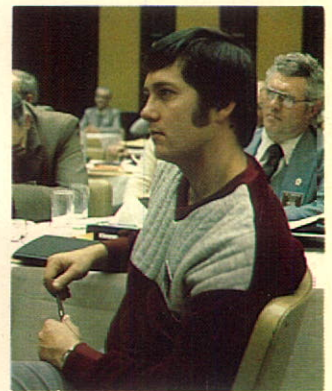
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|--|----------------------------|
| 1. E. K. Turner, Regina                                | 2. J. P. Simmonds, Speers  |
| 3. D. Van Der Haegen, Denholm<br>(Elected April 24/80) | 4. C. L. Hanson, Edam      |
| 5. W. M. Campbell, Waseca                              | 6. G. Finlay, Lloydminster |
| 7. R. Arnold, Spruce Lake                              | 8. P. Loewen, Glenbush     |
| 9. C. P. Olson, Meadow Lake                            |                            |



56th Annual Meeting of Delegates, November 11th to 21st, 1980.



Joe Hinz, Muenster, District 13.



Murray Janis, Glen Bain, and George Sanderson, Consul, District 3.



John Simmonds, Speers, District 16, addressing fellow delegates.







## ALLOCATION OF NET EARNINGS

The Board of Directors decided that the net earnings for the year ended July 31, 1980, in the amount of \$53,951,000 will be allocated as follows:

Grain:	(in thousands)
Patronage dividend at the rate of \$4.85 per tonne pursuant to Article 79 of the Articles of Association of the Company, estimated.....	\$42,176
<b>Farm Supplies:</b>	
Patronage dividend at the rate of 1.0 per cent of the value of farm supply purchases pursuant to Article 79 of the Articles of Association of the Company, estimated.....	985
<b>Total patronage dividend, estimated .....</b>	<b>43,161</b>
Provision for income tax, estimated .....	1,850
Transfer to unallocated earnings retained from prior years, estimated.....	8,940
<b>Total.....</b>	<b>\$53,951</b>

An estimated total of \$5,611,000 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 \$37,550,000 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 \$7,947,000 be used as required in 1980-81 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, 1980, and repayment of 7% of share equity to corporate members (Article 3(V)).
2. After allocation to shares of the 1979-80 patronage dividend, and payment of withholding tax, a sum of approximately \$8,990,000 be paid, representing a 5% purchase of share equity to members not attaining the age of 65 by December 31, 1980, and farming corporations (Article 3(i) and (ii)).

Payments totalling approximately \$22,548,000 will be made to or on behalf of members during the 1980-81 year.



## AUDITORS' REPORT

The Shareholders  
Saskatchewan Wheat Pool

We have examined the balance sheet of Saskatchewan Wheat Pool as at July 31, 1980 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 position of the Company as at July 31, 1980 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 14, 1980

TOUCHE ROSS & CO.  
Chartered Accountants





# BALANCE SHEET

At July 31

Statement 1

## Assets

	1980 (in thousands)	1979
Current assets		
Cash .....	\$ 2,797	\$ —
Term deposits .....	17,650	—
Accounts receivable .....	125,186	93,768
Inventories (Note 2a) .....	171,476	218,295
Prepaid expenses .....	4,305	3,653
Prepayment of income taxes .....	3,587	3,567
	<u>325,001</u>	<u>319,283</u>
Investments and memberships (Notes 2c, 3 & 7) .....	25,755	21,558
Fixed assets (Note 2d) .....	142,614	132,558
Goodwill (Notes 7 & 10) .....	—	879
	<u>\$493,370</u>	<u>\$474,278</u>

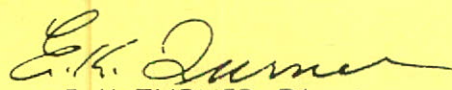
## Liabilities

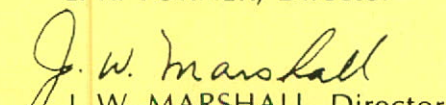
Current liabilities		
Outstanding cash tickets and cheques .....	\$101,411	\$ 72,542
Bank loans (Note 4) .....	—	56,100
Notes payable .....	—	11,750
Accounts payable .....	95,082	75,424
Long term debt due within one year .....	5,742	3,688
Unallocated earnings (Note 2e) .....	53,951	36,680
	<u>256,186</u>	<u>256,184</u>
Long term debt (Note 5) .....	56,160	55,948
	<u>312,346</u>	<u>312,132</u>

## Members' Equity

Share capital (Note 6) .....	152,286	136,191
Unallocated earnings retained .....	28,738	25,955
	<u>181,024</u>	<u>162,146</u>
	<u>\$493,370</u>	<u>\$474,278</u>

