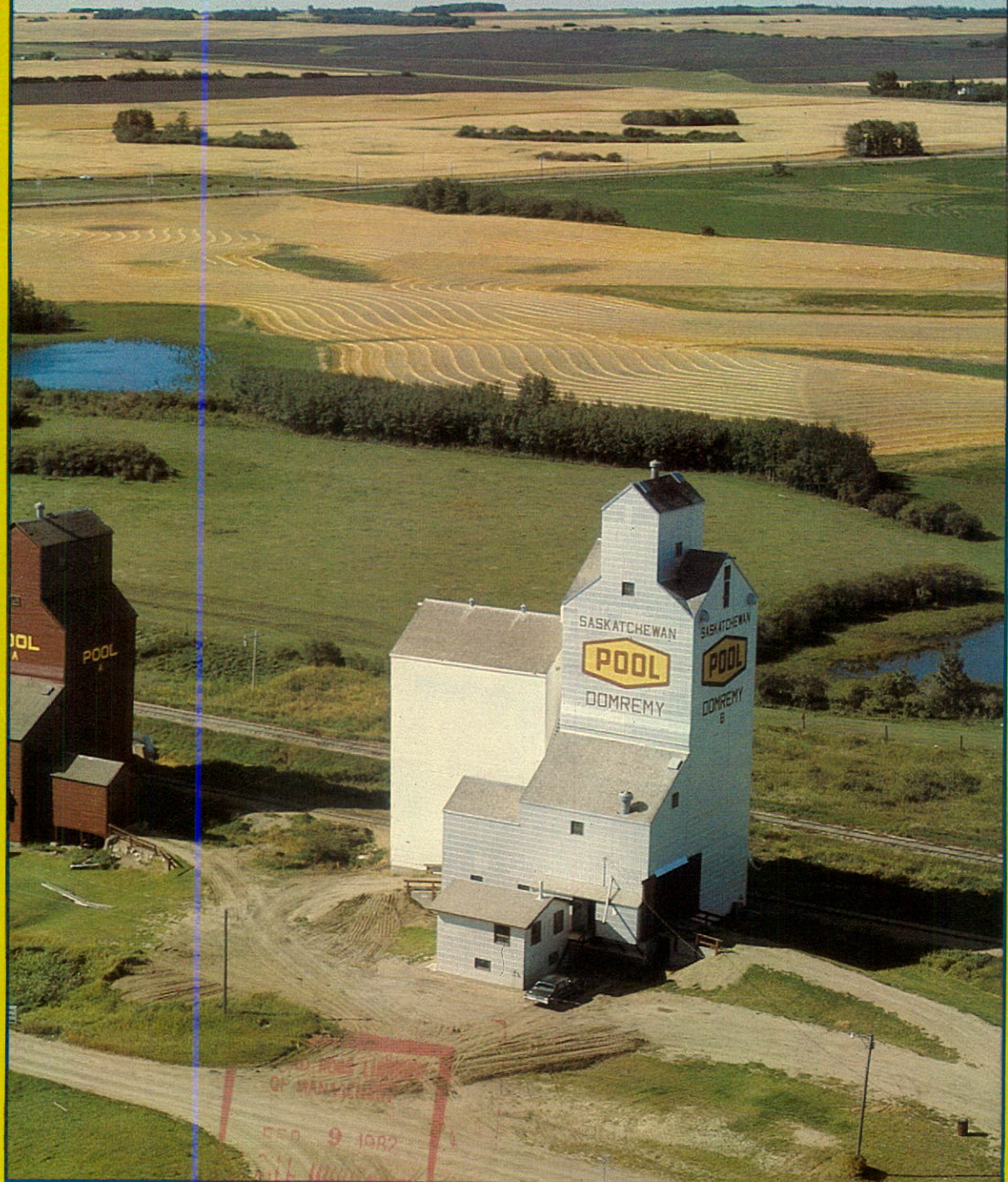


Saskatchewan Wheat Pool

and subsidiary companies



ANNUAL REPORT



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.

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OFFICIALS

As of July 31, 1981

BOARD OF DIRECTORS

E. K. TURNER, President, District 16
D. M. LOCKWOOD, 1st Vice-President,
District 10
G. STEVENSON, 2nd Vice-President,
District 7
A. K. SAHL, Mossbank, District 5
H. G. YELLAND, Porcupine Plain,
District 14
R. W. LUTERBACH, Lampman, District 1
O. E. DAHL, Viceroy, District 2
G. A. SANDERSON, Consul, District 3
C. E. MURCH, Lancer, District 4
R. T. GRAY, Indian Head, District 6
M. KOSTICHUK, Insinger, District 8
G. A. BUITENHUIS, Raymore, District 9
G. A. SIEMENS, Fiske, District 11
A. B. WOOD, Ruthilda, District 12
W. B. MUNDELL, Leroy, District 13
L. J. LARSEN, Canwood, District 15

J. W. MARSHALL retired as District 15
Director and 2nd Vice-President, March 31,
1981. In District 3, G. C. ANDERSON
served as Director until April 8th, and in
District 9, H. F. McLEOD served until
March 31st, 1981.

SENIOR OFFICERS

I. K. MUMFORD, Senior Advisor
to the Board
J. M. FAIR, Chief Executive Officer
J. O. WRIGHT, Corporate Secretary
C. R. KASHA, Treasurer
G. PEARDON, General Manager,
Corporate Services
R. B. WEIK, Executive Assistant
to the Secretary

HEAD OFFICE

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

DIVISION GENERAL MANAGERS

C. M. RYAN, Country Elevator Division
J. K. MacDONALD, Terminal Elevator
Division
R. E. McKENZIE, Farm Service Division
C. E. LEASK, Livestock Division
R. H. D. PHILLIPS, Western Producer
Publications

DIVISION DIRECTORS

R. B. PITFIELD, Corporate Engineering
Division
R. VIRGO, Management Information
Services Division
M. KERELUKE, Personnel & Organization
Division
R. D. BRISTOW, Extension Division
A. D. McLEOD, Research Division
IAN BICKLE, Information Division

SOLICITORS

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

AUDITORS

TOUCHE ROSS & CO.

