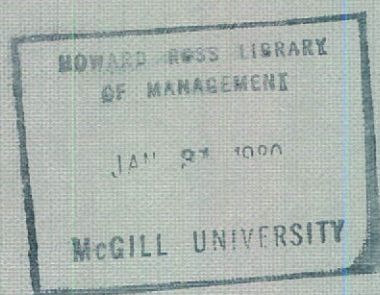


Saskatchewan Wheat Pool
and subsidiary
companies **Annual Report**

79



Board of Directors 1978-79

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

This Board continues in office until elections in April, 1980, determine its composition for a two-year period.

Senior Officers 1978-79

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

Effective September 1, 1979, Mr. Mumford was named Chief Executive Officer and Mr. Fair was appointed General Manager — Operations.

G. M. McGlaughlin was appointed Executive Assistant following the resignation of Mr. Hansen.

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

Division Directors 1978-79

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

J. K. MacDonald was appointed Director, Terminal Elevator Division, August 1, 1979, upon Mr. Sproule's retirement.

M. R. Thompson became Chief Executive Officer, Prince Rupert Grain Terminal Consortium and R. B. Pitfield was appointed Acting Director, Corporate Engineering Division, November 1, 1979.

J. I. Traquair was appointed Acting Director, Extension Division, during educational leave for R. D. Bristow during the 1979-80 crop year.

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 is a co-operative with operations in grain handling, livestock marketing, flour milling, food manufacturing, printing and publishing, farm supplies and fertilizer manufacturing. It provides services and facilities for more than 70,000 active farmer-owners and acts as spokesman for members respecting agricultural policy concerns. The Pool's activities during the past year with operational outlook and policy plans for next year are recorded in this Annual Report 1979.

A Review, 1978-79

Policy issues related to grain handling, marketing and transportation occupied a significant amount of time as the Pool:

- continued to press for a clear statement of total transportation policy by the federal government while holding to the position that statutory rates be maintained.
- worked to assure establishment of a satisfactory basic rail network consistent with an efficient and modern country elevator system.
- was very vocal on the need for increased railway rolling stock.
- strongly recommended the need for delivery quotas on non-Board feed grains.
- strongly supported an international grains agreement which would ensure a greater measure of price stability and contain elements of reserve

management which would support a satisfactory price objective.

Operational highlights included:

- Pool earnings of a record \$36.7 million. (All divisions contributed, led by terminal and country elevators, and a strong performance by subsidiary companies.)
- A consortium of six major companies, including Saskatchewan Wheat Pool, reached agreement in principle with the federal government on construction of a major grain export terminal elevator at Prince Rupert.
- A capital budget program of \$25.3 million, with key emphasis on the country elevator development program and necessary work at terminals.
- Official opening of a new annex at the Vancouver terminal elevator.

Fogal farm, Lafleche

General

- Despite improved market demand and a higher wheat price, grain exports declined. The main reason was a shortage of rail cars but other main factors were weather problems and labor disruptions.
- Areas of Saskatchewan which produced high quality grain and oilseeds found that delivery opportunity was good, but quotas on low grade grain were limited, thus restricting deliveries from other areas.
- Significant improvement was recorded in livestock prices. However, producer confidence in the industry remains shaky and there has been little evidence of rebuilding herds.
- Estimated Saskatchewan realized net farm income for 1979 is \$1 billion, about the same as in 1978.



Saskatchewan Wheat Pool Major Public Policy Issues - 1980

During the year, Pool members and their elected representatives discuss public policy 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.

Transportation

Saskatchewan Wheat Pool's position on freight rates for grain is:

- The railways should receive total revenues sufficient to cover their costs for moving grain.
- Producers should continue to pay the freight rates for grain established under the Crowsnest Pass Agreement.
- The shortfall in revenue to the railways should be made up by a transportation subsidy paid by the federal government direct to the railways. A portion of this subsidy can be paid in the form of railway rolling stock, expenditures for rail line rehabilitation, or similar forms.
- Subsidy payments to the railways should be conditional on the railways meeting specified levels of service performance in the movement of grain.

A transportation subsidy for grain movement can be justified because of the widespread benefits which accrue to Canada through foreign exchange produced through grain exports. Large expenditures are made annually by the federal government to a variety of transportation modes, through construction and operation of airports, marine installations, roads and waterways. Regional subsidies to reduce the cost of heating fuel in Central and Atlantic Canada have

cost a total of some 5.4 billion dollars over a period of about four years. Canada's tariff policy acts to protect the interests of the manufacturing segment of the Canadian economy, resulting in extra costs to consumers which have been estimated at two billion dollars or more annually.

Recently a growing disparity has developed between freight rates on grain and the rates on processed products. This has reflected unfavorably on those industries in Western Canada which process grains into secondary products for domestic use or export. Saskatchewan Wheat Pool maintains that freight rates on the transportation of all agricultural commodities and processed products produced in the Prairie region should be subsidized by federal and provincial governments to reduce the widening disparity that now exists between some raw and processed products.



Sarah Gross, Outlook

Rolling Stock

During 1980, through a variety of programs, a significant number of new hopper cars will become available to the Canadian grain industry. However, on the basis of estimates made by a number of agencies, about 5,000 more cars will be required to meet the needs in 1985.

Saskatchewan Wheat Pool is optimistic about the short-run car situation, but cautions that there is a need to continue a car purchase plan annually to meet the needs of the future. Provision of additional locomotives also is essential.

Branch Lines

It is anticipated that government decisions in 1980 will establish the form of the permanent rail line network and the Canadian Transport Commission will then proceed to deal with any remaining lines whose future still remains in doubt. The removal of uncertainty should facilitate the upgrading of both the rail lines and the elevator facilities on those lines.

The Pool supports continuation of the upgrading and rehabilitation work in order that grain can move smoothly and effectively to port locations.

Grain Marketing

Canadian Wheat Board

More than 80 per cent of Canadian exports of wheat, oats and barley are handled by the Canadian Wheat Board and this illustrates the confidence grain buyers have in the Board.

Saskatchewan Wheat Pool supports the Wheat Board in its efforts to move the largest possible quantities of Canadian grain at the best possible prices. The Board's sales efforts have been hampered by the inability of the transport system to move as much as could otherwise have been sold. But because of the prospect of additional rail cars, the Pool is optimistic about the future for grain movement.

The Pool urges that the six major grains (wheat, oats, barley, rye, flax and rapeseed) grown in the prairie region be marketed by the Canadian Wheat Board.

Grain Marketing continued ...

Co-ordination

Saskatchewan Wheat Pool is prepared to work closely with the grain transportation co-ordinator to increase the quantity of grain moved from farms to port position, with adequate attention to cost efficiency. It is important that the co-ordinator work closely and harmoniously with the Canadian Wheat Board, recognizing the Board's important role in export sales, and its sole responsibility in the administration of delivery quotas and the block shipping system.

Feed Grains

The feed grain policy, which has been in effect since August 1974, requires the Wheat Board to be a last resort supplier of feed grains to the domestic market, at a formula price, if the domestic policy does not generate sufficient quantities for the market. At the same time the domestic market has been given certain advantages in delivery quotas and, in most instances, preference in supply of cars.

