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**Saskatchewan Wheat Pool 1982 Annual Report**  
*and subsidiary companies*

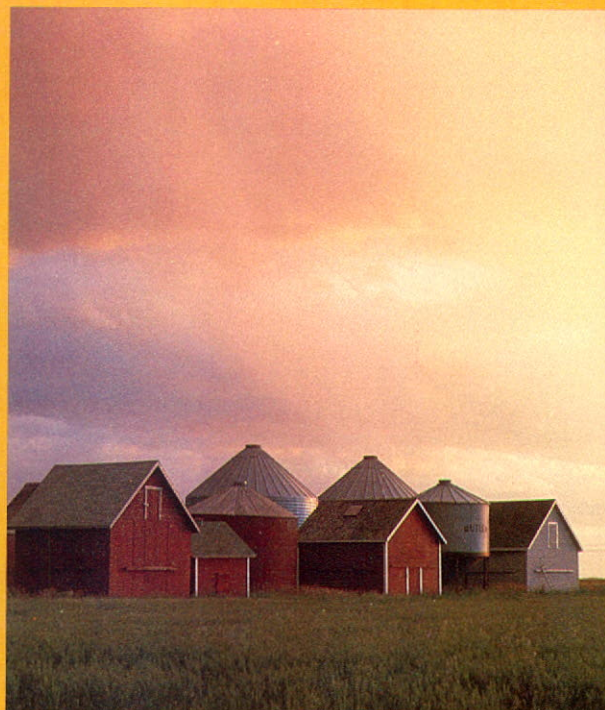
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Saskatchewan Wheat Pool, Canada's largest agricultural co-operative, is one of the nation's major businesses. It provides services to about 70,000 farmer-owners annually and is actively engaged in promotion and development of agricultural policy on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











## A REVIEW 1981-82

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Crop production on the prairies topped 42 million tonnes, setting a new record in 1981. Saskatchewan came within about 300 thousand tonnes of its own 1976 record production.

The Canadian Wheat Board identified a 26 million tonne export target for 1981-82, setting the backdrop for all segments of the industry to achieve new records. Export movement of more than 27 million tonnes of grain and grain products demonstrated the handling system's capabilities, given sufficient world demand and adequate transportation.

Grain prices were on a downward trend, with the Canadian Wheat Board asking price for No. 1CWRS wheat, basis Thunder Bay, opening the year at \$231.92 per tonne and closing at \$208.90. The high was \$234.27 and the low \$198.25.

Livestock, particularly feeding operations, offered inadequate returns and producers questioned whether they should continue. The Saskatchewan Beef Stabilization Program came into effect in January. By year-end, about two-thirds of the slaughter steers and heifers in Saskatchewan were being marketed through the program.

An uncertain economy and oversupply led to losses in both vegetable oil processing and fertilizer manufacturing. The difficulties in fertilizer manufacturing, combined with pressure on farm income and severe competition, reduced operating margins for the Pool's farm service operations, resulting in a loss for the year. Livestock operations suffered from the declining cattle population and diversion of cattle from auction markets into the stabilization plan, and also showed a loss. Grain handlings were at or near record levels, but a decision to restrain tariff increases to less than the rate of inflation in recognition of the difficulties faced by producers kept earnings down. The final earning on all operations was \$54.6 million.

A mood of cautious restraint dominated the Pool's activities during the year, reflecting economic conditions. Capital development and expansion projects continued to be financed through current earnings and depreciation.

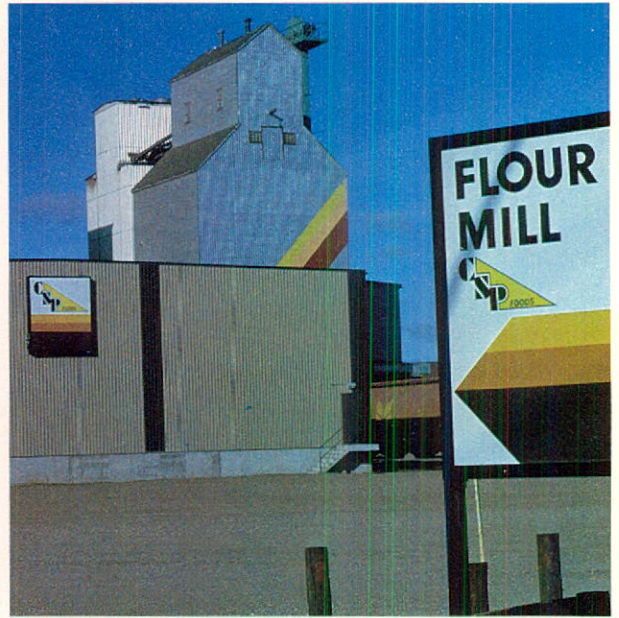
The company is involved in joint venture arrangements with other co-operatives, and has entered similar arrangements with private companies and government. These have proven most satisfactory, but some were directly affected by serious national and international economic developments during the year. CSP Foods and Western Co-operative Fertilizers Limited showed losses for the year, while the other organizations reported earnings. It is likely that this type of business arrangement will continue to have a significant role for the Pool in the future.

Health and safety programs showed encouraging results, with all divisions but one showing reduced accident frequency, and Thunder Bay terminal operations recording significant reductions in both the number and severity of disabling injuries. Safety and management training, comprehensive orientation programs and medical examinations for new employees are contributing to the performance in terminal operations. Medical surveillance programs continued for country elevator employees. About 500 employees attended a pilot series of seminars on respiratory health.





Indian Head agent Lance Gibbens and Ed Prior



Flour Mill in Saskatoon



Farm Service Centre at Melfort



South of Killaly



Loading at Thunder Bay



Lithographer, Dennis Dowd, at W.P.P.





## OPERATIONS 1981-82

### COUNTRY ELEVATOR DIVISION

Grain deliveries through the elevator system amounted to 9.3 million tonnes, the fourth highest handling recorded by Saskatchewan Wheat Pool and 62.92 per cent of total provincial deliveries.

1981-82 began with the system very congested, and producer deliveries kept available space filled at most stations until well after the opening of navigation. Fortunately, the quality of the 1981 wheat crop required limited segregation of grades, allowing the best use of elevator space.

Due to the depressed economic state of other industries, railways were able to allocate additional hopper cars for grain. These extra cars allowed for a larger volume to be moved and the manner in which the Canadian Wheat Board allotted quotas provided for a more uniform flow of grain into the system and allowed producers more equitable delivery opportunities.

The overall volume of rapeseed receipts and shipments was below expectations, though a change in the shipping formula made it possible to increase country shipping considerably late in the year.

Forty-two new elevator computers brought the number of installations to 47 at year end in this continuing program.

Twenty-five protein testers were added to the system, bringing the total to 130. During the year, 66,942 samples were tested.

Grower interest in specialty crops was not as active as had been anticipated. As a result, fewer acres than planned were contracted. Contracts for canary seed, lentils and peas were issued on a pooling basis. Fababeans contracts were not offered for 1982. Contracts totalling 4,625 acres of mustard were written on behalf of other companies.

The company was again active in handling malting barley with a total of 5,413 permits accepted, accounting for 354 600 tonnes.

Seven new high throughput elevators, 15 major improvement projects and six elevator moves with major improvements highlighted the elevator development program. Seven steel bins were erected and eight annexes were moved and renovated.

At year end, 265 receiving scales and 70 hopper scales had been converted to metric, and 468 elevators had modern dust collection equipment.

During the 1981-82 season the division contracted for the demolition of 91 closed elevators at 70 stations.

### FARM SERVICE DIVISION

Farm supply sales for 1981-82 were \$155,587,000 or 11 per cent over the previous year. The sales year saw strong competition in nearly every product line, record high interest rates and buyer reluctance to purchase ahead of season of use.

Sales in 1981-82 reflect a volume increase in some newer products, price increases in most, and a decreased volume in the fertilizer and seed categories. The inability to maintain gross margins became the major operating problem in view of its impact on net earnings.

Competition was especially difficult in fertilizer as low priced United States product began to move into the province. This disrupted the Canadian market, forcing prices below profitable levels and drastically reducing sales margins. Much of the sales volume lost was recovered during the spring, and the final tonnage sold was nearly equal to 1980-81.

Chemical sales for 1981-82 reached a new record level of \$62,559,000, 22 per cent over the previous year. Excellent moisture and growing conditions during the spring brought on extremely heavy weed growth and the strongest post-emergent spray season ever.

Seed sales in 1981-82 were down significantly from the previous year. The significant decrease was in cereals where volume was only 56 per cent of the previous year's total. The major drop came in spring wheat. Oilseed sales showed a slight increase over last year. Grass and legume forage seed sales increased slightly.

Quill Lake became the first elevator station to exceed \$1 million sales in one year.

The Technical Services Department continued to supply support to the



marketing departments, farm service centre personnel, agents, and in some cases directly to farmers. A chemical safety manual was developed in compliance with the Occupational Health Act.

Additional responsibilities were assigned to this department related to the development and implementation of the mini-computer system into all farm service centres.

The Product Development Branch completed an active year highlighted by construction of a field lab.

The joint wheat breeding programs with two U.S. companies progressed favourably.

A new sunflower project was established at Watrous with nearly 400 entries put into a nursery.

The tour season was again very successful with over 650 people visiting the Watrous site including one group of farmers from Ontario.

## TERMINAL ELEVATOR DIVISION

Despite a two-week strike in September and a delay in the opening of navigation in mid-April, Thunder Bay operations experienced a record handling of 8.6 million tonnes, a 16 per cent increase over last year and almost 1.0 million tonnes higher than the previous record of 1979-80. Each Pool terminal at the port set new handling records.