On behalf of the Board

  
E. K. TURNER, Director

  
J. W. MARSHALL, Director

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



## STATEMENT OF OPERATIONS

For the year ended July 31

	Statement 2	
	1980	1979
	(in thousands)	
Revenue from sales and services .....	\$1,730,016	\$1,295,583
Cost of sales and services .....	<u>1,641,118</u>	<u>1,230,394</u>
	88,898	65,189
Selling and administrative expenses .....	<u>45,435</u>	<u>35,254</u>
	<u>\$ 43,463</u>	<u>\$ 29,935</u>
Summary of net earnings by division		
Country Elevator .....	\$ 18,184	\$ 9,402
Terminal Elevator .....	20,192	13,292
Farm Service .....	1,384	5,276
Flour Mill .....	2,332	1,268
Livestock .....	229	308
Western Producer Publications .....	<u>1,142</u>	<u>389</u>
	43,463	29,935
Patronage dividend — CSP Foods Ltd. ....	9,720	5,196
Share of earnings		
Pacific Elevators Limited .....	2,068	1,549
Prince Rupert Grain Ltd. (Note 3d) .....	<u>998</u>	<u>—</u>
	56,249	36,680
Net earnings before extraordinary items .....	(2,298)	—
Extraordinary items (Note 7) .....	<u>\$ 53,951</u>	<u>\$ 36,680</u>
Net earnings .....		

## STATEMENT OF UNALLOCATED EARNINGS RETAINED

For the year ended July 31

	Statement 3	
	1980	1979
	(in thousands)	
Unallocated earnings retained, beginning of year .....	\$ 25,955	\$ 23,953
Prior year's earnings .....	36,680	30,488
Provision for incomes taxes .....	(1,350)	(1,275)
Patronage allocation to members		
Shares .....	(27,239)	(21,226)
Cash .....	(1,819)	(3,095)
Withholding taxes .....	<u>(4,061)</u>	<u>(3,252)</u>
Balance retained .....	2,211	1,640
Adjustment of prior years' income taxes .....	44	—
Net proceeds in excess of original cost on disposal of fixed assets .....	<u>528</u>	<u>362</u>
Unallocated earnings retained, end of year .....	<u>\$ 28,738</u>	<u>\$ 25,955</u>



# STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended July 31

Statement 4

	1980 (in thousands)	1979
<b>Working capital was provided by:</b>		
Prior year's earnings .....	\$ 36,680	\$ 30,488
Charges against current operations not requiring the use of funds		
Depreciation .....	17,898	14,848
Goodwill amortization .....	330	329
Extraordinary items .....	2,298	—
Redemption of investments .....	—	5,241
Increase in members' term loans .....	2,687	1,347
Other sources .....	590	375
	<u>60,483</u>	<u>52,628</u>
<b>Working capital was used for:</b>		
Fixed asset additions - net .....	27,954	25,258
Payments to or on behalf of members		
Share redemptions (Note 6a) .....	11,156	9,941
Cash .....	1,819	3,095
Withholding taxes .....	4,061	3,252
Increase in investments .....	5,952	3,549
Current maturity of first mortgage debenture loan .....	2,475	1,325
Provision for income taxes on prior year's earnings .....	1,350	1,275
	<u>54,767</u>	<u>47,695</u>
<b>Increase in working capital .....</b>	<b>5,716</b>	<b>4,933</b>
<b>Working capital, beginning of year .....</b>	<b>63,099</b>	<b>58,166</b>
<b>Working capital, end of year .....</b>	<b><u>\$ 68,815</u></b>	<b><u>\$ 63,099</u></b>



## NOTES TO FINANCIAL STATEMENTS

For the year ended July 31, 1980

1. **Saskatchewan Wheat Pool** is incorporated by special Act of the Saskatchewan legislature, which Act was amended and consolidated in 1980. The Company was granted continuance under The Business Corporations Act, Saskatchewan in 1980.

### 2. Significant accounting policies

#### a) Inventories

	1980 (in thousands)	1979 (in thousands)
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 .....	\$ 81,913	\$ 99,754
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 .....	29,897	79,510
Other inventory valued at the lower of cost (principally average cost) and net realizable value, or on the basis of open sales contracts .....	59,666	39,031
	<u>\$171,476</u>	<u>\$218,295</u>

#### 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

The Company follows the cost method of accounting for its investment in corporations over which it has significant influence. Under this method the Company's investment is carried on the balance sheet at cost and its share of earnings is reflected in income when determined and authorized for distribution. This method is presently followed as the Company's interest in the undistributed earnings of these corporations has not been determined. Studies are currently taking place to determine the Company's interest in such undistributed earnings which may result in a change in accounting policy.

The corporations accounted for under this method and the Company's proportionate interest therein are as follows:

Canadian Pool Agencies Limited .....	33⅓%
CSP Foods Ltd. ....	50%

Pacific Elevators Limited .....	30%
Pool Insurance Company .....	50%
Western Co-operative Fertilizers Limited .....	25%
Western Pool Terminals Ltd. ....	30%
XCAN Grain Ltd. ....	33⅓%

Other investments and memberships are also valued at cost. The Company's interest in earnings is reflected as dividends are received.