BANKERS

THE ROYAL BANK OF CANADA
CANADIAN IMPERIAL BANK OF
COMMERCE
BANK OF MONTREAL
THE BANK OF NOVA SCOTIA
THE TORONTO-DOMINION BANK



Edgeley, from the south.

Saskatchewan's 1980 crop reached average levels and contributed to a respectable 34 million tonne grain production for Western Canada. Exports of grain from Western Canada totalled 21 million tonnes, down slightly from last year's record of 22 million.

The Canadian Wheat Board asking price for No. 1 CWRS wheat basis Thunder Bay began the crop year at \$226.66 per tonne and closed at \$232.12. The price reached a high of \$275.87 per tonne in January.

The livestock industry continued to be depressed with less than adequate prices for cattle. High interest rates and uncertain markets continued to discourage livestock producers from rebuilding herds. By year end the Saskatchewan Government had announced plans for a Stabilization Program and speculation existed as to the exact workings of the plan.

All operating divisions of the Pool and each of the associated company organizations produced an earning during the year. Better than average handlings in the Country and Terminal Elevator Divisions, combined with increased Farm Service sales at modestly improved margins, were major factors leading to an all-time record earning of \$72.7 million.

The major capital programs undertaken during the past few years have been made possible by excellent earnings. The objective has been to finance capital programs out of earnings plus depreciation. This will continue to be the objective, but earnings in the order of \$50 to \$60 million will be essential.

Safety programs were directed at training and attitude building in all areas of the organization.

The medical surveillance program for country elevator operating personnel is in its second 3-year term. The company is working with the Saskatchewan Anti-Tuberculosis League to ensure early diagnosis for personnel who may be

affected by working in elevators. At Thunder Bay, co-operation with the Gage Institute continued in an attempt to expand knowledge about any hazards which may exist for employees working in terminal operations.

At both country elevators and terminals, the program of improving dust elimination continued. By year-end there were 416 dust eliminators installed in country elevators. An additional 53 systems were approved for installation, with approximately 50 units planned for the next year.

The industry continued to upgrade terminal facilities in accordance with recommendations contained in the Fire & Explosion Task Force report released a couple of years ago.

Ways and means to improve energy efficiency have been incorporated into building and construction developments during the past year. These efforts will continue, as costs of all forms of energy continue to rise.

The growth and impact of associated companies continued unabated during the year. Because of the high costs and risks associated with new ventures, continued expansion of this type of arrangement is likely. Relations with various governments, from a commercial perspective, were gratifying during the year. The Pool visualizes an ongoing dialogue in areas of mutual interest.

All associated companies experienced satisfactory returns from operations during 1980-81.

One of the more significant changes for Saskatchewan Wheat Pool during the past year was the decision by Ira K. Mumford to step down as Chief Executive Officer. Mr. Mumford has had a long and distinguished career with Saskatchewan Wheat Pool, and the many outstanding characteristics which he has displayed have brought him just recognition in government, industry and community circles.

OPERATIONS 1980-81

COUNTRY ELEVATOR DIVISION

Grain deliveries through country elevators were the fourth highest on record, at 8.9 million tonnes, representing 62.83% of provincial deliveries.

Much of the elevator system was congested at the start of the year, with the congestion continuing to be a problem throughout the year on CP Rail shipping blocks. CNR blocks had reasonably good movement until late in the crop year when points again became congested.

Rapeseed movement was a continuing problem which resulted in disappointing receipts and shipments, and contributed to reduced deliveries of other grains.

The "Paperwork Project", an evaluation of the use of computers in country elevators, was conducted with very favourable results at five pilot stations. As a result, installation of electronic equipment at all remaining operating stations was authorized. Completion will take three years.

Protein testing was done on 55,600 samples during the year. There were 105 testers in use.

The Contract Crops Department became fully operational in 1980-81, operating and administering a crop contracting program for lentils, canary seed and fababeans. XCAN Grain is used exclusively as the marketing agent.

The company continued to emphasize country elevator system redevelopment. The construction and repair program included seven new high throughput elevators, five elevator moves with major improvements, construction of three crib annexes and five steel bin annexes, four annex moves and 22 major improvement projects. Installation of dust collection systems, car movers, metric scales and hopper car loading spouts also continued through the year. The division also began contracting the demolition of closed elevators and annexes, authorizing demolition of 56 elevators at 47 stations by year end.

Twenty-five elevators at 19 stations were closed. Of these stations, six were on lines ordered abandoned. One was destroyed by fire.

FARM SERVICE DIVISION

Farm supply sales for 1980-81 were \$141.2 million, an increase of 31 per cent over the record established in 1979-80. Dry weather prior to and during the seeding season did slow sales, but moisture conditions improved in late May and June, with the result that new sales records were established in most product lines.

Sales reached or exceeded budget in all product lines, with chemicals showing the greatest improvement. Seed sales were encouraging, though they reflected reduced rapeseed acreage, and equipment sales grew. Fertilizer tonnage was off, but the value of sales increased.

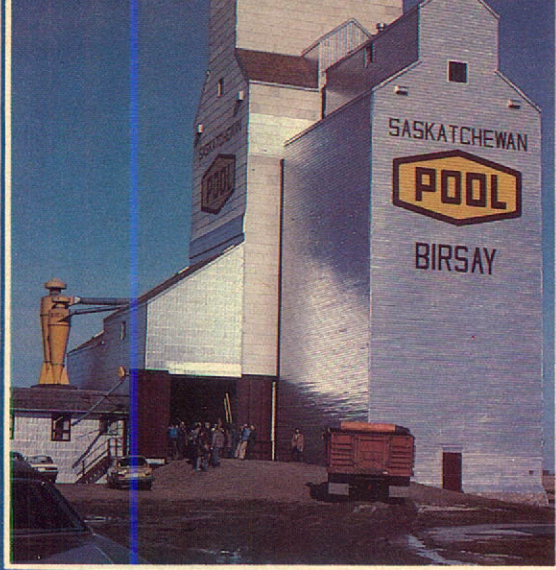
A detailed review of Farm Service Division operations was conducted in conjunction with Country Elevator and Treasury Division. The review, including a program conducted by delegates with committees, did not identify major changes in distribution. It did, however, raise a number of operational considerations which will be pursued in 1981-82 with a view to improving efficiency.