Comparisons of average prices for producers who delivered feed grains to the Canadian Wheat Board and those who delivered to the non-Board

feed market indicate consistently that those who delivered to the Board on average received higher net prices.

Inflation

For nearly a decade, Canada has experienced almost continuous inflation at levels which have caused concern to governments, organizations and individuals.

Governments have been unsuccessful in devising policies which could contain inflation to any significant extent. Indeed, all levels of government have been significant contributors to inflation.

Saskatchewan Wheat Pool believes that increased effort must be made by governments, organizations and individuals, to bring inflation under control so that our competitive position in the markets of the world is not eroded further.

Energy for Agriculture

A comprehensive national energy policy must be developed and must give adequate recognition to the energy needs of agriculture. Among factors that require recognition:

- Field operations do not lend themselves to the use of energy supplies other than petroleum-based fuels, and therefore agriculture

requires priority for available supply of such fuels.

- Availability of energy for manufacture of fertilizers and chemicals should be assured.
- Improvements are needed in fuel efficiency of farm equipment.
- It's desirable to use transportation methods which minimize fuel consumption in the movement of agricultural commodities.

Livestock

The livestock industry in Western Canada has been subject to a pattern in which high prices for livestock (or seriously reduced income from grain) cause expansion of production, followed by a price decline and large scale exodus from livestock production. The fluctuations have created problems for the entire livestock industry.

In Saskatchewan, where a significant portion of Canada's beef cattle are raised, just over one-quarter of the beef cattle are finished to slaughter weight. The remainder are fattened in Ontario, Alberta and the United States.

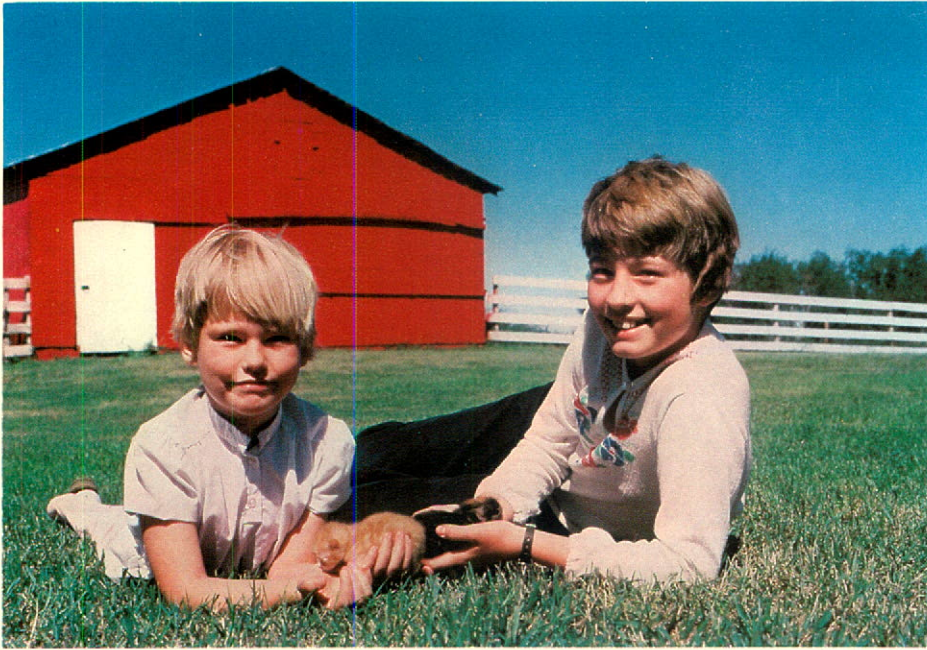
Producers and policy-makers must face the choice of accepting the existing pattern or establishing a more stable and permanent livestock industry.

A permanent livestock industry would require reasonable returns and stability for those involved, possibly including income stabilization for producers. It could also require some changes in marketing arrangements, improved processing and transportation technology, and export market development.

Methods of encouraging more consistency in cattle feeding need to be examined, and Saskatchewan Pool intends to address the issue this year.

Bob Thornton, swathing south of Dafoe





Denise and Heather Houk, Wilkie

Industrial Disputes

The grain industry seems particularly vulnerable to the effects of industrial disputes. A work stoppage in any one of numerous areas can have disruptive effects on the entire industry.

For a number of years Saskatchewan Wheat Pool has advocated the establishment of some form of permanent industrial court. It would be called in only if the parties were unable to reach a settlement and a strike or lockout appeared imminent. It would render judgment which would be binding on both parties.

Saskatchewan Wheat Pool urges the Government of Canada and the Government of Saskatchewan to examine the concept of industrial courts in each of their respective jurisdictions, with the object of establishing a more effective mechanism than what now exists for the settlement of industrial disputes.

More details on Pool policy for 1980 are available from Pool delegates or by writing to Information Division, Saskatchewan Wheat Pool, 2625 Victoria Avenue, Regina, S4P 2Y6.

Agricultural Research

Government-sponsored agricultural research has over the years produced beneficial results.

In recent years the federal government has increased its spending for agricultural research at a rate less than the rate of inflation, resulting in a cutback in activity.

Saskatchewan Wheat Pool urges the federal government to maintain a

level of agricultural research funding adequate for the needs of the industry. Expenditures on agricultural research should be regarded as an investment in improved productivity which can result in significant dividends to the economy.

The Pool urges the Government of Saskatchewan to rapidly expand funding for agricultural research.

The Arnolds, Kelfield



Board of Directors 1978-79

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);
CSP Foods Ltd.; Prince Rupert
Consortium; 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, Field
Crops Production and Marketing
Committee of the Board.
Vice-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,
Member Relations and Information
Committee of the Board.
Member, Advisory Committee,
Canadian Wheat Board. Member,
Advisory Committee to the 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.

G. A. (George) Siemens
Fiske
Director, District 11
Elected Delegate 1963. Elected
Director 1978. Member, Field Crops
Production and Marketing Committee
of the Board.

W. B. (Bernard) Mundell
Leroy
Director, District 13
Elected Delegate 1953. Elected
Director 1968. Member, Member
Relations and Information 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.



H. M. (Merle) Sproule

Lafleche

Director, District 2

Delegate 1953-56; 1958-64; elected again 1975. Elected Director 1977. Member, Field Crops Production and Marketing Committee of the Board.

Member, Western Grain Standards Committee, Canadian Grain Commission.

R. T. (Roger) Gray

Indian Head

Director, District 6

Delegate 1953-58 and elected again 1967. Elected Director 1976. Member, Field Crops Production and Marketing Committee of the Board.

Board Representative, Provincial Land Use Committee

R. W. (Ray) Luterbach

Lampman

Director, District 1

Elected Delegate 1970. Elected Director 1976. Member, Member Relations and Information Committee of the Board.

Member, Regional Committee, The Co-operators. Member, Board of Directors, Estevan Credit Union.

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.

G. C. (Gus) Anderson

Val Marie

Director, District 3

Elected Delegate 1959. Elected Director 1964. Member, Field Crops Production and Marketing Committee of the Board.

C. E. (Cliff) Murch

Lancer

Director, District 4

Elected Delegate 1968. Elected Director 1973. Member, Member Relations and Information Committee of the Board.