#### d) Fixed assets

The major components of fixed assets are:

	1980 (in thousands)	1979 (in thousands)	Rate of Depreciation
Cost			
Sites, tracks and paving .....	\$ 9,586	\$ 8,830	0 - 8%
Buildings .....	161,139	151,204	5 - 10%
Machinery and equipment .....	113,703	97,178	20 - 30%
Vehicles .....	4,740	4,023	30%
Work under construction .....	9,091	12,468	nil
	<u>298,259</u>	<u>273,703</u>	
Less accumulated depreciation .....	<u>155,645</u>	<u>141,145</u>	
Net book value .....	<u>\$142,614</u>	<u>\$132,558</u>	

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

#### e) 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.

### 3. Investments and memberships

- a) Investments and memberships are summarized as follows:

	1980 (in thousands)	1979 (in thousands)
Corporations over which the Company has significant influence		
Shares .....	\$ 3,758	\$ 1,357
Bonds, notes and loans receivable .....	19,455	16,857
	<u>23,213</u>	<u>18,214</u>
Other investments, principally shares in co-operatives .....	2,495	3,297
Memberships .....	47	47
	<u>\$ 25,755</u>	<u>\$ 21,558</u>



- b) Summarized financial information for corporations over which the Company has significant influence is as follows:

	1980	1979
	(in thousands)	
Assets.....	\$ 292,219	\$ 262,022
Liabilities.....	245,520	235,220
Undistributed earnings.....	18,941	13,550
Revenues.....	1,042,400	922,511
Net earnings.....	33,915	30,393
Net earnings distributed.....	28,440	25,144

- c) Included in investments are notes receivable totalling \$6,889,000 which have been postponed in favour of the other creditors of these corporations.

- d) During the year, the Company approved in principle a 30% participation in the acquisition and operation of an existing terminal elevator and the design and construction of a new terminal elevator at Prince Rupert, British Columbia. The Company is committed to provide significant capital amounts to this venture should the construction proceed as planned. It is contemplated that the venture will be financed by the participants and the Government of Alberta.

The existing terminal elevator was leased by the participants, effective February 9, 1980. Earnings are distributed to the participants on the basis of throughput, and the Company's share has been included in the statement of operations.

Subsequent to July 31, 1980 the participants have entered into agreements with the Government of Canada providing for acquisition of the existing facility, and the National Harbours Board for the development and lease of property on which the new facility is intended to be constructed.

#### 4. Bank loans

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

#### 5. Long term debt

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

	1980	1979
	(in thousands)	
9½% first mortgage debenture loan.....	\$ 2,475	\$ 3,800
Members' term loans.....	29,427	25,836
9¾% sinking fund debentures series A.....	30,000	30,000
	61,902	59,636
Portion due within one year.....	5,742	3,688
	<u>\$ 56,160</u>	<u>\$ 55,948</u>

- b) The first mortgage debenture loan consists of borrowings from the Saskatchewan Co-operative Credit Society Limited of \$1,575,000 and Co-operative Fire and Casualty Company of \$900,000, bearing interest at 9½% and repayable August 1, 1980. The debenture is secured by an unregistered mortgage on the Company's head office properties.

- c) Members' term loans range from two-year to ten-year terms with interest rates from 8¼% to 14½%. Each loan is repayable at maturity with interest payable semi-annually.

- d) The sinking fund debentures require annual sinking fund payments to be made to the Trustee in each of the years 1981 to 1996 sufficient to retire \$1,400,000 principal amount of the debentures annually, with the issue maturing on August 1, 1997. The issue is secured by a floating charge on all the property and assets of the Company.

#### 6. Share capital

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

	1980	1979
	(in thousands)	
Balance, beginning of year.....	\$136,191	\$124,893
Add: New shares allotted.....	12	13
Allocated from prior year's earnings.....	27,239	21,226
	<u>27,251</u>	<u>21,239</u>
Less share redemptions:		
Purchased from eligible categories.....	3,447	3,168
Authorized annual redemptions.....	7,709	6,773
	<u>11,156</u>	<u>9,941</u>
Balance, end of year.....	<u>\$152,286</u>	<u>\$136,191</u>

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

	1980	1979
Fully paid (par value \$1 each).....	152,247,704	136,152,389
Partially paid.....	76,818	76,840

#### 7. Extraordinary items

As at July 31, 1980 the Company recognized as extraordinary charges to earnings:

- a) A write-off of \$549,000 being the remainder of goodwill acquired in the years 1972 through 1975.
- b) A provision in the amount of \$1,749,000 to reflect a potential reduction in the realizable value of one of the Company's investments.



## 8. Commitments, guarantees and contingent liabilities

- a) Western Co-operative Fertilizers Limited, in which the Company has a 25 per cent interest, has, through a U.S. subsidiary, acquired a 50 per cent interest in a phosphate mining and processing operation.

Included in the financing of this transaction are debt instruments totalling U.S. \$45,250,000 (Cdn. \$52,481,000) as at July 31, 1980, repayable in annual instalments until 1996. Up to one-third of the annual payments of principal and interest on these loan agreements are guaranteed by the Company, until the acquisition financing has been discharged, through a contract to purchase specified annual quantities of phosphate rock. This 'take or pay' contract has been assigned to Western Co-operative Fertilizers Limited for its acquisition of raw materials in its normal course of business.