The Technical Services Department was involved in technical support for marketing departments, service centres, agents and membership. It also provided product information through displays and publications, and assisted with training courses.

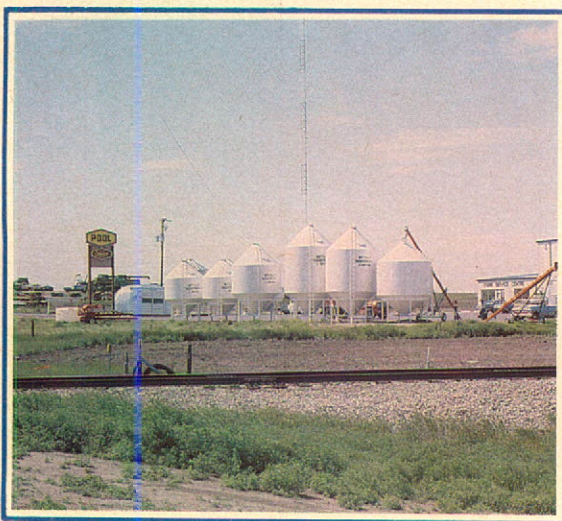
Product Development Branch continued to develop and expand its crop research programs. Spring weather problems and late summer hail hurt many plots, resulting in less than satisfactory yield data. The crop variety program contains about 12,000 plots in Saskatchewan, including "co-op trials" of lentils, rapeseed, fall rye, wheats and barleys.

Equipment and technology evaluations continued, including more investigation of zero and minimum tillage practices. New projects began to test narrow openers for deep banding fertilizer and to test a closed system sprayer.

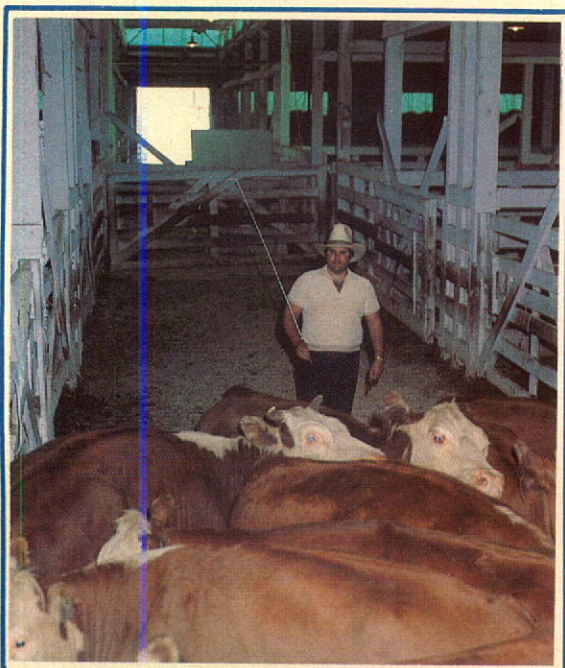
Over 650 people, producers, staff, agrologists, researchers and international students, toured the farm at Watrous in 1980-81.



Birsay elevator opening.



Farm Service Centre at Leader.



Paul Gauthier, auctioneer salesman, at the Pool's yards in Moose Jaw.

LIVESTOCK DIVISION

The division handled 539,042 head of cattle and calves, down 7.8 per cent from 1979-80. Hog handlings declined 27 per cent to 165,900 head.

Inventory of cattle and calves on Saskatchewan farms at July 1, 1981, declined slightly from a year earlier.

August and September were the only months when feeders came close to breaking even. From October to July feeders showed losses from \$15 per head to well over \$100 per head. Live prices of slaughter cattle varied from a low of 73 cents per pound to a high of 80 cents on Saskatchewan markets.

The division handled country sales out of three branches, Swift Current, North Battleford and Prince Albert.

During the year 69,500 head of cattle were involved in the pooling program. Of these, 2,095 were placed in feedlots in Saskatchewan, Alberta, and Ontario.

More cattle were placed under the feeder finance program during the past year than the preceding year, but at a lower aggregate value. The majority of the activity took place early in the year before interest rates became a significant cost factor.

At year end, 275 active feeder finance contracts were in place.

During the year, Saskatchewan Wheat Pool was represented at 22 4-H calf sales in which 195 calves were purchased, resulting in a net cost to the division of \$18,272.

Total marketing of Saskatchewan hogs were 702,292 head, compared with 819,394 head one year earlier. The division assembled 108,222 hogs for the Saskatchewan Hog Marketing Commission compared with 149,951 head a year earlier. The major portion of this reduction was due to the termination of assembling for the Commission at Regina.

Management Information Services Division assisted in the development of a computerized system for branch operations. Testing of the branch programs commenced in January. In June, equipment was installed at the Regina branch. Depending on results of the evaluation following completion of the trial period, implementation may occur in early 1982.

WESTERN PRODUCER PUBLICATIONS

Operations for the 1980-81 fiscal year resulted in record net earnings.

The Western Producer had its biggest publishing year, providing more pages than ever before. This was made possible by an increasing number of larger issues and by expanding the magazine supplement "Western people" to a weekly issue.

One change in emphasis saw greater space devoted to news of agricultural research and improved farm production techniques. An important part of this emphasis was a new column entitled "Agroforum".

One student from the University of Regina School of Journalism served a four-month internship at The Western Producer as on-the-job training in newspaper reporting.

The number of letters received for "Open Forum" was the lowest of any year since 1977-78, and the number of letters published was also down. One reason for the decline in letters received was the six-week postal strike.

Advertising sales were good throughout the year, despite the postal disruption. Only ten issues of the newspaper failed to produce revenue higher than the corresponding issue of the previous year.