Member, Saskatchewan Natural Products Marketing Council. Member, Regional Board, Co-op College of Canada.

Wm. (Bill) Schutz

Saltcoats

Director, District 8

Elected Delegate 1949. Elected Director 1972. 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.

H. G. (Harold) Yelland

Porcupine Plain

Director, District 14

Elected Delegate 1960. Elected Director 1973. Member, Livestock Production and Marketing Committee of the Board.

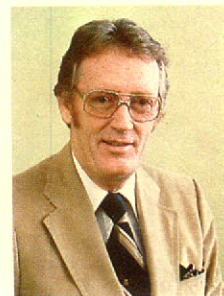
Member, Western Grain Standards Committee, Canadian Grain Commission.

Senior Officers



I. K. Mumford, General Manager, was appointed Chief Executive Officer, September 1, 1979. Mr. Mumford 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, Deputy General Manager, was appointed General Manager — Operations, September 1, 1979. Mr. Fair is responsible to the Chief Executive Officer for the operations of the commercial divisions.



Delegates 1978-79

District 1

1. T. M. Firth, Carievale
2. R. W. Luterbach, Lampman
3. J. Kish, Estevan
4. D. W. Bryson, Estevan (deceased July 79)
N. T. Mossing, Estevan (elected Sept. 79)
5. H. E. Vochting, Weyburn
J. Lohse, Oungre (elected Dec. 78)
6. E. O. Johnsrude, Weyburn
7. M. W. Shauf, Stoughton
8. B. Hjertaas, Wauchope

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



Gary Wellbrock, Ponteix, District 3.

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. H. E. McDonough, Cadillac
G. Wellbrock, Ponteix (elected Dec. 78)
7. G. E. Murphy, Neville
8. V. D. Ross, Hazenmore
M. A. Janis, Glen Bain (elected Dec. 78)

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
S. Baron, Leader (elected May 79)
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
W. A. Gehl, Hodgeville (elected Dec. 78)
5. F. G. Mercer, Caronport
6. L. E. Buhr, Herbert
7. J. M. Cooper, Tugaskie
8. D. E. Hicks, Marquis



Tony Kambeitz, Sedley and Wilson Russell, Craven, District 6.

District 6

1. H. C. Wilke, Yellow Grass
2. N. W. Haack, Milestone
3. S. G. Petruic, Avonlea
4. C. R. Waller, Pense
B. Cornea, Moose Jaw (elected Apr. 79)
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

Delegates, District 7.

District 7

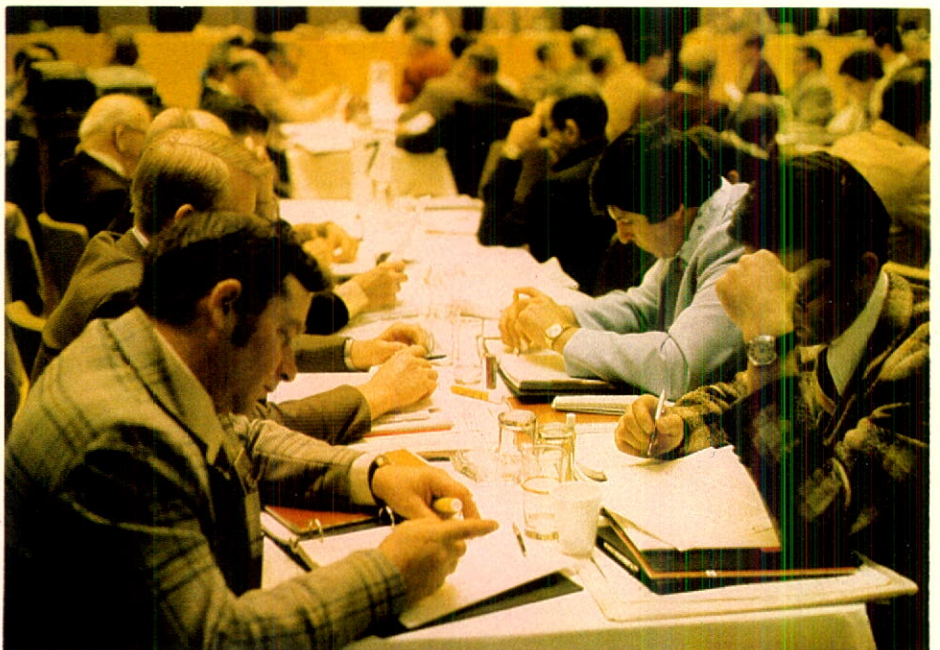
1. A. A. Adamson, Fairlight
2. W. J. E. Glydon, Kipling
3. K. Wiggins, Fillmore
4. L. M. Merkel, Broadview
D. B. Sefton, Broadview (served sub. 8; elected sub. 4, Dec. 78)
5. G. Stevenson, Whitewood
6. E. Knuttila, Rocanville
7. S. J. Pask, Esterhazy
8. K. A. Bender, Neudorf (elected Dec. 78)

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
E. Golemba, Ituna (elected Dec. 78)
2. E. Kramer, Southey
3. W. A. Day, Bulveya
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. Éwert, 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
E. E. Hauta, Dinsmore (elected Dec. 78)
6. G. N. Robbins, Delisle
7. P. M. Paulsen, Hanley
8. D. E. Rue, Watrous



Wayne Nargang, Kindersley, District 11,
Vice-Chairman at Annual Meeting

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
S. F. Stanek, Rosetown (elected June 79)
8. G. H. Mack, Doddsland
R. Reynolds, Kerrobert (elected Dec. 78)
9. L. G. Thiessen, Kerrobert (elected Dec. 78)

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
G. Blackstock, Gallivan (elected Oct. 79)

District 13

1. W. B. Mundell, Leroy
2. J. L. Hinz, Muenster
3. A. Thoen, Viscount
B. C. Rugg, Elstow (elected Dec. 78)
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
E. Altrogge, St. Benedict (elected Jan. 79)



55th Annual Meeting of Delegates, November 13 to 23, 1979.

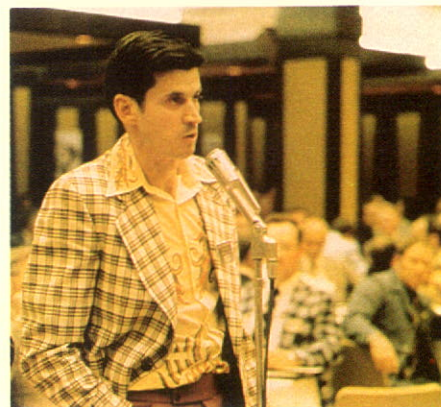
District 14

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
L. LaPaire, Mistatim (elected Aug. 79)
8. L. Hleck, Codette
9. L. T. McConaghy, Beatty



Archie Groat, Melfort; Wayne Black,
Archerwill; Harold Yelland, Porcupine
Plain, District 14.

Neil McTaggart, Choiceland, District 15.