- b) The Company has guaranteed borrowings of corporations over which it has significant influence to maximum amounts aggregating \$5,100,000. Subsequent to July 31, 1980 this amount was reduced to \$3,100,000.

- c) The Company has a commitment to advance \$500,000 to a co-operative in which it has an interest, which may be called late in 1980 should that co-operative's current operating conditions prevail.

- d) Two corporations in which the Company has an interest have obtained process elevator bonds aggregating \$12,067,000, as required by the Canadian Grain Commission. The Company and other co-operatives have jointly undertaken to indemnify the issuers of these bonds in the event that payments under the bonds are required. Subsequent to July 31, 1980 this amount was reduced to \$1,067,000.

- e) At July 31, 1980 planned future expenditures on authorized capital programs approximated \$14,264,000.

- f) Future payments to the employees' retirement plans in respect of past services have been actuarially determined to be \$8,244,000 and are required to be made in varying amounts over the next 12 years. During the year payments totalling \$698,000 were made to the plans in respect of past services.

Future payments in respect of an experience deficiency in one of the plans have been actuarially determined to be \$288,000. A payment of \$96,000 annually for the next three

years will fund this deficiency. During the year payments totalling \$192,000 were made in respect of this deficiency.

## 9. Related party transactions

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

In addition to amounts disclosed separately, the Company has amounts due from members of \$24,313,000, and from other related parties of \$4,677,000 included in accounts receivable; and amounts payable to members of \$52,298,000 and to other related parties of \$16,716,000, included in accounts payable.

## 10. Additional information

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

	1980	1979
	(in thousands)	
Revenues		
Income from investments, principally interest .....	\$ 2,385	\$ 1,861
Expenses		
Depreciation .....	17,898	14,848
Amortization of goodwill .....	330	329
Interest on long term debt .....	5,873	5,679
Other interest .....	21,150	10,979