Net paid circulation of The Western Producer was 137,392 copies at June 30, 1981. This is an increase of 1,467 over the year.

This was the 20th year of operation for the Western Producer Insurance Service, and the first full year of life insurance sales by the department.

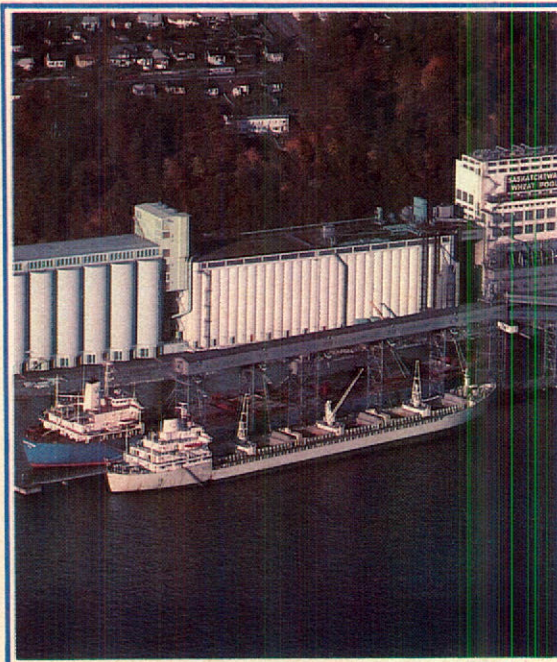
The month long postal strike at year-end caused a substantial reduction in total printing activity. Despite this, Modern Press achieved an increase of eight per cent in commercial printing sales.

Western Producer Prairie Books' sales established a new record. Fourteen new titles were published.

Forty-four organized tours involving 992 people visited the plant during the year. This included 597 high school students touring under an arrangement with the Saskatchewan Department of Co-operation.



Western Producer Publications in Saskatoon.



Vancouver terminal, with a capacity of 237,000 tonnes.



CSP Foods, under a management contract, operates the Pool's flour mill in Saskatoon.

TERMINAL ELEVATOR DIVISION

A better than anticipated 1980 crop, large carryover stocks and good grain sales contributed to heavy grain movement through Pool terminals, as did a relatively early start to the shipping season on the Great Lakes.

At Thunder Bay, receipts were 7.4 million tonnes, second only to the 7.7 million tonne record in 1979-80. This represented 52% of port unloads. The North Vancouver terminal handled 1.9 million tonnes, about three per cent more than the previous year. This represented 22.47% of the total unloads in the port of Vancouver and 19% of West Coast unloads (including Prince Rupert).

Pool terminals loaded about half of 800 thousand tonnes of grain moved east from Thunder Bay by rail between December and the end of March. Navigation opened early and ocean vessels arrived earlier than ever, opening up storage space and allowing rail car unloading to resume early.

Extensive maintenance and improvement programs were carried out at Thunder Bay, including a major automation at Terminal No. 4, intended to increase the terminal's throughput capacity. Terminal No. 4 set its second consecutive handling record, 2.26 million tonnes in 1981.

Major structural repairs to support piling under an annex at Terminal No. 15 have begun. Cleaning and by-product systems were upgraded at Terminals No. 4B, 6, 7A, 7B and 15.

A safety award program was implemented during the year as part of a safety program recognized by Labour Canada as the best in the industry in Thunder Bay. The Pool has been working with the Gage Research Institute to study the effects of grain dust on employee health for about six years. It continues to do so.

Recent improvements to grain cleaning equipment and those planned for 1981-82 at

Vancouver should permit cleaning of both cereal grains and oilseeds to keep pace with unloads.

Pooling of rapeseed unloads began at Vancouver in March. The program, by year end, appeared to provide benefit to the railways. However, terminal operators were experiencing increased clerical costs and surges in supply of cars which complicated cleaning operations. Further evaluation of the system's results will occur in the new year.

The staff complement at Winnipeg has decreased with consolidation of country elevator accounting in Regina.

FLOUR MILL

Flour sales totalled 54 000 tonnes, down 4 000 tonnes from the previous year. The decrease, all in domestic flour sales, was mainly due to a price increase implemented August 1, 1980.

Export sales volumes were similar to last year, with additional commercial sales to the U.S.S.R. and Nigeria offsetting a decline in Canadian government aid business.

The division began selling prepared baking mixes in Eastern Canada through a distributor.

Plant capacity was increased 25 per cent. Electronic scales have been installed, providing more effective control and monitoring of operations. A warehouse area was converted to permit temperature-controlled storage of shortenings and margarine.

Canola receipts at Saskatoon and Nipawin increased six per cent to 213 000 tonnes. Receipts of wheat were 76 800 tonnes, and 5 100 tonnes of barley were purchased for pearling.

The Saskatoon location cleaned 18 000 tonnes of canola for export.

SERVICE DIVISIONS

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, a newly established division, will provide resources to help senior management and the divisions carry out effective 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 information services.

Extension Division maintains the democratic structure of the Pool and assists members to work through their elected representatives. The primary role is to assist farmer members to understand 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.

The Extension and Information Divisions each had a name change. They are now Member Relations and Communications Divisions, respectively.



Fall time on the farm.

ASSOCIATED ORGANIZATIONS

Joint ventures are an important part of Saskatchewan Wheat Pool operations. Such enterprises, while fulfilling their original mandate of extending producer control of supply and marketing systems, have become more important in meeting the cost of development.

Highlights of operations of associated organizations follow:

CSP FOODS LTD.

CSP Foods Ltd. maintained its share of the domestic market and again supplied over 50 per cent of the canola oil used in Canada during the year, and also supplied approximately 40 per cent of the domestic meal requirements. The emphasis on domestic market requirements limited CSP to 16 per cent of canola oil and 20 per cent of meal export shipments. The company participated in a number of overseas missions to develop offshore markets for oil and meal in preparation for the production from the new Harrowby plant, due to be in operation in late 1982. Most significant by way of export development was the signing of a long term agreement for supply of canola oil to Algeria.