Harry Moffatt, Denholm; Peter Loewen,
Glenbush; Chester Olson, Meadow Lake;
Creston Story, Leoville, District 16

District 15

1. J. L. Yeaman, Birch Hills
2. H. R. Bastness, Hagen
M. Lawrence, Meskanaw (elected Dec. 78)
3. N. C. Hazelwood, Prince Albert
4. W. H. Funk, Laird
5. J. A. Weathered, Marcelin
(resigned June 79)
Unfilled at time report printed
6. L. J. Larsen, Canwood
7. J. W. Marshall, Regina
8. R. E. Walls, Paddockwood
W. G. Cheal, Spruce Home
(elected Feb. 79)
9. N. L. McTaggart, Choiceland

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
G. Finlay, Lloydminster (elected Sept. 79)
7. E. Morgan, Spruce Lake
8. P. Loewen, Glenbush
9. C. J. Story, Leoville
10. C. P. Olson, Meadow Lake

Operations 1978-79

Saskatchewan Wheat Pool had an outstanding year commercially with record earnings of \$36.7 million. Details are contained in the financial statements at the end of this report.

Country Elevator Division

Grain deliveries through Pool elevators amounted to 7.7 million tonnes, the seventh highest handling on record.

Deliveries were down because of a shortage of rail cars, because of labor disputes and because of weather problems hampering shipment. Also, many stations were open well beyond August 1 to clean up the previous season's deliveries, leaving a large portion of the system congested.

The requirements of The Canadian Wheat Board for 1 C.W. Red Spring wheat with a protein level of 13.5 per cent or better, necessitated heavy shipments from specific blocks within the province. Because of restricted shipping from many other areas for reasons mentioned, there was a drop in handling volume and percentage.

The experiment with protein grading continued and will be extended during 1979-80.

Construction, Maintenance and Consolidation

Among projects completed were: one 100,000 bushel high throughput elevator; one 74,000 bushel high throughput elevator; six elevator moves with major improvements; seventeen major improvements; three annex moves; three annexes built; five new cottages; one cottage move.

As a result of this program it was possible to consolidate the system with 29 closures at 22 stations, by year end.

Terminal Elevator Division

Thunder Bay

Receipts at Thunder Bay were 6 474 000 tonnes compared with 7.1 million tonnes the previous year. Car shortages, labor problems with railway and inspection service employees, plus a late opening of navigation contributed to the reduced activity.

The Pool shipped more than half the grain that went out of the port.

Cleaning equipment was updated, a project that continues. A major dust control program progressed well. By February, 1980, all Pool terminals at Thunder Bay will be equipped with modern dust emission control equipment.

A major new project for the year was the computer control installation at Pool 4.

Vancouver

Total receipts at the North Vancouver terminal were 2 061 000 tonnes or four per cent less than the record volume handled the previous year.

The Pool handled about 25.1 per cent of the total volume of grain shipped from all West Coast terminals.

The division continued to experiment with one-pass cleaning by revisions to cleaning batteries. Work progressed on improvements to the rapeseed cleaning complex. The aim is to double throughput capacity.

One of the highlights of the year was the opening of the new 84 000 tonne (3 million bushel) storage annex on November 30, 1978. The addition, which cost \$13.1 million, brings the Pool's total North Vancouver terminal capacity to 235 000 tonnes (8.4 million bushels).

Western Producer Publications

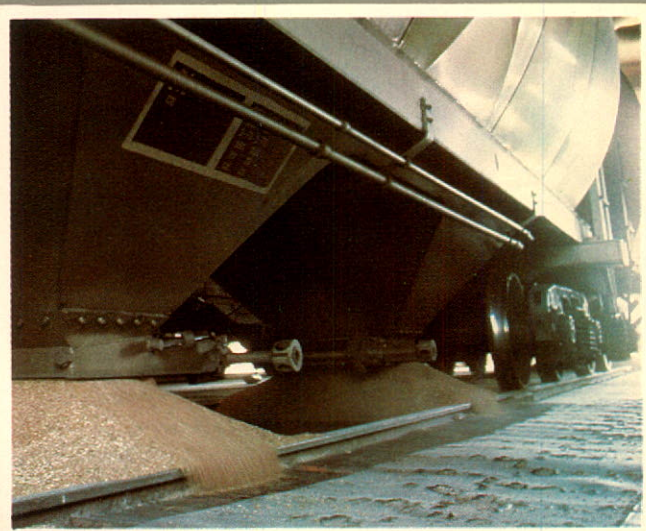
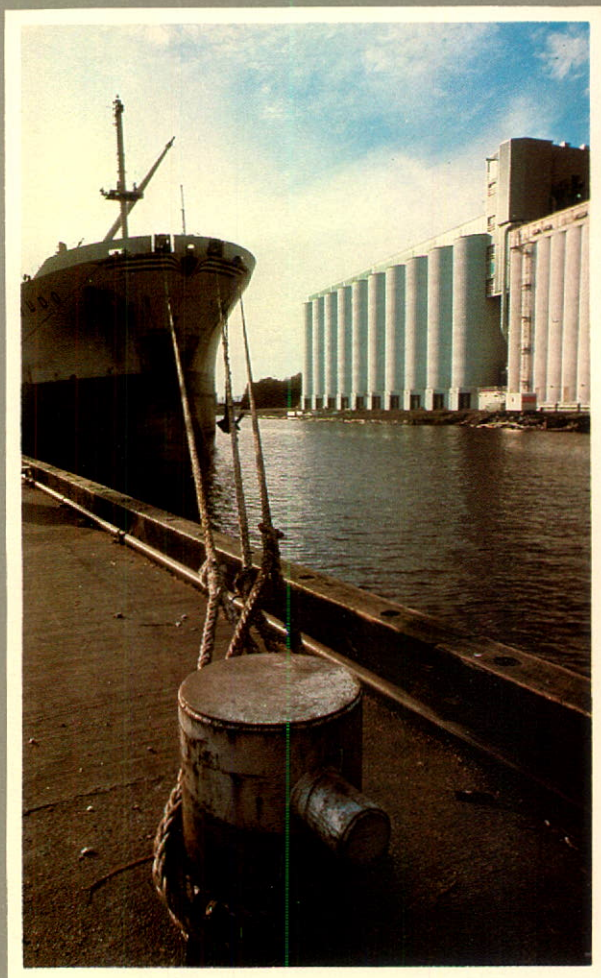
The division had its best financial year ever. New records were established in all areas of printing and advertising.

The Western Producer introduced a number of improvements in editorial content. Its circulation at June 30, 1979 was 140,724. "Western people" began in August, 1978 as a supplement to The Western Producer. Providing easy-to-read stories and articles, it has brought favorable reader response.

The Insurance Department set a new record in premium income. There were 19,288 insurance policies in effect at year end.

The completion of the plant addition, renovations to the shipping docks and installation of the waste paper disposal equipment have contributed greatly to the overall operation of the plant.

Western Producer Prairie Books, in its 25th year, published 11 new titles and brought out 12 reprints.



Top, unloading grain at Kenaston elevator. Agent John Hamilton and member Milt Pavelich.
Left, ship at Vancouver terminal.
Right, hopper car at Thunder Bay terminal.



*Left, loading bulk fertilizer at Porcupine Plain.
Right, Terry Brett, Weyburn Farm Service Centre manager
and customer Clair Dunn, Yellow Grass.
Below, cattle near Perdue.*



Flour Mill Division

The Saskatchewan Wheat Pool Flour Mill continued to be operated under a management contract by CSP Foods Ltd.