52.9 per cent of total shipments from Thunder Bay were from Saskatchewan Wheat Pool terminals.

A record winter rail movement to Eastern Canada greatly assisted in opening up storage space with the result that terminals were able to take in 200 - 300 cars per day throughout the winter.

Revenues from by-product sales declined slightly as a result of weaker prices for screenings and grain screening pellets.

Improvements to grain cleaning equipment and processes, including the installation of new by-product processing systems at Terminals Nos. 4, 6 and 7 helped achieve greater throughput. Eight more cleaning batteries are scheduled for future conversion to one-pass cleaning to further improve throughput efficiency.

The capital program at Thunder Bay continued to be directed at efficiency improvements with ongoing attention being given to health and safety features. A total of 98 new projects began in the year.

Work continued with the Fire and Explosion Prevention Committee to instigate changes in equipment and procedures to lessen hazards. The Terminal No. 4 Control and Communications System became fully

operational for the receiving systems.

Deficiencies in dust control systems were corrected. Bins in Annex No. 3 at Pool No. 15 required major repairs to the support pilings and, at the same time, new hopper bottoms are being installed in the bins. Another major project was underway, at year's end, to repair the exterior walls of Terminal No. 6.

Significant reductions have been realized in both the number and severity of disabling injuries, due to careful screening of new employees (including medical examinations), comprehensive orientation programs, safety training and management training.

The Gage Research Study on the effects of grain dust on elevator workers, with which the Pool has been co-operating, is winding down after six or seven years.

Handlings through the North Vancouver terminal totalled 1 960 000 tonnes, up 6.2 per cent from last year. This represented 19 per cent of the Vancouver handling or 17 per cent of the West Coast total.

A car unload formula, similar to that in Thunder Bay, was instituted in March. Under this formula it is planned that each terminal receive grain unloads in proportion to their country originations.

The trade generally has accepted a rapeseed pooling system which began in 1981 although there appears to be no real advantage to terminal operations.

Cereal grain cleaning was generally not a problem. Oilseed cleaning was hampered at times by extensive renovations in the cleaning complex.

Major capital projects include the expansion of the oilseed cleaning complex, upgrading of shipping gallery spouts, motors and brakes, and the installation of a new electrical control system.

## FLOUR MILL

The Saskatchewan Wheat Pool Flour Mill and Elevator are operated under a management contract by CSP Foods Ltd.

Flour sales totalled 48 315 tonnes compared to 53 761 tonnes a year earlier. Despite this volume decline, CSP's market share in flour for Western Canada increased. Exports continue to decline with CIDA shipments increasing slightly during the year but industry sales to Cuba declining from 260 000 tonnes in the previous year to 170 000 tonnes in 1982. Bakery mixes continued to be well accepted.

CSP Foods Ltd. manufacturing rights for Dawn Donut Mixes was extended, during the year, to cover all of Canada.

Great Plains flour was introduced to



replace the Pool label in independent groceries and to allow entry to the national food chains.

## LIVESTOCK DIVISION

The Division handled 475,242 head of cattle and calves. The ten Saskatchewan yards handled 427,193 cattle and calves plus an additional 13,959 slaughter cattle assembled for the Saskatchewan Beef Stabilization Board. The market share of the division declined to 38.3 per cent from 42.7 per cent. The Beef Stabilization Board's handling of 98,998 cattle to the end of July was the primary reason for the drop.

The division handled 117,783 hogs during the year reflecting a sharp drop from the 165,890 head handled last year. This reduction was primarily a result of a significantly lower hog population in Saskatchewan.

During the year slaughter cattle sold from a low of \$62.92/cwt in January to a high of \$82.97/cwt in May. By year end prices had declined to \$74.75/cwt.

Hog prices during the first part of the year showed a similar pattern with a low \$62.08/cwt occurring in January, followed by a steady increase each month reaching a peak of \$91.16 in June.

The division handled country sales out of North Battleford and Swift Current.

During the year, 71,568 head of cattle were involved in the pooling program.

Activity in the feeder finance program was quite depressed as the year began, but began picking up by late fall. At year end 184 active feeder finance contracts were in place representing \$3.17 million in credit outstanding.

During the year a total of 181 calves were purchased at 25 different 4-H sales. This support resulted in a net cost of \$15,796 to the division.

The initial trial of a computer installation at the Regina yard proved very satisfactory. Board approval for the installation of the system at eight remaining Saskatchewan locations was received in May, 1982 and work has begun.

In Saskatoon, three existing commission firms and two others formed a company to operate the stockyard. Saskatchewan Wheat Pool has a 25 per cent shareholder interest in the new company known as "Saskatoon Public Stockyards Ltd."

In June, the Saskatchewan Wheat Pool's Livestock Division hosted the 1982 International Livestock Congress.

## WESTERN PRODUCER PUBLICATIONS

The Western Producer published 51 regular issues during the year, containing more pages than ever before of both reading material and paid advertising. "Western people" also appeared as a supplement in 49 of the issues.

An editorial office was opened in Winnipeg, to give The Western Producer a closer view of the operations of grain industry institutions as well as the Manitoba agricultural area. The division now has staff correspondents in Edmonton, Ottawa and Winnipeg.

The column "Agroforum" completed its first full year as a weekly feature to provide a scientific agriculturist's comment on major developments of significance to prairie farmers. Two new advice columns "Health Clinic" and "About Farm Animals" were initiated.

The Western Producer maintained its attention to issues affecting rural families through features and columns.

The number of letters received for "Open Forum" reached 774 compared with 728 the previous year. The increase was due in large part to the transportation and freight rate issue and the Saskatchewan election.

The Western Producer advertising revenues reached a new high. Only two issues of the newspaper failed to produce revenue higher than the corresponding issue of the previous year.

The Audit Bureau of Circulation (ABC) reported net paid circulation of The Western Producer at 142,097 for the audited issue during the six-month period ended June 30, 1982. This is an increase of 4,705 copies compared to a year earlier.

This was the 21st year of operation for Western Producer Insurance Services. At year end there were 18,420 insurance policies in force.

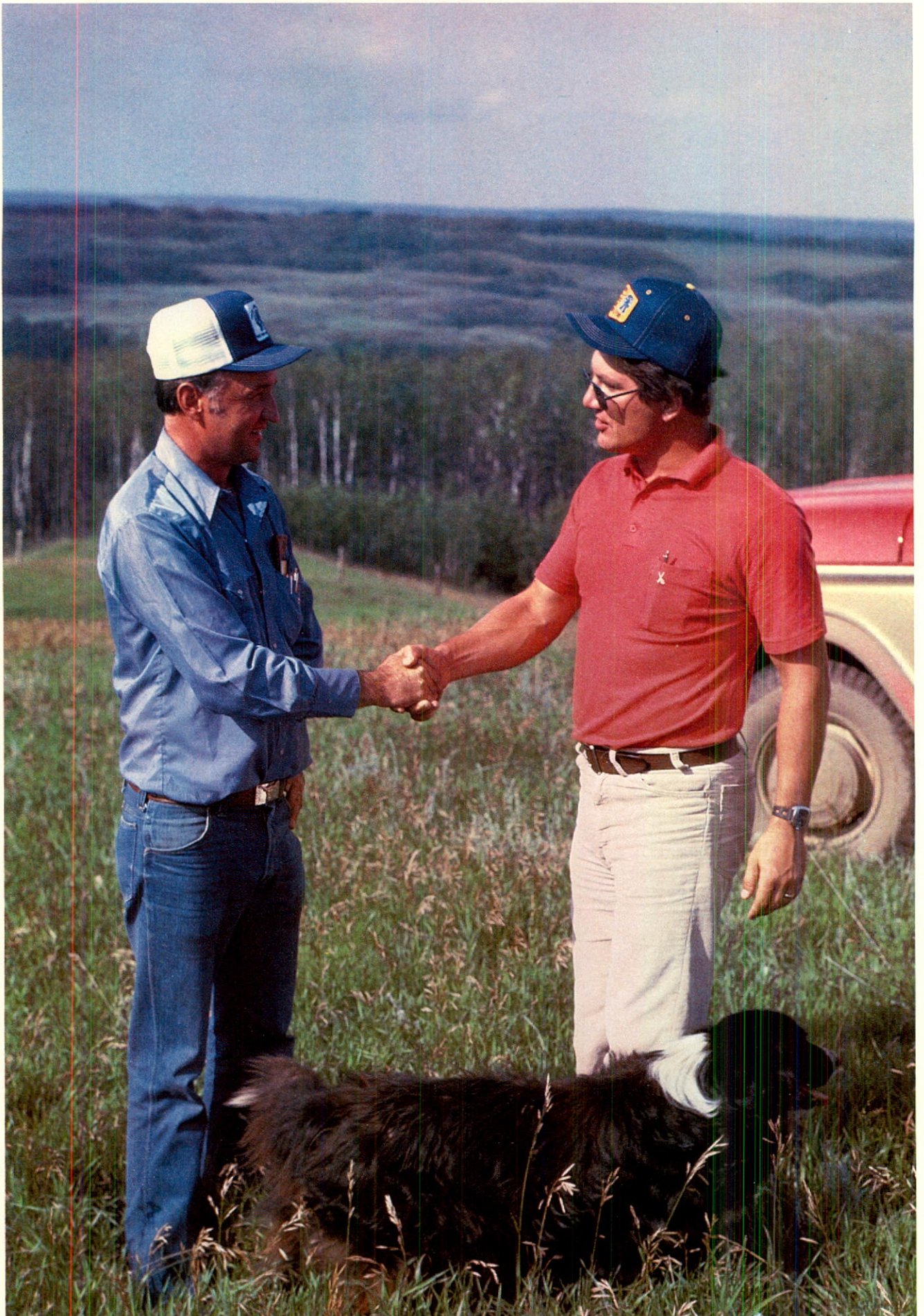
Commercial printing sales through Modern Press increased in 1981-82 by 22 per cent. Economic conditions in North America during the year resulted in a soft market for newsprint and supplies were readily available.