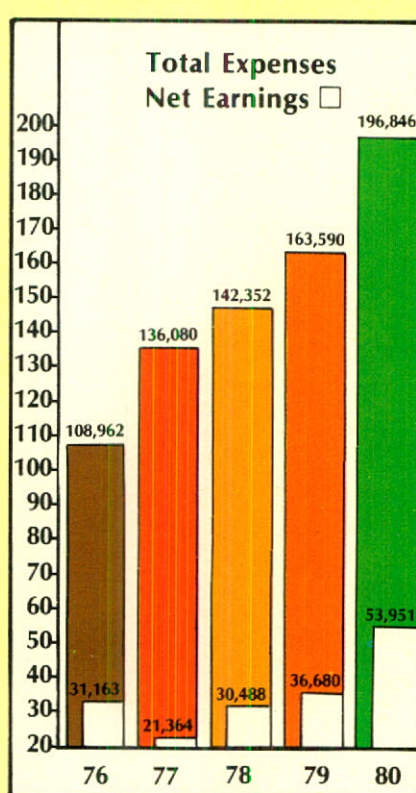
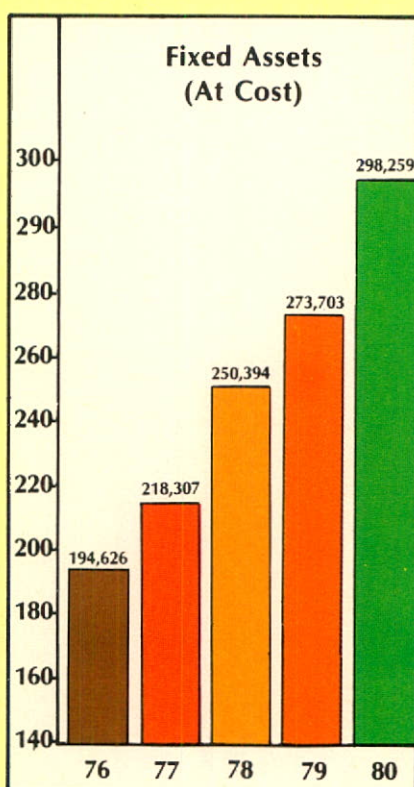
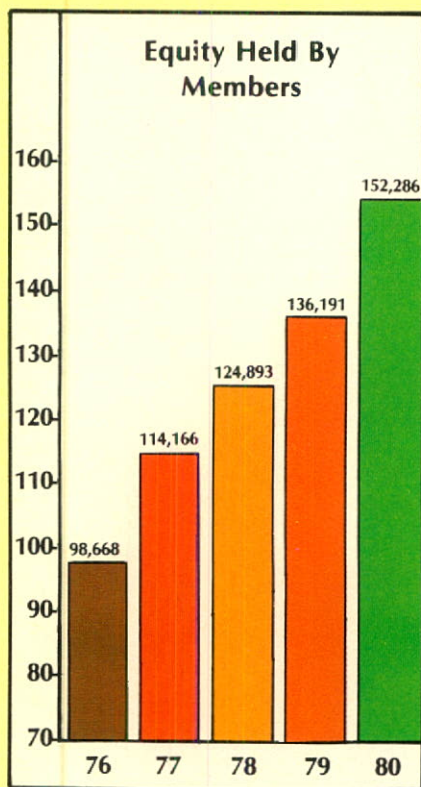
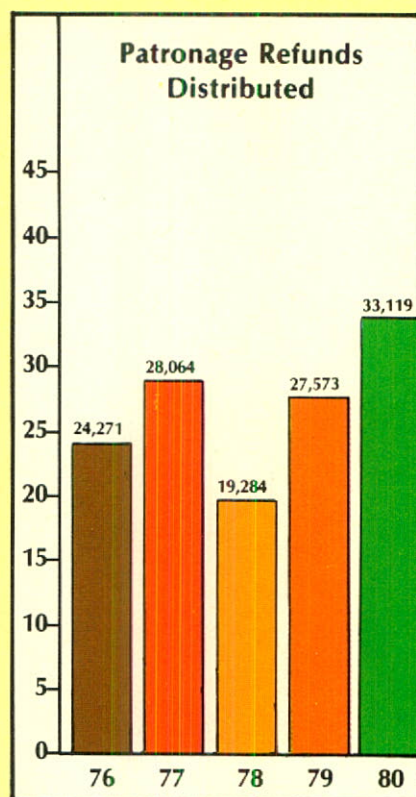
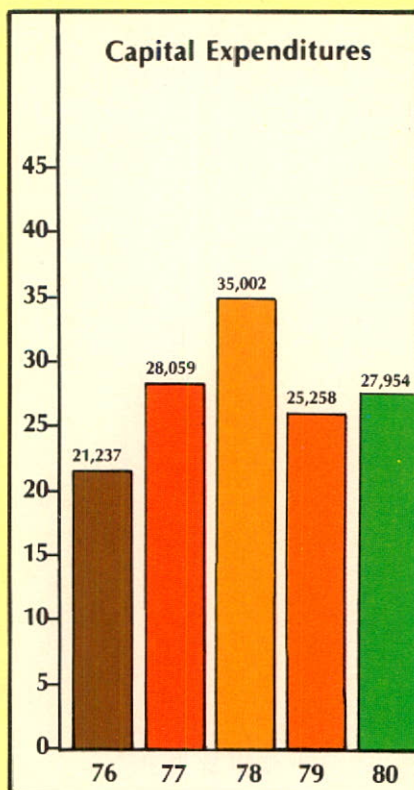
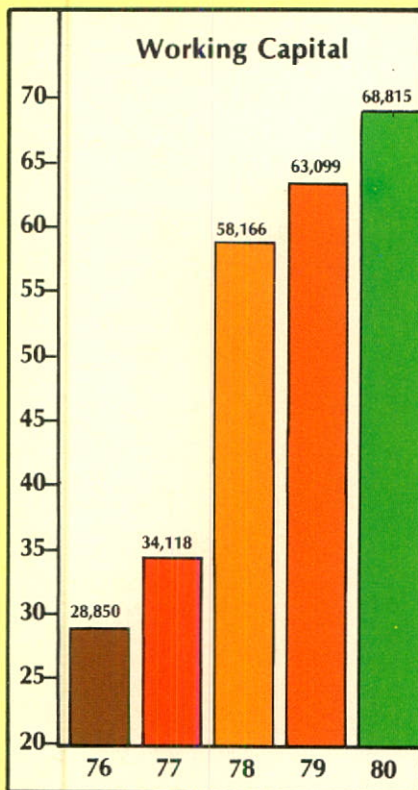
## 11. Comparative figures

Certain 1979 amounts have been restated to conform with the 1980 presentation.



# FIVE YEAR SUMMARY

in thousands of dollars





## OPERATIONAL OUTLOOK 1980-81

Earnings are projected to decline during the coming year. Reduction in carryover stocks both on farm and in commercial position will result in reduced marketings by producers, and, therefore, grain movement through country and terminal elevators will be down from the past year. With the improvement in availability of rolling stock and with an additional 4,000 cars coming into operation during the 1981 year, grain stocks in country and terminal position are expected to be relatively low throughout the season.

Generally, the Pool's operating strategy is geared to the concept of expanded grains production to meet the expected strong market demand of the 1980s.

Farm Service sales are projected to increase during the year, and, provided moisture levels are adequate, a very strong demand is anticipated for fertilizers and chemicals.

The returns from Flour Mill operations are expected to be down significantly during the coming year. The reduction in sales of flour through Canadian International Development Agency aid programs places more competitive pricing pressure on the domestic market.

Livestock operations should produce a break-even position but reflect further reductions in handling volumes. Until a significant increase in the cattle population occurs, there will be a major challenge in achieving satisfactory returns from livestock operations.

Forecasts indicate that Western Producer Publi-

cations should once again experience an earning and have a very satisfactory operation.

Subsidiary companies are expected to achieve relatively strong production, handling and marketing results.