Flour sales totalled 63 806 tonnes representing a drop of 392 tonnes from the previous year. Sales of Canadian aid flour made up a major part.

The plant operated 303 days throughout the year.

Flour recovery is one per cent better than last year as a result of the installation of new equipment.

A new 15,000 square foot warehouse was completed during May.

Total wheat receipts for the year were 89 000 tonnes, up slightly from the previous year.

Canola receipts for Nipawin and Saskatoon plants totalled 204 000 tonnes.

Flour shipments financed by the Canadian International Development Agency for 1979 are projected at 133 000 tonnes.

Russia bought more flour from the industry for shipments to Cuba.

Livestock Division

The division handled 620,697 head of cattle and calves, representing 48 per cent of provincial marketings. Deliveries of hogs through division yards were up 44.4 per cent to 190,675 head.

The gross value of cattle sold amounted to \$361 million.

Slaughter steer prices ranged from a low of \$61 per hundredweight in August, 1978 to a high of \$80 per hundredweight in April 1979. All classes of stocker and feeder cattle remained strong, with some outstanding steer calves selling up to \$1.30 per pound, and heifers bringing up to \$1.20 per pound. Traditional movement patterns continued throughout the year with good quality calves going east, shortkeeps and yearlings to Alberta, and the plainer kinds to the United States. Local demand continued light in Saskatchewan, indicating that producers were taking a wait-and-see attitude before they moved back into feeding operations.

The division has an agreement with the Saskatchewan Hog Marketing Commission to assemble hogs at six markets.

The division was represented at twenty-four 4-H calf sales held throughout the province during the year and purchased 373 calves.

The feeder finance program offered by the division was used more extensively during the year, with 283 livestock feeders in the program at year's end.

Farm Service Division

Farm supply sales were a record \$100,908,000.

The 1978-79 season started at a brisk pace with a heavy run on steel bins. A new fertilizer marketing program featuring early season discounts encouraged earlier than usual fertilizer sales. An excellent chemicals season was responsible for record sales in June. Purchase of driers indicates a distinct trend toward drying as a regular operating practice.

New farm service centres were built at Watrous and Leader and other capital projects included the acquisition of five new aqua ammonia applicators as well as new bulk fertilizer storage and handling facilities at Whitewood, Raymore, Oxbow and Swift Current.

General

The Secan Association, of which Saskatchewan Wheat Pool is a member, continued to release varieties provided by various public institutions. Saskatchewan Wheat Pool has participated in the release of one pea variety, one barley variety and several forage varieties.

The Product Development Branch continued development of varieties, with the emphasis on wheat. A rapeseed project was also started. The chemicals program included a major project on flea beetle control and root rot.

A program on pneumatic air seeding was started as an in-house project. The zero till project continues at the Watrous location with help from eleven farmers.

The division ended its association with the Canadian International Development Agency's wheat-growing project in Zambia.

Operational Outlook, 1979-80

The preliminary operating budget for the coming year indicates that excellent earnings are in prospect. A strong demand for Canadian grains is predicted and, with additional grain cars in prospect, a substantial increase in marketings should be attainable through country and terminal divisions. A more orderly movement is expected due to reduced pressures in the non-Board market. Problems of congestion due to low-quality grain will continue in some areas but overall greater flexibility and grain movement should result in a busy year.

Farm Service sales are expected to increase again in 1979-80.

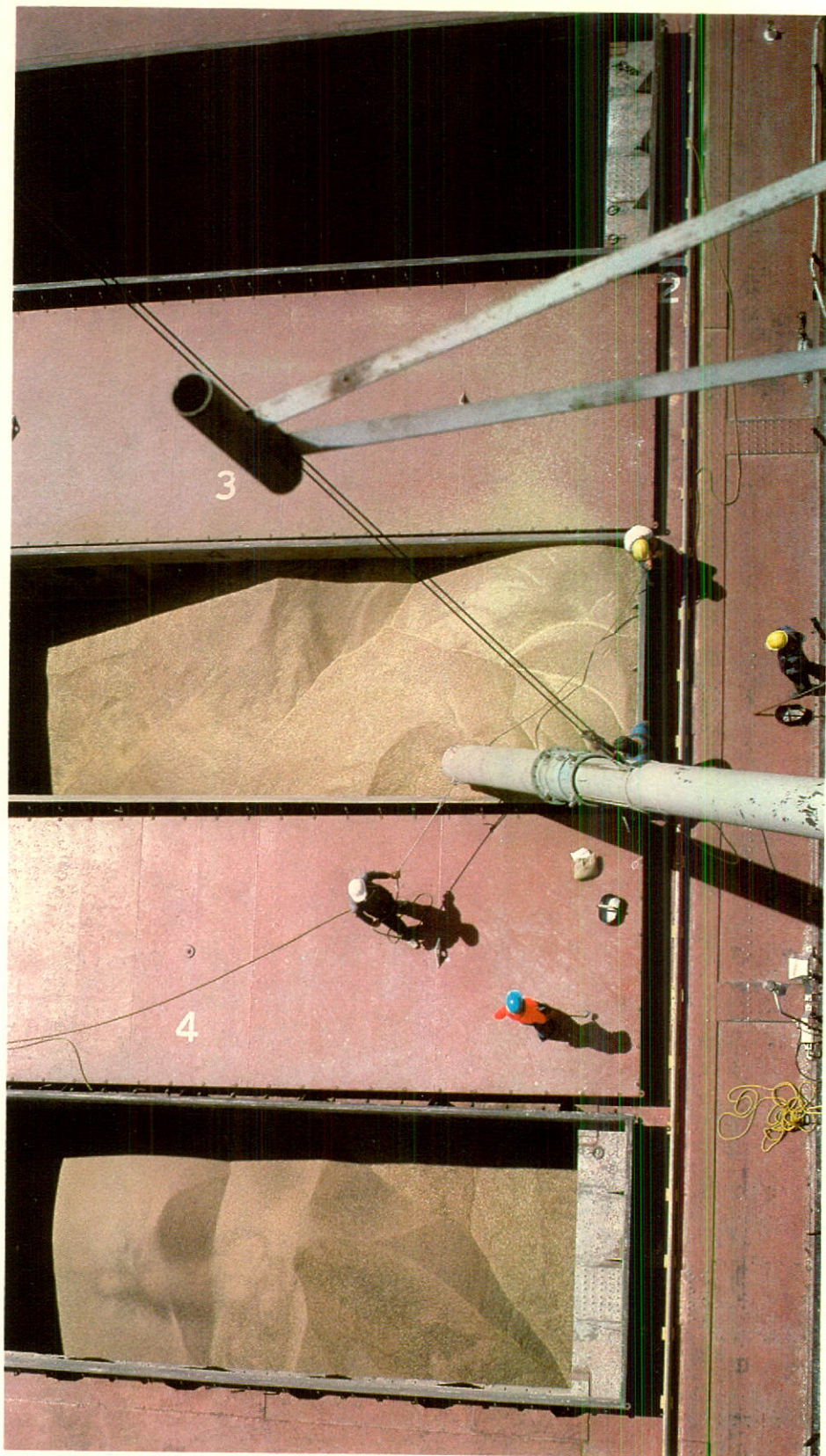
Livestock handlings are projected to fall again during the next year, reflecting the reduction in cattle population.