Construction of the new 600 tonne per day crushing plant at Harrowby on the Manitoba-Saskatchewan border began during the year. Projected cost is \$39.5 million.

Western Canola Crushers, of which CSP is a member, purchased a five per cent interest in Neptune Terminals at Vancouver to provide access through that port for delivery of oil to export markets.

Mr. Ken Sarsons, Chief Executive Officer, retired from CSP Foods Ltd. in March, and was succeeded by Mr. John Enns.

PACIFIC ELEVATORS LIMITED

Jointly owned with Alberta Wheat Pool and Manitoba Pool Elevators, the company's receipts totalled just under 1.9 million tonnes compared with 2.5 million tonnes a year earlier. The terminal operated for a good part of the year in virtually a plugged state.

WESTERN CO-OPERATIVE FERTILIZERS LIMITED

Fertilizer manufacturing by the Calgary and Medicine Hat plants resulted in the production of 546 000 tonnes of dry fertilizer. An additional 189 000 tonnes of nitrogen products were produced by Canadian Fertilizers Limited.

Gross sales and net earnings from operations both showed improvement.

The longer range growth trend is expected to continue and much effort was devoted to planning a manufacturing and distribution system that will meet the needs of members.

Steps were taken to increase ownership share in Canadian Fertilizers Limited. A ten-year supply contract for nitrogen products has been negotiated commencing in the spring of 1983. These two measures will provide a supply of urea and ammonia to meet the needs of WCFL's fast growing nitrogen market.

A major capital program including phosphate expansion was also approved. This includes the \$20 million sulphuric acid plant at Medicine Hat scheduled for completion in the spring of 1982.

With its own manufacturing facilities, one-third ownership of Canadian Fertilizers Limited, an established phosphate mining venture, and a major new nitrogen supply contract, the company is in an excellent position to contribute in a significant way to increased agricultural production.

XCAN GRAIN LTD.

XCAN Grain Ltd. completed its 11th year of operation, handling 1.87 million tonnes, and achieving total sales of \$607 million. XCAN Shipping Ltd., in its first complete year, moved 1.5 million tonnes, involving the charter of 71 vessels departing from Thunder Bay, St. Lawrence ports and the Pacific coast.

The most significant corporate development during the year was the purchase in June, 1981 of the remaining 52 per cent interest in XCAN Grain (Europe) Ltd. This purchase gives the company complete control over the London operation, considered essential to improve penetration into the European markets.

PRINCE RUPERT GRAIN LTD.

Prince Rupert Grain Ltd. continued to operate Terminal #1, which had been taken over from the Government of Canada in February, 1980. Alberta Wheat Pool operates the terminal on behalf of Prince Rupert Grain Ltd.

Plans continued leading to the construction of a major terminal facility at Prince Rupert. The complex task of completing agreements between the six grain companies and various levels of government occupied a significant amount of time during the year. By year-end most of the concerns had been resolved. Latest estimates indicate the terminal will cost in the order of \$260 million.

It is now expected that the project will go to tender early in 1982.

Final approval for construction of the plant will be subject to an evaluation of tenders.

CO-OPERATIVE ENERGY CORPORATION

The Co-operative Energy Corporation (Co-enerco) is a joint venture of Canadian co-operatives and the federal government. Its objectives are to provide for co-operative members: an investment opportunity with capital appreciation potential; long-term security of supply of petroleum products; research on alternative energy sources; and participation in the Canadianization of the oil and gas industry.

During the past year, Canadian co-operatives and credit union centrals pledged \$75 million of seed capital spread over a four-year period. The Government of Canada has agreed to provide up to a maximum of \$100 million. Saskatchewan Wheat Pool's capital commitment of \$12 million was authorized. The co-operatives will have 75 per cent voting rights and the government 25 per cent, thus assuring full control of the corporation by the co-operative system.

The \$150 to \$200 million of seed capital to be provided from co-operative, credit union and government sources will form a base for additional investments from co-op members and the public, with the ultimate objective of raising \$500 million to \$1.0 billion of capital.

The investment program will include purchase of shares in attractive energy companies and possibly acquisitions, and exploration and development joint ventures with others.

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 area of agricultural chemicals, feed and food products.

CO-OP AND FARM ORGANIZATIONS

Saskatchewan Wheat 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.

The Pool is a major shareholder of 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.

Saskatchewan Wheat Pool is a shareholder in Canfarm Co-operative Services Ltd., which has entered a joint venture with IST-COPA under the name Canfarm Incorporated.