Western Producer Prairie Books sales again established a new record. A total of 16 titles were published along with a new edition of an existing title and eight reprints.

During the year approval was given to add substantial space to the offices and plant in Saskatoon along with some new equipment.

The year ahead will mark the 60th Anniversary of the founding of The Western Producer.









## SERVICE DIVISIONS

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Saskatchewan Wheat Pool has eight service divisions whose functions are complementary to the organization's commercial and farm policy role.

**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 all divisions, is responsible for industrial relations programs, and other functions related to employee benefits programs.

**Corporate Engineering Division** provides project management support and technical information to the operating divisions, and helps to co-ordinate planning for future facilities and construction.

**Management Information Services Division** assists other divisions to develop and maintain efficient manual and machine supported information systems, and directs the operations of the company's computer facility.

**Planning Services Division** provides resources to help senior management and the divisions carry out operational and strategic planning.

*The last four divisions report to the Chief Executive Officer through the General Manager, Corporate Services; Treasury reports directly.*

*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 communication services.*

**Member Relations 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 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.

**Communications 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.

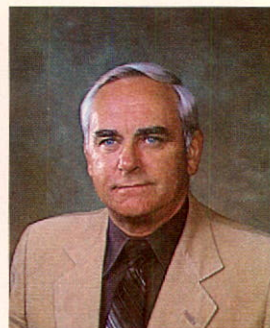




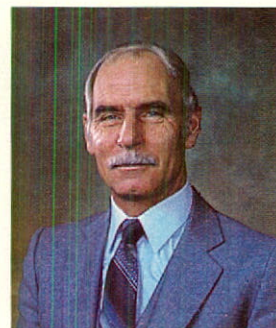
TURNER



STEVENSON



SAHL



YELLAND



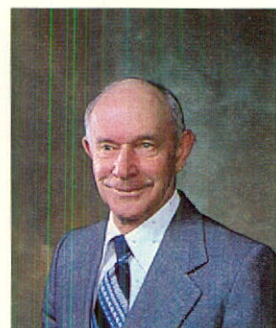
LUTERBACH



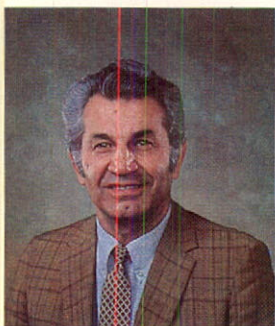
DAHL



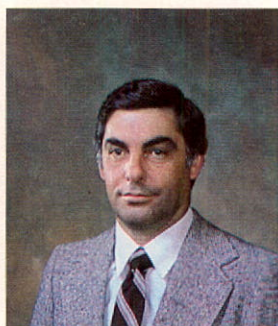
SANDERSON



MURCH



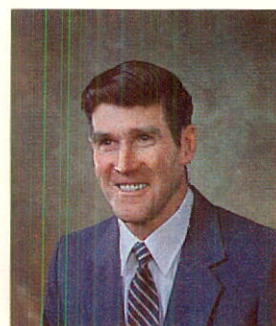
CORNEA



KOSTICHUK



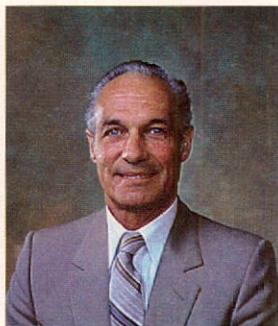
BUITENHUIS



ELDER



SIEMENS



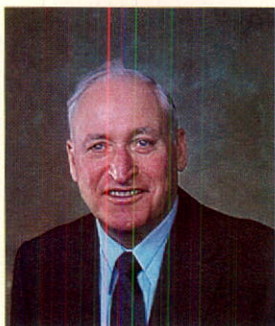
WOOD



MUNDELL



LARSEN



LOCKWOOD



GRAY



# BOARD OF DIRECTORS

(as of July 31, 1982)

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

President

Director, District 16

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

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

First Vice-President

Director, District 7

Elected: Delegate 1959; Director 1968;  
Executive Committee 1971;  
Second Vice-President 1981;  
First Vice-President 1982.

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

Second Vice-President

Director, District 5

Elected: Delegate 1962; Director 1968;  
Executive Committee 1972;  
Second Vice-President 1982.

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

Executive Committee

Director, District 14

Elected: Delegate 1960; Director 1973;  
Executive Committee 1981.

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

Executive Committee

Director, District 1

Elected: Delegate 1970; Director 1976;  
Executive Committee 1982.

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

Director, District 2

Elected: Delegate 1959; Director 1980.

## **G. A. (George) Sanderson**

Director, District 3

Elected: Delegate 1975; Director 1981.

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

Director, District 4

Elected: Delegate 1968; Director 1973.

## **B. (Booker) Cornea**

Director, District 6

Elected: Delegate 1979; Director 1982.

## **M. (Maurice) Kostichuk**

Director, District 8

Elected: Delegate 1969; Director 1980.

## **G. A. (Gerrit) Buitenhuis**

Director, District 9

Elected: Delegate 1969; Director 1981.

## **K. W. (Ken) Elder**

Director, District 10

Elected: Delegate 1972; Director 1982.

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

Director, District 11

Elected: Delegate 1963; Director 1978.

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

Director, District 12

Elected: Delegate 1968; Director 1973.

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

Director, District 13

Elected: Delegate 1953; Director 1968.

## **L. J. (Leroy) Larsen**

Director, District 15

Elected: Delegate 1970; Director 1981.

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## **D. M. (Don) Lockwood**

First Vice-President

Director, District 10

Elected: Delegate 1951-53, again in 1959;  
Director 1962; Executive Committee  
1968;  
Second Vice-President 1969;  
First Vice-President 1973.  
Retired April, 1982.

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

Director, District 6

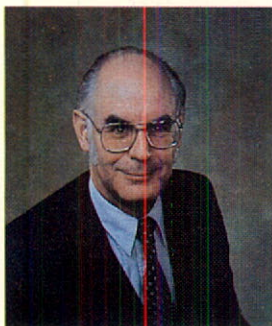
Elected: Delegate 1953-58, again in 1967;  
Director 1976.

Retired April, 1982.



## SENIOR OFFICERS

(as of July 31, 1982)



FAIR



WRIGHT



KASHA

**J. M. (MILT) FAIR**, Chief Executive Officer, is responsible to the Board of Directors for all commercial operations and related services.

**J. O. (JIM) WRIGHT**, Corporate Secretary, is responsible to the board for co-ordination of the farm policy activity and for the programs of Member Relations, Communications and Research Divisions.

**C. R. (RON) KASHA**, Treasurer, is responsible to the Board for financial policy and to general management for general treasury operations.

## CORPORATE INFORMATION

(as of July 31, 1982)

### DIVISION GENERAL MANAGERS

- J. M. (JOHN) McCANN**, Country Elevator Division
- J. K. (JIM) MacDONALD**, Terminal Elevator Division
- R. E. (ROY) McKENZIE**, Farm Service Division
- C. E. (CHARLIE) LEASK**, Livestock Division
- R. H. D. (BOB) PHILLIPS**, Western Producer Publications

### DIVISION DIRECTORS

- R. B. (DICK) PITFIELD**, Corporate Engineering Division
- R. (BOB) VIRGO**, Management Information Services Division
- G. L. (GERRY) LISKI**, Planning Services Division
- D. B. (DAVID) WARTMAN**, Personnel & Organization Division
- R. D. (DUANE) BRISTOW**, Member Relations Division
- A. D. (ALLAN) McLEOD**, Research Division
- IAN BICKLE**, Communications Division

### SOLICITORS

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

### AUDITORS

TOUCHE ROSS & CO.

### BANKERS

The Royal Bank of Canada  
Canadian Imperial Bank of Commerce  
Bank of Montreal  
The Bank of Nova Scotia  
The Toronto-Dominion Bank

### HEAD OFFICE

Saskatchewan Wheat Pool, 2625 Victoria Avenue, Regina, Saskatchewan S4P 2Y6.  
Telephone (306) 569-4411, Telex 071-2284, TWX 610-721-1340.



# ALLOCATION OF NET EARNINGS

The Board of Directors decided that the net earnings for the year ended July 31, 1982, in the amount of \$54,634,000 be allocated as follows:

Grain:	(in thousands)
Patronage dividend at the rate of \$4.65 per tonne, estimated .....	\$43,684
<b>Total patronage dividend, estimated .....</b>	<b>43,684</b>
Provision for income tax, estimated .....	1,600
Transfer to unallocated earnings retained from prior years, estimated .....	9,350
<b>Total .....</b>	<b>\$54,634</b>

An estimated total of \$5,900,000 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 \$37,784,000 will be applied in payment of shares allotted.