It is anticipated that Western Producer Publications will have a satisfactory year.

Capital Program

The 1980 capital budget of \$29.0 million will be almost \$4 million higher than the 1979 capital program. The major amount will go to the Country Elevator Division with the next greatest amount going to Terminals. There will also be activity in Farm Service, Livestock, Printing and Publishing and Flour Mill Divisions.

One area requiring major input over the next few years is the Prince Rupert Grain Terminal Consortium.



Loading ship at Thunder Bay, as viewed from above.

Associated Organizations

Western Co-operative Fertilizers Ltd.

In its 13th year of operation, W.C.F.L., with plants in Calgary and Medicine Hat, again achieved new records in production and shipment of product. Production totalled 537,275 tons and 191,427 tons were obtained from another supplier because of demand.

To help ensure supplies of one of its basic inputs, W.C.F.L. purchased a 50 per cent interest in the phosphate rock mine formerly owned by Beker Industries at Conda, Idaho.

CSP Foods Ltd.

Strong markets for vegetable oils and meal resulted in an excellent earnings year. Total crush increased to a record 312 000 tonnes and oil sales increased to 106 000 tonnes.

CSP has captured a good share of the domestic market for flour and vegetable oil products and has made some major sales into the export area.

(In October, 1979, CSP Foods, along with Gay Lea Foods of Ontario, announced, "Achieve" a 100% sunflower margarine developed in CSP research laboratories.)

XCAN Grain Ltd.

XCAN had its most successful year with sales, total revenues and net earnings all achieving new records.

Export sales volumes reached nearly 2.0 million tonnes. In addition, domestic feed grain marketing activities were successful.

XCAN Far East Ltd. played a particularly important role in achieving the large volume of rapeseed sales experienced this past year.

Pacific Elevators Limited

Handlings totalled 2.2 million tonnes, an increase over the previous year. Rapeseed cleaning capacity was being expanded at year end.

Prince Rupert Grain Terminal Consortium Ltd.

At year end negotiations were completed between the Government of Canada and the Consortium (Prairie Pools, United Grain Growers, Pioneer Grain and Cargill Grain) leading toward the planned erection of a new terminal facility at Prince Rupert.

The Government will turn over ownership of its existing terminal on January 1, 1980 for \$1.00 plus a commitment to spend \$2.5 million in upgrading the plant. Also, the federal government will pay for the infrastructure (i.e. road, rail and utility services) to the edge of the property on which the new terminal will be built, and, in addition, will pay for one-half the site development costs and the cost of erecting the structure leading from the warehouse to the dock. Once the site has been selected (at either Ridley or Kaien Island), the Consortium is to proceed with the erection of an elevator with a minimum capacity of 200 000 tonnes (8 million bushels), construction to start not later than January 1, 1982.

Cost estimates are in the \$125 million range, and financing negotiations are in progress with the Government of Alberta who have pledged to make available up to \$100 million in funding for the project.

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.

SaskPool is a major shareholder in CI Management 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.

Membership is maintained 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.

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, namely:

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. 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 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.



SASKATCHEWAN



KENASTON

A

SASKATCHEWAN



KENASTON

Allocation of Net Earnings

The Board of Directors decided that the net earnings for the year ended July 31, 1979, in the amount of \$36,680,000 will be allocated as follows:

Grain:

(thousands of dollars)

Patronage dividend at the rate of \$3.38 per tonne pursuant to Article 79 of the Articles of Association of the Company, estimated	\$27,954
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Farm Supplies:

Patronage dividend at the rate of 5.15 per cent of the value of farm supply purchases pursuant to Article 79 of the Articles of Association of the Company, estimated	4,721
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Livestock:

Patronage dividend at the rate of 64¢ per head for cattle, 59¢ per head for calves, 23¢ per head for sheep and 44¢ per head for hogs (exclusive of Hog Commission animals) pursuant to Article 79 of the Articles of Association of the Company, estimated	278
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Total patronage dividend, estimated	32,953
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Provision for income tax, estimated	1,350
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Transfer to unallocated earnings retained, estimated	2,377
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Total	\$36,680
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An estimated total of \$4,044,000 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 \$28,909,000 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 \$7,172,000 will be used as required in 1979-80 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, 1979, and repayment of 7% of share equity to corporate members.
2. After allocation to shares of the 1978-79 patronage dividend, and payment of withholding tax, a sum of approximately \$5,906,000 will be paid, representing a 4% purchase of share equity to members not attaining the age of 65 by December 31, 1979.

Payments totalling approximately \$17,122,000 will be made to or on behalf of members during the 1979-80 year.

Auditors' Report

The Shareholders
Saskatchewan Wheat Pool

Touche Ross & Co.
Chartered Accountants

We have examined the balance sheet of Saskatchewan Wheat Pool as at July 31, 1979 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, 1979 and the results of its operations and the changes in its financial position for the year ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
October 18, 1979

TOUCHE ROSS & CO.
Chartered Accountants

Balance Sheet

At July 31, 1979

Assets

	1979 (thousands of dollars)	1978
Current assets		
Cash	\$ —	\$ 3,547
Accounts receivable	93,830	93,114
Inventories (Note 1a)	218,295	155,417
Prepaid expenses	3,653	3,245
Prepayment of income taxes	3,567	3,080
	<u>319,345</u>	<u>258,403</u>
Investments and memberships (Notes 1c & 2)	21,496	23,250
Fixed assets (Note 1d)	132,558	122,148
Goodwill (Note 1e)	879	1,208
	<u>\$474,278</u>	<u>\$405,009</u>

Liabilities

Current liabilities		
Outstanding cash tickets and cheques	\$ 72,542	\$ 92,757
Bank loans (Note 3)	56,100	12,675
Notes payable	11,750	1,000
Accounts payable	75,424	59,475
Long term debt due within one year	3,688	3,842
Unallocated earnings (Note 1)	36,680	30,488
	<u>256,184</u>	<u>200,237</u>
Long term debt (Note 4)	55,948	55,926
	<u>312,132</u>	<u>256,163</u>

Members' Equity

Share capital (Note 5)		
Authorized 200,000,000 shares of \$1 each		
Issued to members	136,191	124,893
Unallocated earnings retained	25,955	23,953
	<u>162,146</u>	<u>148,846</u>
	<u>\$474,278</u>	<u>\$405,009</u>

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

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

Statement of Operations

For the year ended July 31, 1979

	1979 (thousands of dollars)	1978 (thousands of dollars)
Revenue from sales and services	\$1,240,472	\$1,242,480
Cost of sales and services	<u>1,154,847</u>	<u>1,165,747</u>
	85,625	76,733
Selling and administrative expenses	<u>55,690</u>	<u>47,117</u>
	\$ 29,935	\$ 29,616
Summary of net earnings (loss) by division		
Country Elevator	\$ 9,402	\$ 12,356
Terminal Elevator	13,292	13,474
Farm Service	5,276	3,321
Flour Mill	1,268	1,338
Livestock	308	(37)
Western Producer Publications	<u>389</u>	<u>(836)</u>
	29,935	29,616
Patronage dividend - CSP Foods Ltd.	<u>5,196</u>	<u>—</u>
Share of earnings —		
Pacific Elevators Limited	<u>1,549</u>	<u>872</u>
Net earnings	<u>\$ 36,680</u>	<u>\$ 30,488</u>