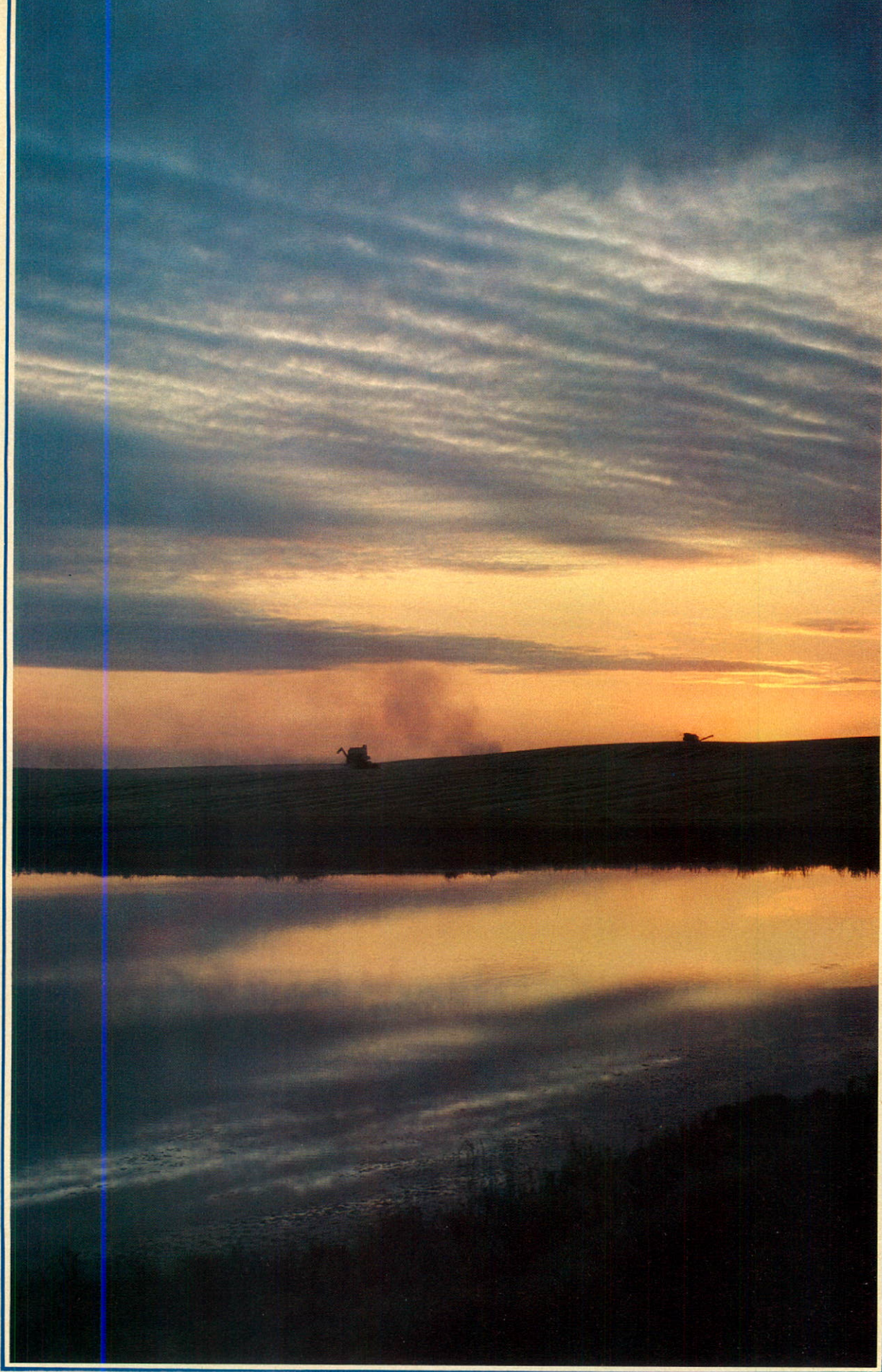
Saskatchewan Wheat Pool was one of the original members of the Saskatchewan Co-operative Credit Society, the Canadian Co-operative Credit Society and the Co-operative Trust Company of Canada.

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

Saskatchewan Wheat Pool pursues agricultural issues through its membership in the Saskatchewan Federation of Agriculture, through Canadian Co-operative Wheat Producers, and by direct initiatives taken with governments and government agencies on a regular basis.

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.



Harvesting at dusk.

BOARD OF DIRECTORS

(as of July 31, 1981)

E. K. (Ted) Turner,

President

Director, District 16

Elected: Delegate 1957; Director 1960;

First Vice-President 1966; President 1969.

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.

G. (Garf) Stevenson,

Second Vice-President

Director, District 7

Elected: Delegate 1959; Director 1968;

Executive Committee 1971;

Second Vice-President 1981.

A. K. (Avery) Sahl,

Executive Committee

Director, District 5

Elected: Delegate 1962; Director 1968;

Executive Committee 1972.

H. G. (Harold) Yelland,

Executive Committee

Director, District 14

Elected: Delegate 1960; Director 1973;

Executive Committee 1981.

R. W. (Ray) Luterbach

Director, District 1

Elected: Delegate 1970; Director 1976.

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.

R. T. (Roger) Gray

Director, District 5

Elected: Delegate 1953-1958; elected again

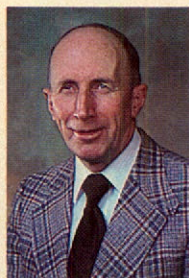
1967; Director 1976.



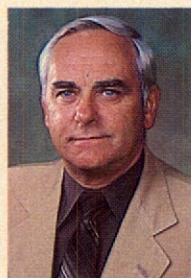
Turner



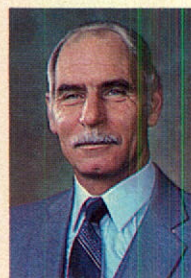
Lockwood



Stevenson



Sahl



Yelland



Luterbach



Dahl



Sanderson



Murch



Gray

M. (Maurice) Kostichuk
Director, District 8
Elected: Delegate 1969; Director 1980.

G. A. (Gerrit) Buitenhuis
Director, District 9
Elected: Delegate 1969; Director 1981.

G. A. (George) Siemens
Director, District 11
Elected: Delegate 1963; Director 1978.

A. B. (Aubrey) Wood
Director, District 12
Elected: Delegate 1968; Director 1973.

A. B. (Bernard) Mundell
Director, District 13
Elected: Delegate 1953; Director 1968.

L. J. (Leroy) Larsen
Director, District 15
Elected: Delegate 1970; Director 1981.

J. W. (Bill) Marshall
Director, District 15 until March, 1981
Elected: Delegate 1962; Director 1968;
Executive Committee 1968;
Second Vice-President 1973.
Retired March, 1981.

G. C. (Gus) Anderson
Director, District 3 until April, 1981
Elected: Delegate 1959; Director 1964;
Delegate April, 1981.

H. F. (Hugh) McLeod
Director, District 9 until March, 1981
Elected: Delegate 1955; Director 1964.



Kostichuk



Buitenhuis



Siemens



Wood



Mundell



Larsen



Marshall



Anderson



McLeod

SENIOR OFFICERS

(as of July 31, 1981)

I. K. Mumford, Senior Advisor to the Board of Directors, performs various specific duties, such as serving on the boards of directors of various companies where the Pool has involvement. He is also acting in an advisory capacity during the period of senior management transition.

J. M. Fair, Chief Executive Officer, is responsible to the Board of Directors for all commercial operations and related services.