### CAPITAL PROGRAM

The 1981 budget projects expenditures of \$37.9 million, about \$9 million above last year. The major emphasis is once again on upgrading of the country and terminal elevator facilities and on improvements to meet the requirements of regulatory agencies.

Included in the appropriation is an amount to provide for expansion of the Head Office building in Regina.

Beyond the capital budget, additional funds may be required to meet commitments related to Prince Rupert Grain and to provide for involvement in co-operative energy development.

### GENERAL

With a lower than average crop again in 1980, the squeeze on farm income will likely become more severe over the next year. Gross farm income in Saskatchewan, at \$3.1 billion for 1980, was relatively favourable and realized net income has held up fairly well. Net income is expected to decline during 1981 because of increased operating costs and reduced grain carryover. However, if the recent trend to higher price levels for grains is maintained and a good crop comes off next year, the income situation will be greatly enhanced.



North of Turtleford



# SASKATCHEWAN WHEAT POOL MAJOR PUBLIC POLICY ISSUES — 1981

During the year, Pool members and their elected representatives discuss public issues at hundreds of meetings in all parts of Saskatchewan. These issues include a wide range of subjects of importance to the social and economic well-being of farmers and their families. Resolutions arising from these meetings are debated at the annual meeting of delegates and these resolutions form the base for Saskatchewan Wheat Pool's public policy position for agriculture.

The Pool will work to achieve action in all areas identified as farm concerns, with major attention to the subjects described.

## TRANSPORTATION

Saskatchewan Wheat Pool considers the development of a national transportation policy an important continuing issue.

### Grain Freight Rates

To prairie farmers, one of the most significant aspects of any such policy is freight rates for grain movement.

*John Weathered of Marcelin*



Saskatchewan Wheat Pool supports the Western Agricultural Conference position on national transportation policy. The WAC policy contains a number of important elements which are essential to preserving a desirable agricultural structure in Saskatchewan. Included among these are:

- 1) The rate paid by producers would remain statutory and distance-related. The concept of variable freight rates is rejected.
- 2) The railways would be adequately compensated for hauling grain, with the difference between the current rate paid by producers and the compensatory rate, to be paid by the federal government directly to the railways.
- 3) Payment by the government to the railways would be conditionally related to levels of service being attained. This is very important, since individual farmers cannot really have influence on railway performance. Hence, the significant influence by government on behalf of producers would be essential.

If the elements of the WAC proposal noted above are accepted by government, the policy calls for negotiation among producers, the government and the railways as to how future cost increases due to inflation would be funded. Saskatchewan Wheat Pool would participate in such future discussions with the underlying objective being to retain the present statutory rate for producers.

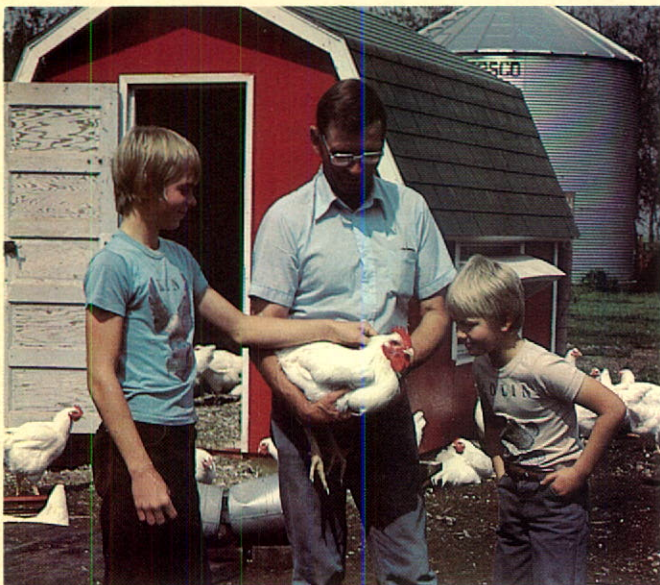
A federal transportation subsidy would be a logical and important feature of national policy in view of the significant contribution western grain and oilseeds and their products make to Canada's balance of international payments.

### Car Supply and Branch Lines

Among other key transportation issues affecting prairie producers are the railway resources committed to grain movement, the shape and condition of branch lines, and the capacity of main lines to port positions. Though there has been a substantial improvement in the supply of rail cars for grain, it is vital that there be further investment in rolling stock to meet the needs of the near future. At the same time, there are improvements in grain movement available through shorter turn-around time for rail cars in the grain fleet.

The future of many branch lines has been clarified, but it remains important that the final configuration of the system be known, and that there be vigorous rehabilitation programs to ensure that all branch lines in the permanent network are restored to optimum operating condition.





*Herbert Greening of Edam with sons Ken and Colin*

## GRAIN PRODUCTION

Potential annual export grain markets of 28 million to 30 million tonnes will be available to Canadian producers within the next five years. Canadian Wheat Board projections are for annual exports reaching 35 million tonnes by 1990.

The production increases required to meet these projections will require some basic changes in farming techniques. The greatest potential for increases will be from use of production inputs such as chemicals and fertilizer, indicating the essential nature of these materials to farmers. There are also gains available through changed cropping practices, new grain varieties, and expanded acreage.