Statement of Unallocated Earnings Retained

For the year ended July 31, 1979

	1979 (thousands of dollars)	1978 (thousands of dollars)
Unallocated earnings retained, beginning of year	\$ 23,953	\$ 22,144
Prior year's earnings	30,488	21,364
Provision for income taxes	(1,275)	(885)
Patronage allocated to members		
Shares	(21,226)	(16,539)
Cash	(3,095)	(677)
Withholding taxes	<u>(3,252)</u>	<u>(2,068)</u>
Balance retained	<u>1,640</u>	<u>1,195</u>
Net proceeds in excess of original cost on disposal of fixed assets	<u>362</u>	<u>614</u>
Unallocated earnings retained, end of year	<u>\$ 25,955</u>	<u>\$ 23,953</u>

Statement of Changes in Financial Position

For the year ended July 31, 1979

	1979 (thousands of dollars)	1978 (thousands of dollars)
Working capital was provided by:		
Prior year's earnings	\$ 30,488	\$ 21,364
Expenses charged against current operations not requiring the use of funds, principally depreciation and amortization	15,177	11,740
Redemption of investments	5,241	—
Increase in members' term loans	1,347	8,591
Other sources	375	626
Sinking fund debentures series A	—	30,000
	<u>52,628</u>	<u>72,321</u>
Working capital was used for:		
Fixed asset additions — net	25,258	35,002
Payments to or on behalf of members		
Share redemptions (Note 5)	9,941	5,825
Cash	3,095	677
Withholding taxes	3,252	2,068
Increase in investments	3,487	2,491
Current maturity of first mortgage debenture loan	1,325	1,325
Provision for income taxes on prior year's earnings	1,275	885
	<u>47,633</u>	<u>48,273</u>
Increase in working capital	4,995	24,048
Working capital, beginning of year	58,166	34,118
Working capital, end of year	<u>\$ 63,161</u>	<u>\$ 58,166</u>

Notes to Financial Statements

For the year ended July 31, 1979

1. Significant accounting policies

a) Inventories

	1979	1978
(thousands of dollars)		
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	\$ 99,754	\$108,779
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.....	79,510	22,316
Other inventory valued at the lower of cost (principally average cost) and net realizable value, or on the basis of open sales contracts.....	39,031	24,322
	<u>\$218,295</u>	<u>\$155,417</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

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:

	1979	1978	Rate of Depreciation
(thousands of dollars)			
Cost			
Sites, tracks and paving	\$ 8,830	\$ 6,921	0 - 8%
Buildings.....	154,419	132,529	5 - 10%
Machinery and equipment.....	93,963	76,302	20 - 30%
Vehicles	4,023	2,921	30%
Work under construction.....	12,468	31,721	nil
	<u>273,703</u>	<u>250,394</u>	
Less accumulated depreciation.....	141,145	128,246	
Net book value	<u>\$132,558</u>	<u>\$122,148</u>	

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 \$879,000 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:

	1979	1978
(thousands of dollars)		
Co-operative joint ventures		
Shares.....	\$ 1,356	\$ 1,356
Bonds, notes and loans receivable.....	16,786	18,429
	<u>18,142</u>	<u>19,785</u>
Other co-operative investments, principally shares	3,307	3,418
Memberships.....	47	47
	<u>\$ 21,496</u>	<u>\$ 23,250</u>

b) 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 ventures.

c) The Company has agreed to convert \$2,400,000 loans receivable from a co-operative joint venture to shares during the coming fiscal year.

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:

	1979	1978
(thousands of dollars)		
9½% first mortgage debenture loan	\$ 3,800	\$ 5,125
Members' term loans.....	25,836	24,643
9⅞% sinking fund debentures series A.....	30,000	30,000
	<u>59,636</u>	<u>59,768</u>
Portion due within one year	3,688	3,842
	<u>\$ 55,948</u>	<u>\$ 55,926</u>

b) The first mortgage debenture loan consists of borrowings from the Saskatchewan Co-operative Credit Society Limited of \$2,400,000 and Co-operative Fire and Casualty Company of \$1,400,000, bearing interest at 9½% and repayable at \$1,325,000 on August 1, 1979 and \$2,475,000 on 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 8% to 10¼%. 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.

5. Share capital

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

	1979	1978
	(thousands of dollars)	
Balance, beginning of year	\$124,893	\$114,166
Add: New shares allotted.....	13	13
Allocated from prior year's earnings.....	21,226	16,539
	<u>21,239</u>	<u>16,552</u>
Less share redemptions:		
Purchased from eligible categories	3,168	2,175
Authorized annual redemptions	6,773	3,650
	<u>9,941</u>	<u>5,825</u>
Balance, end of year.....	<u>\$136,191</u>	<u>\$124,893</u>

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

	1979	1978
Fully paid	136,152,389	124,853,618
Partially paid.....	76,840	78,358

6. 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. \$45,750,000 (Cdn. \$53,509,000) as at July 31, 1979, 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 several co-operative joint ventures to maximum amounts aggregating \$5,267,000.

c) Two co-operative corporations in which the Company has an interest have obtained process elevator bonds aggregating \$14,067,000, as required by the Canadian Grain Commission. The Company and other co-operatives have jointly and severally undertaken to indemnify the issuers of these bonds in the event that payments under the bonds are required.

d) At July 31, 1979 planned future expenditures on authorized capital programs approximated \$16,167,000.

e) Future payments to the employees' retirement plans in respect of past services have been actuarially determined to be \$8,942,000 and are required to be made in varying amounts over the next 13 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 final payments totalling \$667,000 are required to be made next year. An actuarial valuation of the plans as at June 30, 1978 disclosed a further experience deficiency of \$480,000 in one of the plans. The basis for funding this deficiency has not yet been established.