J. O. Wright, Corporate Secretary, is responsible to the Board for co-ordination of the farm policy activity and for the programs of Member Relations, Communications and Research Divisions.

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



Mumford



Fair



Wright



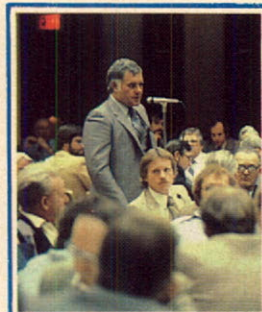
Kasha

DELEGATES 1980-81



President Ted Turner addresses the delegate body at Saskatchewan Wheat Pool's 57th Annual Meeting.

The list shows delegates in office prior to the delegate election in odd-numbered districts in April, 1981, and is followed by any changes that occurred during the year.



Donald Dean,
Langbank, District 1.



Thaddeus Trefiak,
Leross, District 9.

DISTRICT 1

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

6. Vacant (no nominations April 1981)
9. D. F. Dean, Langbank (elected April 1981)

DISTRICT 2

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

DISTRICT 3

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

DISTRICT 4

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

DISTRICT 5

1. A. K. Sahl, Mossbank
2. D. W. Hook, Bateman
3. J. Mann, Hodgeville
4. L. E. Buhr, Herbert
5. D. Pavier, Mortlach
6. N. R. Lowe, Moose Jaw
7. R. Measner, Holdfast
8. D. E. Hicks, Marquis
9. J. M. Cooper, Tugaskie
9. L. W. Jackson, Riverhurst (elected April 1981)



Marshall Lawrence, Meskanaw, District 15.



Ed Mitrenga, Melville, District 7.

DISTRICT 6

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

DISTRICT 7

1. E. Knuttila, Rocanville
2. G. Stevenson, Regina
3. D. B. Sefton, Broadview
4. A. Olson, Spy Hill
5. B. Cooper, Waldron
6. K. A. Bender, Neudorf
7. E. Golemba, Ituna
8. E. Mitrenga, Melville
9. R. E. Schmidt, Marchwell

1. L. McCorriston, Moosomin (elected April 1981)
7. R. S. J. Pilipow, Goodeve (elected April 1981)

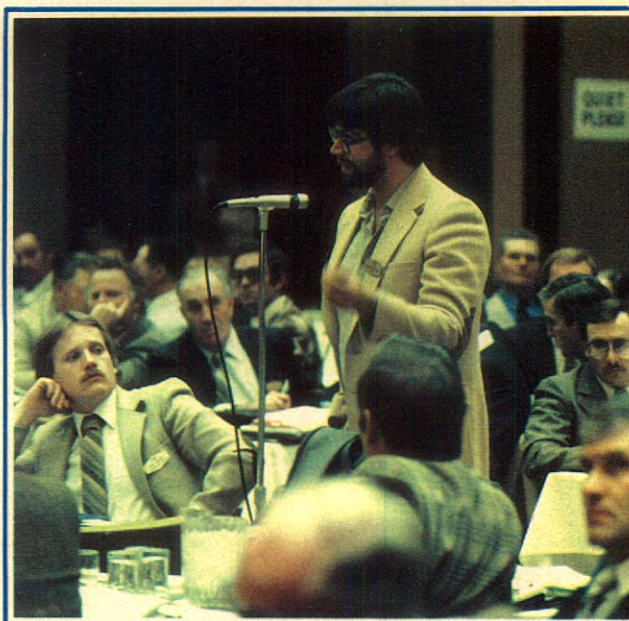
DISTRICT 8

1. R. Galye, Wroxton
2. T. W. Wood, Yorkton
3. M. Kostichuk, Insinger
4. A. Hladyboroda, Mikado
5. A. Kazakoff, Kamsack
6. L. Abbott, Norquay
7. L. H. Fiala, Hyas
8. S. Hrynkiw, Canora
9. N. Wetterlund, Sturgis

DISTRICT 9

1. H. F. McLeod, Leross
2. G. A. Buitenhuis, Raymore
3. R. D. Young, Cymric
4. M. H. Ewert, Drake
5. C. Gudnason, Wynyard
6. L. Gislason, Foam Lake
7. G. Bottcher, Margo
8. D. N. MacDonald, Wadena
9. D. Angell, Rose Valley

1. T. Trefiak, Leross (elected April 1981)



Grant Whitmore, Harris, District 11.

DISTRICT 10

- | | |
|----------------------------|-------------------------------|
| 1. K. W. Elder, Simpson | 6. M. F. Summerfeldt, Dundurn |
| 2. D. M. Lockwood, Regina | 7. V. Murray, Young |
| 3. R. B. Gifford, Glenside | 8. A. Thoen, Viscount |
| 4. R. H. Buness, Demaine | 9. B. C. Rugg, Elstow |
| 5. E. E. Hauta, Dinsmore | |

DISTRICT 11

- | | |
|------------------------------|------------------------------|
| 1. W. A. Marjerrison, Elrose | 6. D. C. Calvert, Rosetown |
| 2. R. L. Howe, Eston | 7. G. N. Robbins, Delisle |
| 3. R. J. Thomson, Alsask | 8. R. W. Reynolds, Kerrobert |
| 4. W. G. Nargang, Kindersley | 9. J. Epp, Major |
| 5. G. A. Siemens, Fiske | |
-
7. G. D. G. Whitmore, Harris
(elected April 1981)

DISTRICT 12

- | | |
|---------------------------|-------------------------------|
| 1. C. E. Weir, Perdue | 6. A. Keay, Unity |
| 2. A. B. Wood, Ruthilda | 7. W. Cey, Scott |
| 3. H. H. Horner, Cando | 8. C. J. Scherman, Battleford |
| 4. E. M. Ternan, Luseland | 9. C. Sawtell, Neilburg |
| 5. R. A. Burwash, Macklin | |