The Board of Directors also decided that:

1. The sum of approximately \$10,018,000 be used as required in 1982-83 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, 1982, and repayment of 7% of share equity to corporate members.
2. After allocation to shares of the 1981-82 patronage dividend, and payment of withholding tax, a sum of approximately \$8,866,000 be paid, representing a 4% purchase of share equity to members not attaining the age of 65 by December 31, 1982, and farming corporations.

Payments totalling approximately \$24,784,000 will be made to or on behalf of members during the 1982-83 year.

## AUDITOR'S 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, 1982 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 Corporation as at July 31, 1982 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 12, 1982

TOUCHE ROSS & CO.  
Chartered Accountants



# BALANCE SHEET

At July 31

## Statement 1

### Assets

#### Current assets

	1982	1981
	(in thousands)	
Cash .....	\$ 6,430	\$ 2,771
Accounts receivable .....	199,686	249,792
Inventories (Note 2a) .....	316,060	465,157
Prepaid expenses .....	5,327	5,082
Prepayment of income taxes .....	4,676	4,275

Investments and memberships (Notes 2c & 3) .....	532,179	727,077
Fixed assets (Note 2d) .....	50,846	30,646
	<u>170,926</u>	<u>152,521</u>
	<u>\$753,951</u>	<u>\$910,244</u>

### Liabilities

#### Current liabilities

Outstanding cash tickets and cheques .....	\$183,739	\$284,788
Bank loans (Note 4) .....	51,969	166,292
Notes payable .....	14,200	3,600
Accounts payable .....	133,737	113,224
Long term debt due within one year .....	9,447	14,127
Unallocated earnings (Note 2e) .....	54,634	72,744

Long term debt (Note 5) .....	447,726	654,775
	<u>55,412</u>	<u>44,382</u>
	<u>503,138</u>	<u>699,157</u>

### Members' Equity

Share capital (Note 6) .....	204,543	173,249
Unallocated earnings retained .....	46,270	37,838
	<u>250,813</u>	<u>211,087</u>
	<u>\$753,951</u>	<u>\$910,244</u>

On behalf of the Board



E. K. TURNER, Director



G. (GARF) STEVENSON, 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

	1982	1981
	(in thousands)	
Revenue from sales and services .....	\$2,256,457	\$1,943,775
Cost of sales and services .....	<u>2,144,397</u>	<u>1,832,794</u>
	112,060	110,981
Selling and administrative expenses.....	<u>59,730</u>	<u>47,111</u>
	<u>\$ 52,330</u>	<u>\$ 63,870</u>
Summary of net earnings (loss) by division		
Country Elevator.....	\$ 26,773	\$ 28,406
Terminal Elevator .....	26,455	27,336
Farm Service.....	(1,859)	5,640
Flour Mill.....	154	930
Livestock.....	(508)	356
Western Producer Publications.....	<u>1,315</u>	<u>1,202</u>
	52,330	63,870
Patronage dividend — CSP Foods Ltd. ....	—	6,497
Share of earnings		
Pacific Elevators Limited .....	1,781	1,440
Prince Rupert Grain Ltd. ....	<u>523</u>	<u>937</u>
Net earnings .....	<u>\$ 54,634</u>	<u>\$ 72,744</u>

# STATEMENT OF UNALLOCATED EARNINGS RETAINED

For the year ended July 31

## Statement 3

	1982	1981
	(in thousands)	
Unallocated earnings retained, beginning of year.....	<u>\$37,838</u>	<u>\$28,738</u>
Prior year's earnings .....	72,744	53,951
Income taxes paid.....	(3,430)	(1,850)
Patronage allocation to members		
Shares.....	(50,050)	(35,053)
Cash .....	(3,417)	(2,679)
Withholding taxes .....	<u>(8,370)</u>	<u>(5,623)</u>
Balance retained .....	<u>7,477</u>	<u>8,746</u>
Adjustment of 1980 and prior years' income taxes.....	361	—
Net proceeds in excess of original cost on disposal of fixed assets .....	<u>594</u>	<u>354</u>
Unallocated earnings retained, end of year .....	<u>\$46,270</u>	<u>\$37,838</u>



# STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended July 31, 1982

## Statement 4

	1982 (in thousands)	1981
<b>Working capital was provided by:</b>		
Prior year's earnings.....	\$72,744	\$53,951
Depreciation charge against current operations not requiring the use of funds .....	20,303	18,885
Increase in long term notes payable (Note 5d) .....	10,800	—
Increase in members' term loans .....	4,180	—
Other sources .....	607	366
	<u>108,634</u>	<u>73,202</u>
<b>Working capital was used for:</b>		
Fixed asset additions — net .....	38,708	28,792
Payments to or on behalf of members		
Share redemptions (Note 6a) .....	18,769	14,102
Cash .....	3,417	2,679
Withholding taxes .....	8,370	5,623
Increase in investments.....	20,200	4,891
Decrease in members' term loans.....	—	10,378
Current maturity of debenture loans.....	1,400	1,400
Current maturity of notes payable.....	2,550	—
Income taxes on prior years' earnings .....	3,069	1,850
	<u>96,483</u>	<u>69,715</u>
<b>Increase in working capital.....</b>	<b>12,151</b>	<b>3,487</b>
<b>Working capital, beginning of year .....</b>	<b>72,302</b>	<b>68,815</b>
<b>Working capital, end of year.....</b>	<b><u>\$84,453</u></b>	<b><u>\$72,302</u></b>



# NOTES TO FINANCIAL STATEMENTS

For the year ended July 31, 1982

1. **Saskatchewan Wheat Pool** is incorporated by special Act of the Saskatchewan legislature.

## 2. Accounting policies

### a) Inventories

	1982	1981
	(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 .....	\$254,790	\$386,434

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...	7,150	18,616
--	-------	--------

Other inventory valued at the lower of cost (principally average cost) and net realizable value.....	54,120	60,107
	<u>\$316,060</u>	<u>\$465,157</u>

### b) Recognition of earnings

The basis of valuing grain stocks results in a net handling margin being included in earnings when grain is purchased by the Corporation. 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 Corporation follows the cost method of accounting for its investment in companies over which it has significant influence. Under this method the Corporation'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 used because these companies have historically distributed a major portion of their earnings to shareholders on a patronage basis. The companies accounted for under this method and the Corporation's share of ownership therein are as follows:

Canadian Pool Agencies Limited .....	33 1/3%
CSP Foods Ltd. ....	50%
Pacific Elevators Limited .....	30%
Pool Insurance Company .....	50%
Prince Rupert Grain Ltd. ....	30%
Ridley Grain Ltd. ....	30%
Western Co-operative Fertilizers Limited .....	25%
Western Pool Terminals Ltd. ....	30%
XCAN Grain Ltd. ....	33 1/3%
Other investments and memberships are also valued at cost. The Corporation's share of earnings is reflected in income when dividends are received.	

### d) Fixed assets

The major components of fixed assets are:

Cost	1982	1981	Rate of Depreciation
	(in thousands)		
Sites, tracks and paving .....	\$ 12,349	\$ 11,536	0 - 8%
Buildings .....	186,952	171,884	5 - 10%
Machinery and equipment .....	141,302	126,705	20 - 30%
Vehicles .....	6,046	5,335	30%
Work under construction ....	13,108	8,096	nil
	<u>359,757</u>	<u>323,556</u>	
Less accumulated depreciation .....	188,831	171,035	
Net book value .....	<u>\$170,926</u>	<u>\$152,521</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:

	1982	1981
	(in thousands)	
Companies over which the Corporation has significant influence		
Shares .....	\$ 4,249	\$ 3,758
Notes and loans receivable .....	29,383	24,187
	<u>33,632</u>	<u>27,945</u>
Other investments, principally shares in co-operatives .....	17,167	2,654
Memberships .....	47	47
	<u>\$50,846</u>	<u>\$30,646</u>



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

	1982	1981
	(in thousands)	
Assets .....	\$401,013	\$332,693
Liabilities .....	368,509	274,442
Undistributed earnings .....	18,018	29,447
Revenue .....	935,150	977,649
Net earnings .....	4,541	39,174
Net earnings distributed .....	14,816	28,758

- c) Included in investments are notes receivable totalling \$18,212,000 which have been postponed in favour of other creditors of these companies.

#### 4. Bank loans

Bank loans comprise borrowings from chartered banks and Credit Union Central and are secured by accounts receivable, inventories, conditional sales contracts and fire insurance policies on stocks of grain.