Canadian farmers will adopt new methods and new technology to serve these markets, provided they have assurance that they will be able to market their production within a reasonable time at an adequate price.

Some form of market and income assurance plan will be required to deal with the year-to-year variability which is inherent in grain production. This concept will need careful consideration in the near future.

## GRAIN MARKETING

### Canadian Wheat Board

Saskatchewan Wheat Pool is concerned about apparent efforts to minimize the role of the

Canadian Wheat Board in grain sales on behalf of prairie producers. The Wheat Board has earned the confidence of grain importers to the extent that it now handles more than 80 per cent of its sales directly, without using grain export firms as agents.

The Pool has consistently maintained, and continues to believe, that the six major grains grown in the prairie regions (wheat, oats, barley, canola, flax and rye) should be marketed by the Canadian Wheat Board.

### Feed Grains

The domestic feed grain marketing policy creates problems for producers by imposing an effective ceiling on feed grain prices, while providing no minimum price guarantee related to production costs. The policy also causes problems in grain movement within the system, thus interfering with the Wheat Board's future sales planning.

In October 1980 the Advisory Committee to the Canadian Wheat Board met with the Advisory Committee to the Canadian Livestock Feed Board in an attempt to find solutions to the problem. Saskatchewan Wheat Pool is in full support of the joint recommendation from those two committees that domestic feed grain marketing be returned to the jurisdiction of the Canadian Wheat Board, with the addition of a guaranteed marketing plan which would help to avoid distress selling of feed grains in the prairie area in future.

### Grain Export Embargo

In January 1980 the Government of Canada announced support for a partial embargo by the United States on sales of grain to the U.S.S.R. Farmers in general supported the action, on the understanding that any resulting financial losses would not fall on grain producers alone.

Farmers and their organizations have called repeatedly on the federal government to fulfill this commitment, but without success. The Pool calls on the government of Canada to reimburse grain producers without delay for losses incurred as a result of the embargo.

## INFLATION

Control over inflation in the national economy depends on a collective Canadian commitment to restraint, reduced expectations, and greater productivity, with government playing a leading role.

Appropriate policies would reduce the flow of capital out of the nation, improve the balance of payments and strengthen the Canadian dollar.



## ENERGY FOR AGRICULTURE

It is apparent that questions of energy supply and pricing will be vital ones for agriculture in the foreseeable future, and that there is a real need for a comprehensive national energy policy. The Pool says key elements of the policy should include:

- 1) continued recognition that agriculture requires priority treatment in questions of petroleum-based fuel supply
- 2) adequate energy supplies devoted to fertilizer and chemicals for agriculture
- 3) increased research into alternative energy sources
- 4) energy-efficient cultural practices
- 5) improved fuel efficiency in farm equipment
- 6) use of the most energy-efficient methods for commodity transportation

The potential may exist for farmers to participate in energy development through co-operatives. The Pool will be exploring this potential in the months ahead.

## LAND USE AND LAND TENURE

The development of a rational and comprehensive policy on land use is a complex and potentially sensitive area which falls within the scope of the provincial government. Final recommendations to the government from the Land Use Committee established in 1977 are to be presented in 1981. Saskatchewan Pool has identified six main areas which will require adequate attention in any policy developed:

- 1) Farm Ownership and Farm Size
- 2) Land Tenure and Transfer
- 3) Competing uses for farm land
- 4) Parks and recreational land
- 5) Water management
- 6) Soil conservation

*Ed Seidle of Medstead*





## AGRICULTURAL RESEARCH AND PLANT BREEDERS' RIGHTS

Publicly-funded agricultural research has provided net benefits to both producers and consumers in Canada. Saskatchewan Wheat Pool is concerned that governments not reduce spending on research, but rather provide additional funding both provincially and federally. The Pool seeks a producer check-off on grain receipts for research, to be matched by additional government funds.

On the issue of Breeders' Rights, the Pool's position has been that:

- 1) public plant breeding programs must continue
- 2) the federal government must maintain absolute control over licensing of grain varieties
- 3) the agricultural community needs to be satisfied that its concerns about grain quality are resolved before the legislation is enacted.

Those criteria not having been met, the Pool does not favour passage of such legislation, and would oppose the application of such legislation to grain crops in Western Canada.



*Joey Story and friend, near Leoville*

## LIVESTOCK

The cyclical nature of the provincial livestock industry has created undue hardships for those involved, to the extent that major policy changes are needed if a permanent livestock industry is to exist.

Saskatchewan Wheat Pool believes that reasonable returns and stability are essential elements of such changes, and that effective marketing and stabilization programs must be of national scope. It, therefore, supports the development of a producer-controlled national marketing system for cattle, along with meaningful national stabilization plans.

It continues to believe that Saskatchewan would benefit from more consistent cattle feeding in the province, and will continue to examine this issue during the year.