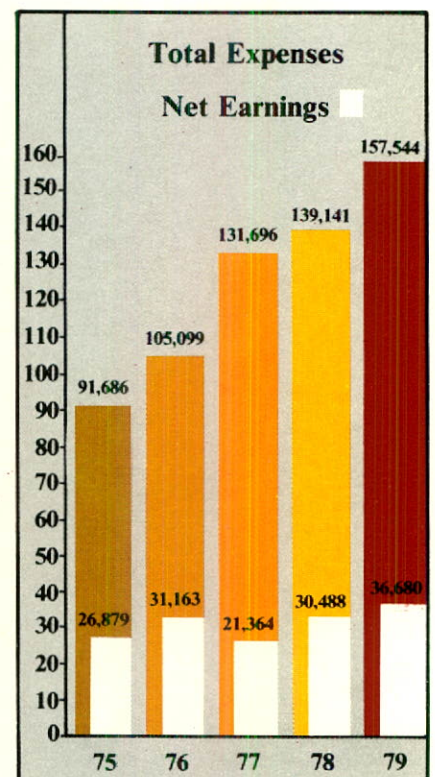
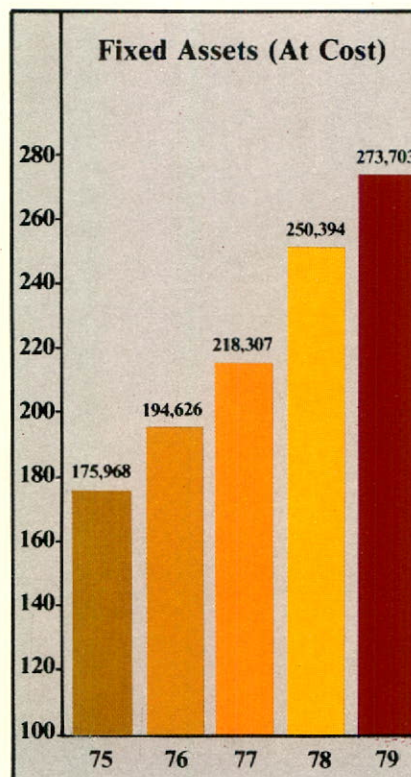
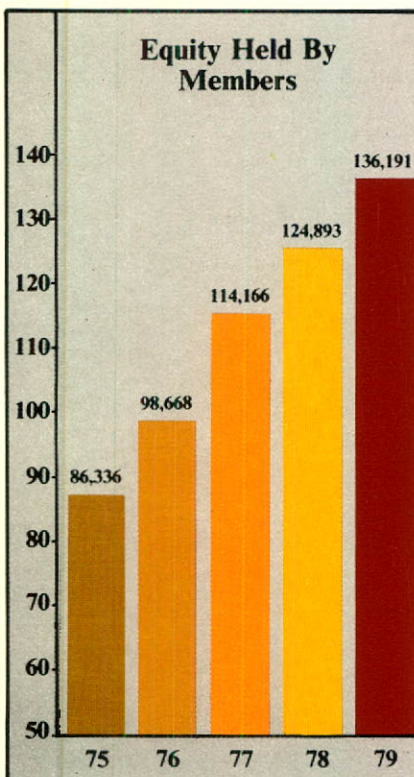
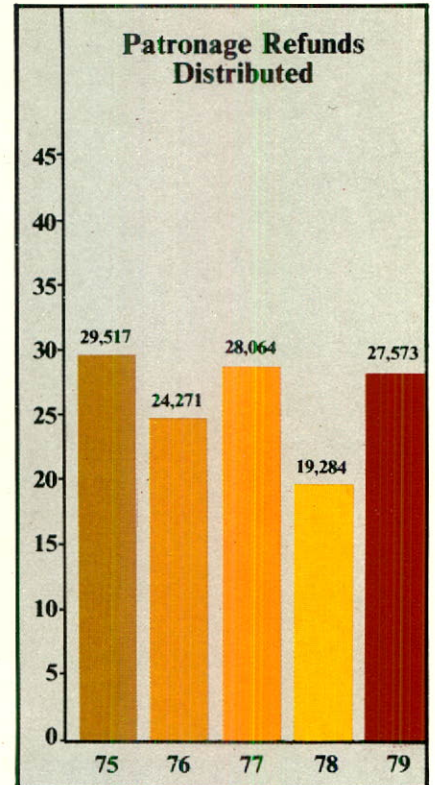
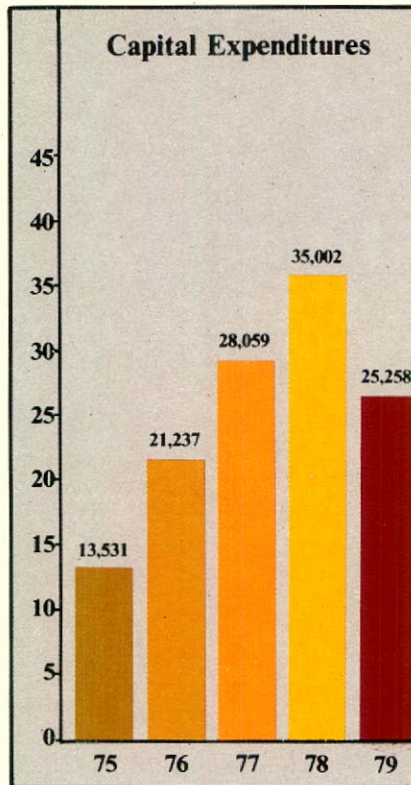
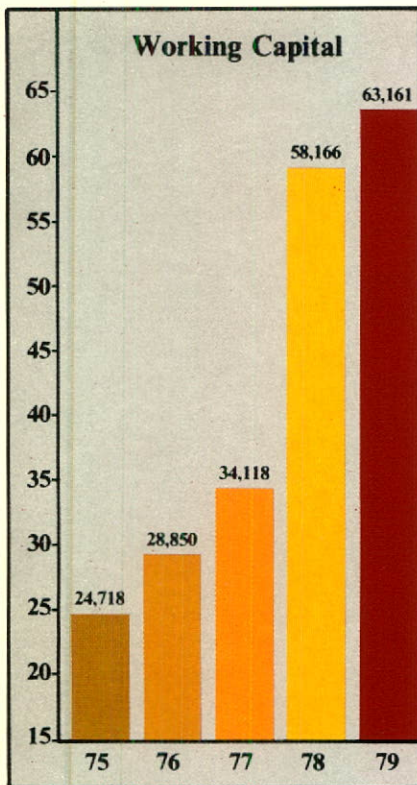
7. Additional information

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

	1979	1978
	(thousands of dollars)	
Revenues		
Income from investments, principally interest	\$ 1,861	\$ 4,472
Expenses		
Depreciation	14,848	11,410
Amortization of goodwill	329	330
Interest on long term debt	5,679	4,510
Other interest	10,979	5,601

Five Year Summary

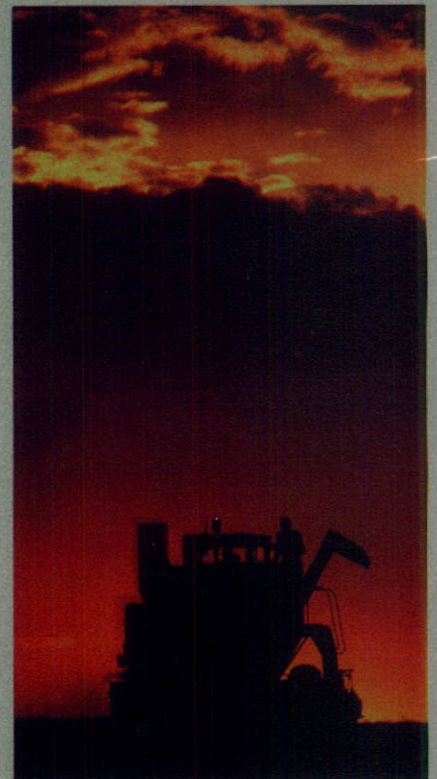
in thousands of dollars



*Photos by
Gibson Photos (1977)
Ltd., Saskatoon
Patrick Pettit, Regina
Jim Slough, Regina*

*Produced by
Information Division
Saskatchewan Wheat Pool
Regina*

*Printed by
Modern Press, Saskatoon
January, 1980*





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Gibson Photos (1977)
Patrick Pettit, Regina
Jim Slough, Regina
Ltd., Saskatoon