#### 5. Long term debt

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

	1982	1981
	(in thousands)	
Members' term loans .....	\$25,459	\$28,509
9% sinking fund debentures series A .....	28,600	30,000
Notes payable .....	10,800	—
	64,859	58,509
Portion due within one year .....	9,447	14,127
	<u>\$55,412</u>	<u>\$44,382</u>

- b) Members' term loans range from two-year to ten-year terms with interest rates from 9% to 19%. Each loan is repayable at maturity with interest payable semi-annually.
- c) The sinking fund debentures require payments to be made in each of the next fifteen years for the retirement of \$1,400,000 principal amount annually, with the issue maturing on August 1, 1997. The issue is secured by a floating charge on all property and assets of the Corporation.
- d) During 1982 the Corporation acquired \$12,000,000 in shares of the Cooperative Energy Corporation. To finance this investment, the Corporation advanced \$1,200,000 in cash and issued \$10,800,000 in non-interest bearing notes which require payments of \$2,550,000 during the year ending July 31, 1983, and \$750,000 per quarter thereafter until April 1, 1986.
- e) The maturities of long term debt during each of the next five years ending July 31 are as follows:

1983	\$ 9,447
1984	14,494
1985	4,400
1986	4,162
1987	4,466
	<u>\$36,969</u>

#### 6. Share Capital

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

	1982	1981
	(in thousands)	
Balance, beginning of year .....	\$173,249	\$152,286
Add: New shares allotted	13	12
Allocated from prior year's earnings .....	50,050	35,053
	<u>50,063</u>	<u>35,065</u>
Less share redemptions:		
Purchased from eligible categories .....	4,055	3,622
Authorized annual redemptions .....	14,714	10,480
	<u>18,769</u>	<u>14,102</u>
Balance, end of year .....	<u>\$204,543</u>	<u>\$173,249</u>

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

	1982	1981
Fully paid (par value \$1 each) .....	204,505,305	173,210,794
Partially paid .....	75,984	76,363

#### 7. Commitments and contingencies

- a) The Corporation has guaranteed borrowings and other obligations of companies in which it has an investment to maximum amounts aggregating \$4,780,000. Subsequent to July 31, 1982 the Corporation guaranteed borrowings of Western Co-operative Fertilizers Limited to a maximum of \$8,000,000.
- b) Western Co-operative Fertilizers Limited, in which the Corporation has a 25 per cent interest, has 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. \$44,250,000 (Cdn. \$55,414,000) as at July 31, 1982, repayable in annual installments until 1996. Up to one-third of the annual payments of principal and interest on these loan agreements are guaranteed by the Corporation, 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.

- c) As a member of a consortium, the Corporation owns 30 per cent of the common shares in Prince Rupert Grain Ltd. and Ridley Grain Ltd. New terminal elevator facilities are under construction at Prince Rupert, British Columbia, and are being financed by consortium members and the Government of Alberta. On the basis of estimated construction costs the Corporation will invest a total of \$16,700,000 in Ridley Grain Ltd., of which \$4,790,000 has been invested at July 31, 1982.
- d) At July 31, 1982, planned future expenditures on authorized capital programs were approximately \$32,780,000.
- e) The Corporation has been reassessed for income taxes with respect to the inventory allowance on grain purchased for sale to The Canadian Wheat Board. The Corporation has objected to and is involved in legal proceedings with regard to this matter. A potential income tax liability of \$4,500,000 for prior years has not been reflected in these financial statements.
- f) As a result of recent collective bargaining, a new employee pension plan is being developed for members of the Grain Services Union. Revisions to existing pension plans, together with provisions in the new plan, will result in improved benefits and changes in the contributions by the Corporation and its employees. Actuarial valuations associated with these revisions identified accumulated surpluses which will have the effect of substantially reducing the Corporation's future obligations for past services.

#### 8. Related party transactions

The Corporation operates as a co-operative and as such conducts a significant portion of its business activities with related parties, consisting primarily of the Corporation's shareholder members and companies owned by the Corporation 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 handling and financing transactions, the Corporation acquires from and sells to other related parties certain other goods and services.

In addition to amounts disclosed separately, the Corporation has amounts due from members of \$47,695,000, and from other related parties of \$5,687,000 included in accounts receivable; and amounts payable to members of \$89,957,000 and to other related parties of \$448,000, included in accounts payable.

#### 9. Additional information

Included in the statement of operations are the following revenues and expenses, not disclosed separately:

	1982	1981
	(in thousands)	
Revenues		
Interest recovered from		
The Canadian Wheat		
Board.....	\$48,279	\$37,632
Investment income.....	3,237	3,737
Patronage dividends.....	2,070	3,693
Expenses		
Depreciation.....	20,303	18,885
Interest on long term debt.....	6,082	6,087
Other interest.....	33,177	25,177

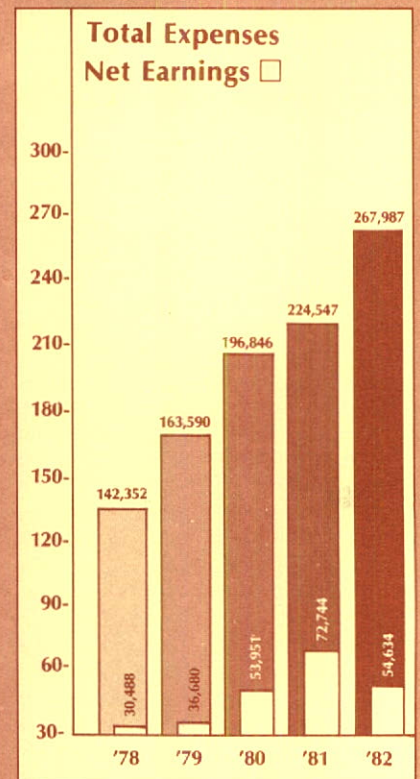
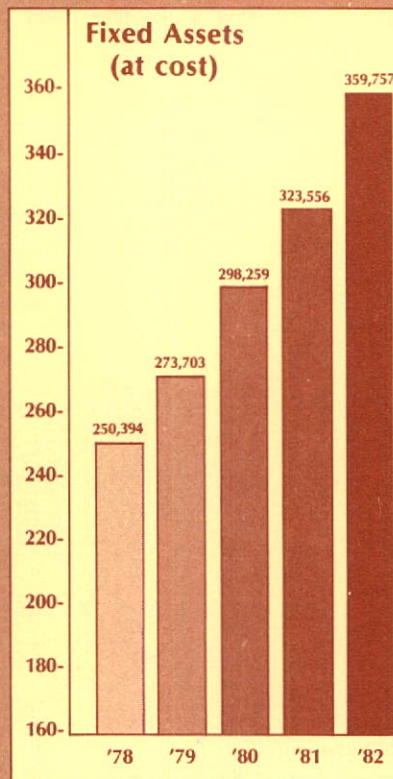
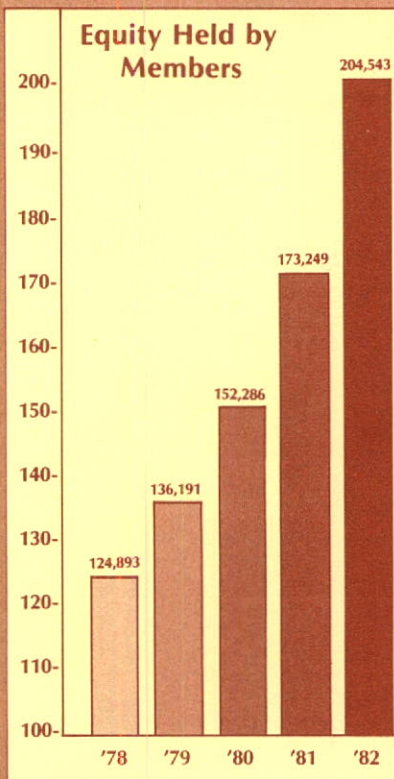
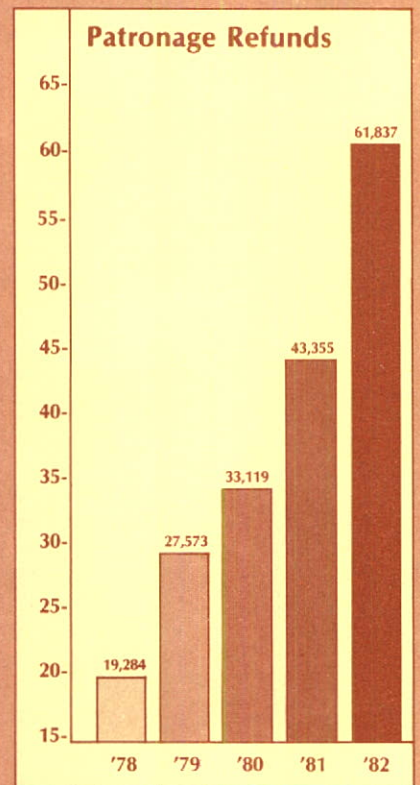
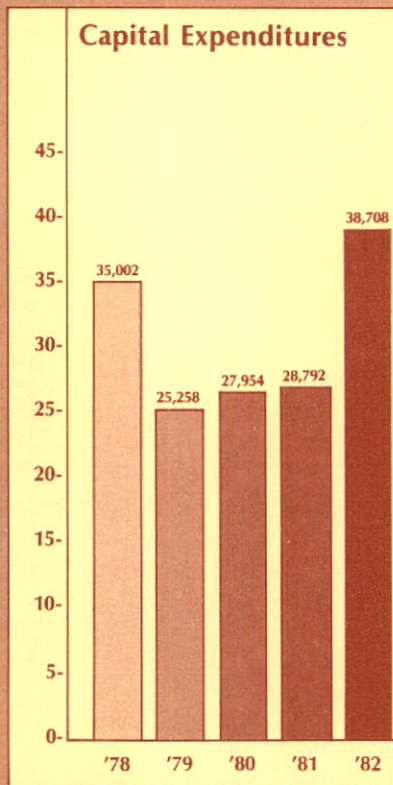
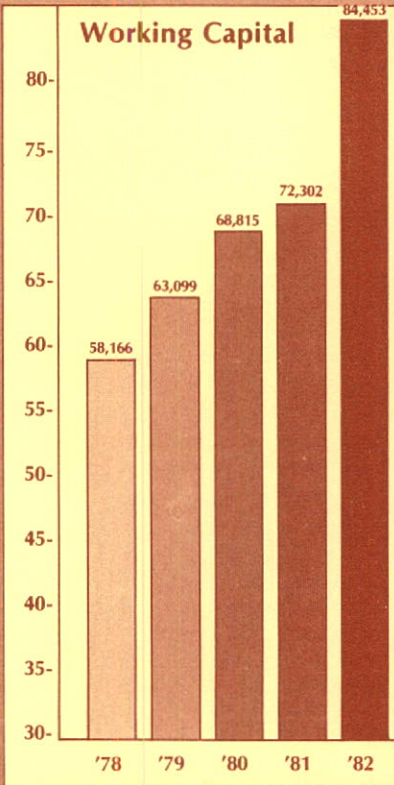
#### 10. Comparative figures

Certain 1981 amounts have been restated to conform with the 1982 presentation.