# SASKATCHEWAN IN THE 75TH YEAR



It was Saskatchewan's 75th birthday and the whole province celebrated. For the Saskatchewan Wheat Pool, a pioneer in its own right, it was a time to reflect on the progress made, and it was a time to party. There were floats, like the one in the Landis parade, driven by Pool agent Albert Laval, and other events that involved Pool people like Landis Pool committee chairman Leo Schwebuis and committee secretary Harry Cey who were part of a Pool pancake feed. A baseball game during the Landis festivities took place in the familiar shadow of a Pool elevator. The Pool helped in the preparation of local history projects and handed out 100,000 nametags and 100,000 souvenir postcards at local celebrations.



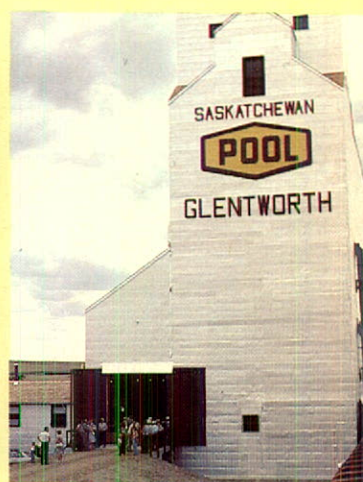
For two days in March about 800 farm men and women from all across the province met in Saskatoon to discuss "Agriculture in the Eighties." The event was a Pool forum designed to highlight the role of agriculture in the province and to plot a course for the industry into the future. The group heard speakers on a variety of topics and met in discussion groups to grapple with the issues.



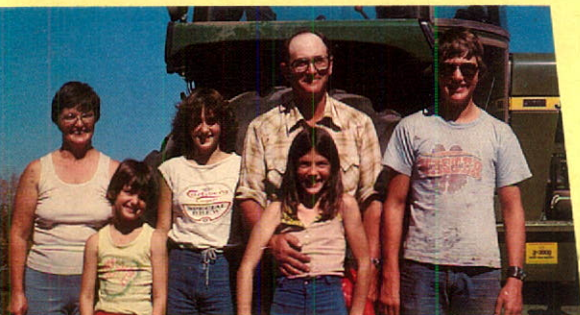
During the year considerable attention was also paid to the vital role the family farm has played in the development of Saskatchewan. Among a series of special Saskatchewan Department of Agriculture anniversary programs was the Family Farm Heritage Award. The award honored more than 11,000 families whose members have operated the same farm continuously since homestead days. Among recipients were the Wellbrock family of Ponteix, active, involved Pool members. The scenic on the right, taken west of Saskatoon, is reminiscent of those early days.



Among the milestones in Saskatchewan's 75th year were official openings for six new Saskatchewan Wheat Pool "high throughput" elevators, part of a long-term program of improvements to the system. There were also openings at 10 elevators renovated to "high throughput" standards and at eight that underwent major improvements. At Glentworth elevator, Director G. C. (Gus) Anderson addressed the opening banquet, and posed with members Tony Stengler, Gordon Falconer, Art Eastley, and Francis Eklund in front of the newly completed facility.



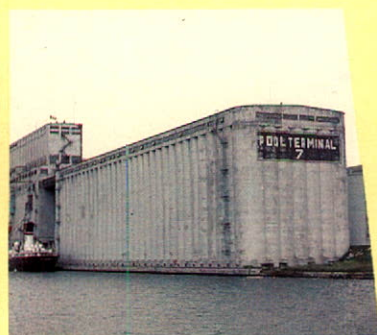




One special project undertaken during Saskatchewan's 75th year was the production of an educational film designed to help Canadian school children to understand agriculture. Entitled "The Story of Wheat", it was produced by the Saskatchewan Wheat Pool and the Saskatchewan Department of Education and highlights farming methods, the effect of agriculture on the economy and some history. Tom Davidson of Harvard productions worked extensively with the Langs; Marj, Karen, Carol, Sig, Judy and Ernie on their farm north of Raymore.



Significant decisions were made on rail lines during the year. By the summer of 1980 a basic network of 15,591 miles of prairie rail had been protected until the year 2000, another 1,952 miles had been abandoned and the Canadian Transport Commission was holding hearings to decide the fate of the remaining, 1,406 miles.



1979-1980 was a record for the export of Canadian grain. Twenty-two million tonnes went into export market and Saskatchewan Pool terminals played an important role in this success. The Thunder Bay terminals set a combined handling record of 7.7 million tonnes and each terminal set an individual record as well. Even though the Pool terminal at Vancouver did not reach its potential due to an accident putting the Second Narrows Bridge out of service for a time, the combined Pool terminal handlings for both ports still achieved a new record at 9.5 million tonnes.



For farmers the year was an unusual one. First there was drought, leaving farmers depressed, pastures and hay fields bare, crops thin, and weed growth low, causing many farmers not to spray. Late in June, the rains came and produced both crops, and weeds. The weeds later caused dockage problems. The timing of the rain was such that crops turned out far better than expected. In fact, grain production was above the 1979 level, though below the 10 year average. The rain, however, came too late to be of significant help to pastures.







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