# FIVE-YEAR SUMMARY

*in thousands of dollars*







## DELEGATES

(as of July 31, 1982)



District 8 delegate Terry Zavislak making his area's concerns known



President Ted Turner's opening address at the Pool's 58th Annual Meeting



### DISTRICT 1

Left to right: John Kish (3); Alvin Adamson (8); Marvin Shauf (5); Blain Hjertaas (7); Murray Firth (1); Donald Dean (9); Paul Cameron (6); Peter Wiens (4); Raymond Luterbach (2); Director).



### DISTRICT 3

Left to right: Merle Sproule (10); George Sanderson (5); Director; Gustave Anderson (3); Claude Prefontaine (1); Herbert Anderson (6); George Murphy (8); Gary Wellbrock (7); Murray Janis (9); Anton Stengler (2); Stanley Onerheim (4).



### DISTRICT 2

Left to right: Orville Dahl (3; Director); Brian Nast (5); Gerald Muldoon (4); Stanley Kozachuk (2); Timothy Coulter (9); Julian Lohse (1); Darrell Dunn (8); Keith Wiggins (7); Michael Wanner (6).



### DISTRICT 4

Left to right: Andrew Lockhart (3); James MacAuley (8); Marvin Wiens (1); Clifford Murch (6; Director); James Anderson (7); Elnatan Schneider (5); Tillman Moe (9); Peter Sehn (4); David Oleksyn (2).





#### **DISTRICT 5**

Left to right: David Hansen (7); Leander Buhr (4); James Mann (3); Norman Lowe (6); Lorne Jackson (9); Avery Sahl (1; Director); Danial Hook (2); Darl Hicks (8). Missing: Muriel Drysdale (5).



#### **DISTRICT 8**

Left to right: David Zbeetnoff (6); Thomas Wood (2); Maurice Kostichuk (3; Director); Andrew Kazakoff (5); Anthony Hladyboroda (4); Raymond Galye (1); Steven Hrynkiw (8); Kenneth Mitchell (9); Terry Zavislak (7).



#### **DISTRICT 6**

Left to right: Andre Perras (1); Donald Olson (6); Robert McKell (4); Eric Kramer (9); David Weber (5); Lillian Fahlman (2); Booker Cornea (3; Director); William Relf (7); Barry Senft (8).



#### **DISTRICT 9**

Left to right: Duncan MacDonald (8); Gayhart Bottcher (7); Carl Gudnason (5); Russell Young (3); Emil Wacker (4); Thaddeus Trefiak (1); Larry Gislason (6); Gerrit Buitenhuis (2; Director); David Angell (9).



#### **DISTRICT 7**

Left to right: Alexander Olson (4); Garf Stevenson (2; Director); Roy Cuthill (1); Robert Schmidt (9); Kenneth Bender (6); Ronald Pilipow (7); Edwin Mitrenga (8); Brian Cooper (5); David Sefton (3).



#### **DISTRICT 10**

Left to right: Michael Summerfeldt (6); Albert Thoen (8); Alexander Thompson (2); Barry Rugg (9); George MacDonald (3); Victor Murray (7); Kenneth Elder (1; Director); Wendell Jensen (5); Robert Buness (4).





#### **DISTRICT 11**

Left to right: Ritz Reynolds (8); Robert Thomson (3); Ray Howe (2); Jacob Epp (9); William Marjerrison (1); George Siemens (5; Director); Grant Whitmore (7); Wayne Nargang (4); Chris Calvert (6).



#### **DISTRICT 14**

Left to right: Bill Weighill (7); Louis LaPaire (6); Harold Yelland (1; Director); Leo Hleck (8); Wayne Black (2); David Voldeng (3); Glen Bone (5); Lorne McConaghy (9); Archie Groat (4).



#### **DISTRICT 12**

Left to right: Raymond Burwash (5); Charles Weir (1); Aubrey Wood (3; Director); Ronald Kraft (4); Cyril Sawtell (9); Ernest Hoppe (3); Raymond Schwebius (7); Cletus Scherman (8); Jack Lewin (6).



#### **DISTRICT 15**

Left to right: James Boyd (2); Alex Postnikoff (4); Creston Story (5); Arnold Giles (3); Leo Moore (7); Tony Maruschak (9); Leroy Larsen (6; Director); Marshall Lawrence (1); Harry Romanchuk (8).



#### **DISTRICT 13**

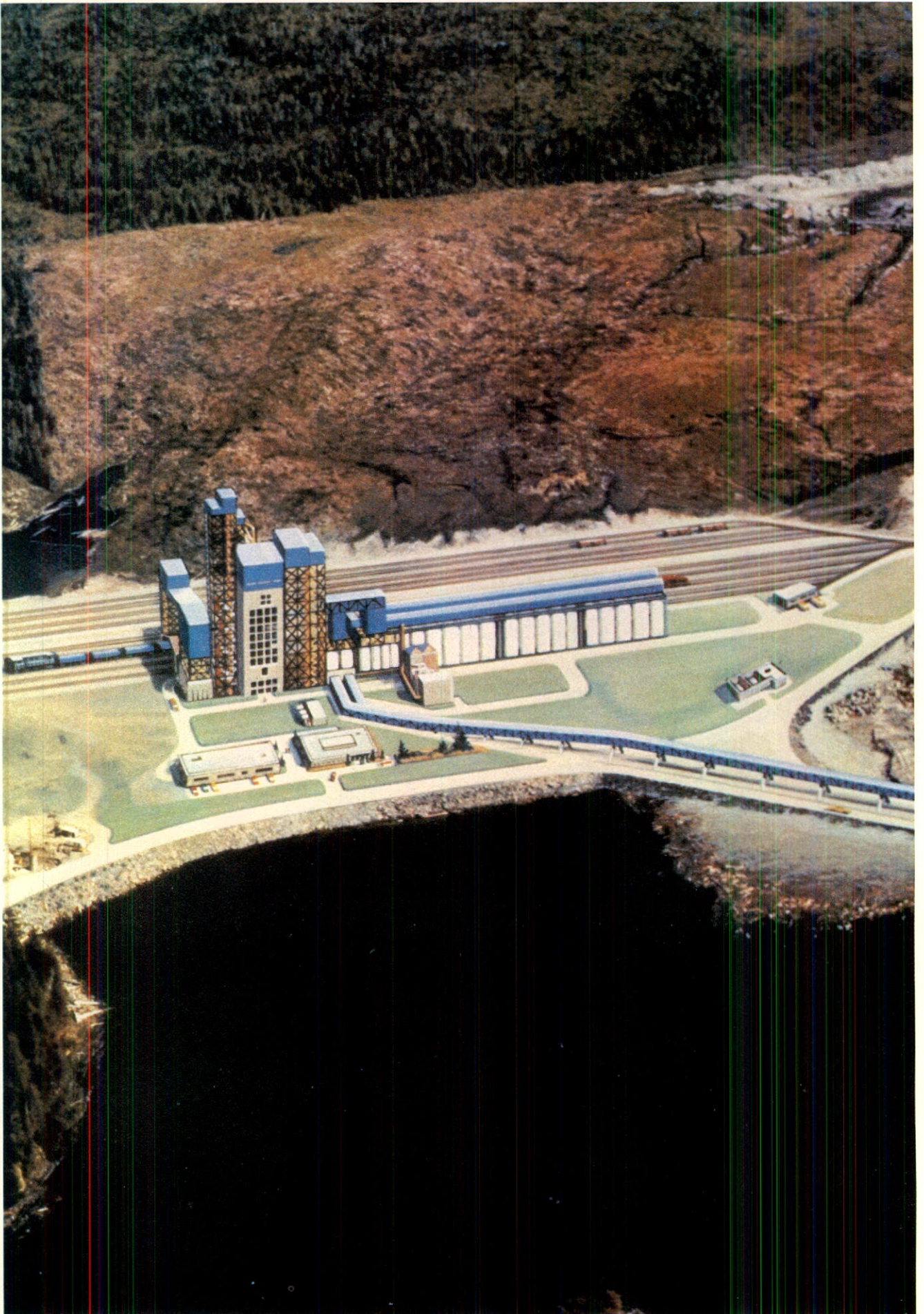
Left to right: Joseph Hinz (3); Mich Ozeroff (7); Bernard Mundell (1; Director); Elwood Harvey (6); Ken Bodnarchuk (8); Lawrence Rueve (2); Edwin Altrogge (9); Raymond Demong (4); Leonard Hamoline (5).



#### **DISTRICT 16**

Left to right: Walter Jess (2); George Finlay (6); Robert Iverson (4); Russel Arnold (7); Walter Campbell (5); Dennis van der Haegen (3); Chester Olson (9); Ted Turner (1; Director); Peter Loewen (8).









## ASSOCIATED ORGANIZATIONS

### CSP FOODS LTD.

Opportunities for expansion and growth were reduced as a world-wide oilseed surplus, record high interest rates and a stronger U.S. dollar combined to minimize crushing margins and commodity prices. The impact of these conditions resulted in a moderate loss on CSP Foods' operations for the year.

301 000 tonnes of canola was crushed during the year compared to 296 000 tonnes a year earlier. The company contracted 100 per cent of its canola seed requirements.

CSP Foods provided 17.4 per cent of the Canadian canola oil shipped to export destinations.

Increased competition for domestic markets was experienced, and CSP's share of both oil and meal markets reduced slightly.

A sunflower breeding program was initiated during the year to develop a hybrid more suited to growing conditions on the Canadian prairies. The project is funded jointly by the National Research Council's industrial research assistance program, Saskatchewan Wheat Pool and CSP Foods.

Construction of the new 600 tonne per day crushing facility at Harrowby continued on schedule with costs coming in below budget.

### PACIFIC ELEVATORS LIMITED

Receipts at Pacific Elevators Limited, which is jointly owned with Alberta Wheat Pool and Manitoba Pool Elevators, during the past year totalled 2.3 million tonnes, compared to 1.9 million tonnes in the previous year. Handlings amounted to 21.8 per cent of the throughput of the port of Vancouver.

The capital program during the year was directed mainly toward upgrading cleaner operations, projects necessary to maintain a viable operation, and health and safety improvements.

### WESTERN CO-OPERATIVE FERTILIZERS LIMITED

World fertilizer use was down sharply in the past year, but sales volume in Western Canada remained steady despite increased costs. Highly competitive market conditions led to softening prices during the year, in sharp contrast to the strong growth pattern of the recent past and the buoyant expectations of the industry for the future.

WCFL's production of dry fertilizers was reduced to 440 939 tonnes compared to 546 120 tonnes the previous year. An additional 166 200 tonnes of nitrogen products were supplied to WCFL by Canadian Fertilizers Ltd. compared to 188 926 tonnes the previous year.

Developments during the past year and the future economic situation suggest a continuation of weak markets for the next year or two. This has necessitated a significant change in plans for WCFL operations. Expansion plans have been cancelled, although many of the raw material and product supply commitments will continue.

At year end the Board approved a comprehensive study to analyze WCFL's production and marketing economics. This study will be used to assist in planning to assure that farm members of the principals continue to receive fertilizer products and services consistent with their requirements.

### XCAN GRAIN LTD.

Sales volume for XCAN Grain Ltd. totalled 1 804 000 tonnes, with total revenues from grain trading operations, mainly exports, amounting to \$560 million. The company paid a patronage dividend for the first time during the year. Saskatchewan Wheat Pool received \$289,000 as its share of the dividends declared.

XCAN Grain Ltd. now has three operating subsidiary companies, namely, XCAN Grain (Europe) Ltd., XCAN Far East, and XCAN Shipping Ltd.

XCAN Shipping chartered a total tonnage of 1.6 million tonnes representing 63 vessels from Thunder Bay, the St. Lawrence River and the Pacific coast.

The company's share of rapeseed sales to Japan improved over the previous year and resulted in XCAN being the largest exporter of Canadian rapeseed to Japan during the year.

### INTERPROVINCIAL CO-OPERATIVE LIMITED

Interprovincial Co-operative Limited is jointly owned by regional co-operatives across Canada involved in the wholesale and retail food and farm supply business, and is managed by Federated Co-operatives Limited. This organization was established to manufacture or acquire products sold by members and is active in the areas of agricultural chemicals, feed and food products.



## PRINCE RUPERT GRAIN LTD.

Prince Rupert Grain Ltd. is owned by a consortium of six grain companies, including Saskatchewan Wheat Pool.

Following nearly four years planning, the decision was taken on July 12, 1982, to formally announce that agreement had been reached to construct a new terminal at Prince Rupert at an estimated cost of \$277.8 million. At year end negotiations were still under way with the Government of Canada to obtain proper title to the site.

The Consortium again operated Terminal #1 (the old Canadian Government elevator) during the year under a management agreement with Alberta Wheat Pool. Handlings totalled 1 250 000 tonnes, a slight increase from a year earlier.

Saskatchewan Wheat Pool provided approximately 51 percent of the grain shipped through Prince Rupert compared to 43 per cent in the previous year.

## CO-OPERATIVE ENERGY CORPORATION

The Act providing for the formation of Co-operative Energy Corporation was passed in the House of Commons on June 18, 1982.

Transactions between 18 co-operative organizations (including Saskatchewan Wheat Pool) and the Government of Canada were completed on July 16. At this point the Co-operative Energy Corporation (Co-Enerco) became an operating entity.

The co-operatives have pledged to invest \$58 million in capital over a four-year period. The government has matched these funds immediately and will match any additional co-operative subscriptions during the four-year period up to a maximum of \$100 million.

The share structure of Co-Enerco provides for ongoing control by its co-operative owners. The board of directors of the parent company has 12 members, 9 of whom are appointed from the co-operative system and three from government.

## POOL INSURANCE

The Pool is part of Canadian Pool Agencies and Pool Insurance Company, through which the three Pools insure facilities and inventory.

## ENERSEARCH

Enersearch is a joint venture of Federated Co-operatives Limited, CSP Foods Ltd., and Saskatchewan Wheat Pool, formed with the main

objective of developing alternative renewable fuels and useful feed and food products from biomass resources available in Western Canada.

There are five research projects under way.

The majority of the work is being undertaken through the Saskatchewan Research Council, the POS plant, the University of Saskatchewan and other established laboratories.

## CO-OP AND FARM ORGANIZATIONS

Saskatchewan Wheat Pool has played a prominent role in the development of the co-operative movement in Canada. Its objectives identify promotion and development of co-operatives as a means for improving social and economic conditions of Saskatchewan farmers.

The Pool is represented on the board of The Co-operative Union of Canada, which represents the interests of the co-operative movement in relations with the federal government, and is also the agency through which Canadian co-operative assistance to international development is co-ordinated.

Membership is maintained in the Co-operative College of Canada, an organization established to provide education and training programs for co-operative leaders, management and staff throughout Canada.

Saskatchewan Wheat Pool is a shareholder in Canadian Farm Management Co-operative, formerly Canfarm Co-operative Services Ltd.

Saskatchewan Wheat Pool was one of the original members, and continues as an active shareholder, of the Saskatchewan Co-operative Credit Society, the Canadian Co-operative Credit Society, the Co-operative Trust Company of Canada, and The Co-operators insurance company.

Saskatchewan Wheat Pool pursues agricultural issues through the Saskatchewan Federation of Agriculture, in addition to policy matters considered through Canadian Co-operative Wheat Producers, and direct initiatives taken with governments and government agencies.

National and international policy matters emanating from the provincial federations are considered by the Canadian Federation of Agriculture. Canadian farm organizations are represented internationally through the International Federation of Agricultural Producers.





## OPERATIONAL OUTLOOK 1982-83

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World cereal grain production for 1982-83 is forecast to be up slightly, with oilseed production also increased, and there is no evidence of any major change in demand for either grains or oilseeds. This will tend to put downward pressure on prices. The impact of government programs in other countries may also have a detrimental effect on sales of Canadian grain.

Grain production in the prairie region is estimated at over 44 000 000 tonnes, a new record. Severe frosts in late August resulted in significant quantities of lower grades of cereals and oilseeds.

Excellent rail movement should be available in the 1982-83 season. The Grain Transportation Authority says that movement of 33.4 million tonnes of grain could be achieved. While grain movement may not be a problem, grain sales may be affected by world economic conditions and by subsidy or tariff programs introduced by other countries.

It is likely to be 12 to 24 months before any major turn-around in agricultural returns occurs. Further restraint will be necessary to achieve recovery and move toward a more buoyant economy.

Country elevators expect to handle 9.2 million tonnes during 1982-83. With tariff increases held to a maximum of 6%, and wage and other costs increasing significantly more than that, there will be a major decline in earnings.

Terminal operations are not projected significantly different from the past year.

Initial farm service sales forecasts project a very modest increase. Economic conditions suggest that producers will not purchase product until very close to season of use, and this is going to again place a heavy burden on the division.

Little more than a break-even is expected from flour milling operations.

The livestock division will continue to expend a good deal of effort in attempting to work with the Saskatchewan Beef Stabilization Board. Computer and video selling may well add a new dimension to operations.

Overall returns from Western Producer Publications should again be very satisfactory during the year.

Earnings from associated company operations will reflect similar trends to the past year. Major losses are expected in both fertilizer and oilseed processing, while the grain related areas are expected to produce a reasonable earning.

In summary, because of strong grain movement expectations grain operations should produce a reasonable but somewhat lower earning in the next year. Printing operations should also be satisfactory. Other operations will face ongoing pressures from economic conditions and overall earnings are expected to be further reduced in the coming year.









# SASKATCHEWAN WHEAT POOL MAJOR PUBLIC POLICY ISSUES 1983

*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 economic and social well-being of farmers and their families. Resolutions arising from these meetings are debated at the annual meeting of delegates, and form the basis for Saskatchewan Wheat Pool's policy position.*

## GRAIN TRANSPORTATION AND FREIGHT RATES

Saskatchewan Wheat Pool participated in discussions under Dr. J. C. Gilson in early 1982, and in several task forces following Dr. Gilson's report. At the outset, the Pool's eight-point policy on freight rates and transportation was spelled out and elaborated.

A special meeting of delegates was held in late July to consider the Gilson report and decide on appropriate action. The delegates identified certain aspects as unacceptable. They urged the Board of Directors and the Executive to continue maximum efforts to achieve a number of key policy objectives. These include:

- 1) That the freight rate structure for grain in Western Canada will remain distance-related by zones and the introduction of variable or incentive rates will be prohibited.
- 2) That federal government contributions to transportation costs for grain should not be limited to a specific volume of grain.
- 3) That government payments of railway revenue shortfall directly to farmers instead of to the railways is totally unacceptable.
- 4) That farmers must be protected against transportation cost increases which go beyond a reasonable relationship to producers' ability to pay.
- 5) That every effort be made to determine the extent of freight cost discrimination suffered by feed grain users in the prairies and to find a means of creating equity, without the implementation of

substantially increased grain freight rates coupled with direct subsidy payments or acreage payments to grain producers.

- 6) That the proposed Co-ordinating Agency not be allowed to interfere with the authority and responsibility of the Canadian Wheat Board.
- 7) That rapeseed oil and meal, and linseed oil and meal, be added to the list of statutory rate products to all export locations, and that other specialty crops be similarly treated.

Delegates instructed their Board to pursue these objectives aggressively to achieve adequate rail transportation at the lowest possible cost and risk to grain producers.

The Pool will give careful attention to legislative proposals from the federal government to ensure that the legislation provides assurance of adequate transportation capacity and adequate protection for the interests of producers.

## INFLATION AND FARM INCOME

The farm income situation in Saskatchewan is considerably worse than for the country as a whole. 1983 gross farm income is expected to decline further to \$3.7 billion and expenses to remain at about \$2.9 billion. Consequently, 1983 realized net farm income in Saskatchewan is projected at \$837 million, a decline of 14.5 per cent from 1982 and 32 per cent from 1981.

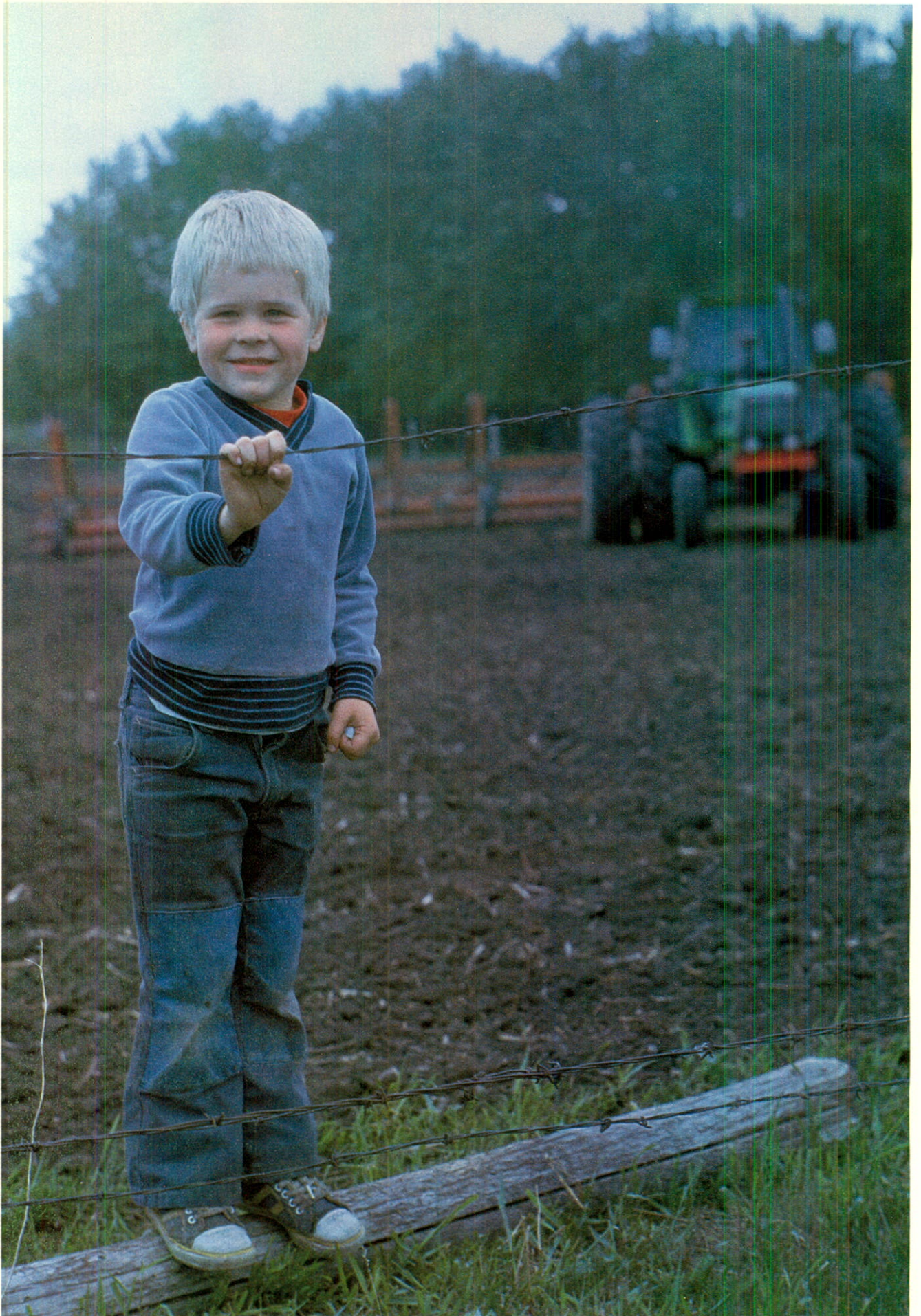
Saskatchewan Wheat Pool favors inclusion of an inflationary factor in the formula used to calculate Western Grain Stabilization fund payouts. The Pool also feels that payout calculations should be on an area smaller than the entire Wheat Board region.

The domestic price for wheat under the Two Price Wheat policy needs to be adjusted. The price should be reviewed and adjusted annually to take account of changes in production costs.

The maximum available under cash advance legislation should be increased to \$50,000 with provision for multiple operations.

Saskatchewan Wheat Pool supports the Government of Canada in its "six and five"







program, and has adjusted its country handling tariffs for grain to reflect those guidelines. The policy of the Pool is to move toward the wage guidelines.

It will require concerted and persistent effort by governments and other sectors of the economy to lower rates of inflation and to increase productivity.

## GRAIN PRODUCTION AND MARKETING

Canadian producers can grow larger volumes of grain, provided the selling price brings a reasonable return to producers.

Some discussions have taken place among representatives of producer organizations and among some government representatives about the possibilities of greater co-operation among the major grain exporting countries. Saskatchewan Wheat Pool urges the Government of Canada to give whatever support is possible to such efforts. The Pool will continue its efforts, through farm organizations, to gain support internationally.

The existing parallel marketing system for domestic feed grains is not practical and is clearly to the disadvantage of Western producers of feed grains. The Canadian Wheat Board should be the sole supplier of feed grains within Canada, as it is for export sales, and should be free to sell to the highest bidder, export or domestic.

"Canada Feed" grade designation does not fully define the product offered, and so does not adequately serve the needs of the user or reward the producers. Consequently, it is proposed that the present grade of Canada Feed be split into two: No. 1 Canada Feed and No. 2 Canada Feed.

There are some doubts about the ability of the current marketing structure for Canola/rapeseed to adequately serve producers and buyers. Pool delegates asked for a plebiscite to determine the wishes of canola producers with regard to the type of marketing system they prefer.

## LIVESTOCK PRODUCTION AND MARKETING

Throughout its history, Saskatchewan has experienced successive cycles in production of cattle and hogs, tied closely to income prospects from grain sales. Livestock production has tended to expand during periods when income from grain fell.

Stabilization programs and marketing plans confined to one province will be limited in effectiveness and, if substantially different from province to province, will tend to create artificial patterns of production and marketing. A national program of stabilization is required.

If producers are to be adequately compensated, the majority of their income must come from the marketplace. This can be accomplished by the federal government establishing a national meat marketing agency with supply management powers. To be successful, such an agency will require the support of the majority of producers.

Saskatchewan has a government-appointed provincial hog marketing commission. During 1982, some hog producers proposed that the commission be converted to a producer-elected hog marketing board. Saskatchewan Wheat Pool supports this view and urges the Government of Saskatchewan to determine the wishes of the majority of producers, and then to act accordingly.

## ENERGY FOR AGRICULTURE

The importance of food production was recognized by the Government of Canada when it placed primary agriculture in the highest category for priority access to supplies of petroleum in the event of shortage.

There is need for additional research into the development and application of other energy sources such as hydrogen, electricity, nuclear and biological materials.

Both oil and natural gas are subject to a complex array of government royalty and taxation policies at various stages of the production chain. Governments should eliminate, or at least reduce, taxes from energy used directly or indirectly in food production.



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## **AGRICULTURAL RESEARCH**

Changes in the nature of agriculture have increased the need for research in a number of areas such as crop rotations, livestock feeding techniques, soil management, energy efficiency, and suitability of crops to market requirements. It is important that producers be assisted to make the best use of available resources.

The Pool is aware of problems in soil conservation and degradation and will continue to co-operate with other interested organizations in identifying ways and means of addressing them.

The level of agricultural research should be maintained and expanded, and should not be allowed to erode as a result of inflation.

There has been discussion of a producer check-off for funding agricultural research. A Grain Research Foundation has now been established, with support from a large number of producer organizations, including Saskatchewan Wheat Pool. The Pool supports the intention of the foundation to establish check-off mechanisms to provide additional funding for agricultural research. Funds from this source should supplement rather than replace federal and provincial government funding for research.



DESIGN & ILLUSTRATIONS

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