DISTRICT 13

- | | |
|------------------------------|------------------------------|
| 1. W. B. Mundell, Leroy | 6. G. E. Harvey, Saskatoon |
| 2. L. Rueve, Muenster | 7. M. P. Ozeroff, Langham |
| 3. J. L. Hinz, Muenster | 8. W. Funk, Laird |
| 4. J. B. Buchinski, Cudworth | 9. E. Altrogge, St. Benedict |
| 5. L. M. Hamoline, Aberdeen | |
-
- | | |
|--|--|
| 4. R. Demong, Cudworth
(by-election Sept. 1980) | 8. Vacant (no nominations
April 1981) |
|--|--|

DISTRICT 14

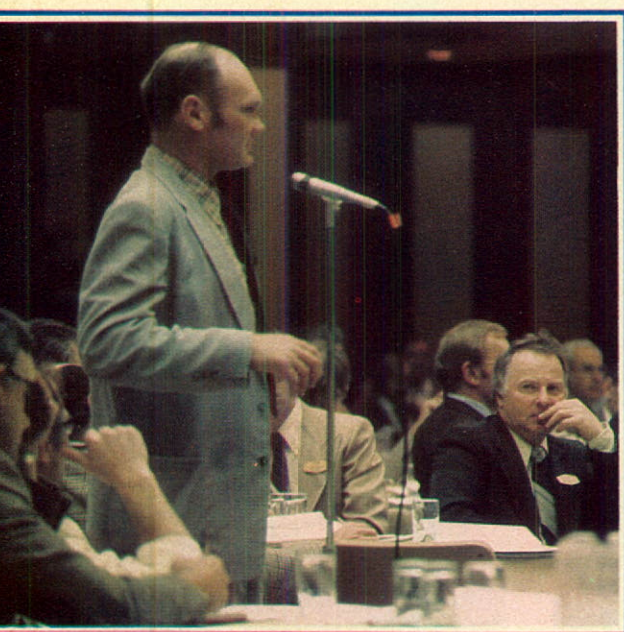
- | | |
|--------------------------------------|------------------------------|
| 1. H. G. Yelland,
Porcupine Plain | 6. L. LaPaire, Mistatim |
| 2. W. Black, Archerwill | 7. B. Weighill, Carrot River |
| 3. D. N. Voldeng, Naicam | 8. L. Hleck, Codette |
| 4. A. T. Groat, Melfort | 9. L. T. McConachy, Beatty |
| 5. G. Bone, Tisdale | |

DISTRICT 15

- | | |
|--------------------------------------|--------------------------------|
| 1. M. J. Lawrence, Meskanaw | 6. L. J. Larsen, Canwood |
| 2. J. R. Boyd, Kinistino | 7. J. W. Marshall, Regina |
| 3. N. C. Hazelwood,
Prince Albert | 8. W. G. Cheal,
Spruce Home |
| 4. A. P. Postnikoff,
Blaine Lake | 9. Vacant |
| 5. C. J. Story, Leoville | |
-
- | | |
|---|---|
| 3. A. Giles, Prince Albert
(by-election June 1981) | 8. T. Delparte, Albertville
(elected April 1981) |
| 7. R. L. Moore, Parkside
(elected April 1981) | 9. T. Maruschak, Shipman
(elected April 1981) |

DISTRICT 16

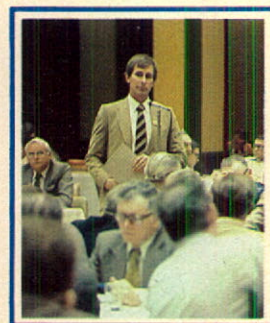
- | | |
|----------------------------------|--------------------------------|
| 1. E. K. Turner, Regina | 6. G. Finlay, Lloydminster |
| 2. J. P. Simmonds, Speers | 7. R. Arnold, Spruce Lake |
| 3. D. van der Haegen,
Denholm | 8. P. Loewen, Glenbush |
| 4. C. L. Hanson, Edam | 9. C. P. Olson,
Meadow Lake |
| 5. W. M. Campbell, Waseca | |



Creston Story, Leoville, District 15.



Bob Buness,
Demaine, District 10.



Murray Firth,
Carievale, District 1.

ALLOCATION OF NET EARNINGS

The Board of Directors decided that the net earnings for the year ended July 31, 1981, in the amount of \$72,744,000 will be allocated as follows:

	(in thousands)
Grain:	
Patronage dividend at the rate of \$5.60 per tonne pursuant to Article 79 of the Articles of Association of the Company, estimated	\$56,797
Farm Supplies:	
Patronage dividend at the rate of 3.65 per cent of the value of farm supply purchases pursuant to Article 79 of the Articles of Association of the Company, estimated	4,728
Livestock:	
Patronage dividend at the rate of 81¢ per head for cattle, 75¢ per head for calves, 38¢ per head for sheep and 30¢ per head for hogs (exclusive of Hog Commission animals) pursuant to Article 79 of the Articles of Association of the Company, estimated.....	308
Total patronage dividend, estimated	61,833
Provision for income tax, estimated	2,100
Transfer to unallocated earnings retained from prior years, estimated	8,811
Total.....	\$72,744

An estimated total of \$8,348,000 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 \$53,485,000 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 \$10,041,000 be used as required in 1981-82 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, 1981, and repayment of 7% of share equity to corporate members (Article 3(V)).
2. After allocation to shares of the 1980-81 patronage dividend, and payment of withholding tax, a sum of approximately \$12,486,000 be paid, representing a 6% purchase of share equity to members not attaining the age of 65 by December 31, 1981, and farming corporations (Article 3(i) and (ii)).

Payments totalling approximately \$30,875,000 will be made to or on behalf of members during the 1981-82 year.

AUDITORS' REPORT

The Shareholders
Saskatchewan Wheat Pool

We have examined the balance sheet of Saskatchewan Wheat Pool as at July 31, 1981 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, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
October 13, 1981

TOUCHE ROSS & CO.
Chartered Accountants

BALANCE SHEET

At July 31

Statement 1

Assets

Current assets

	1981 (in thousands)	1980
Cash	\$ 2,771	\$ 2,797
Term deposits	—	17,650
Accounts receivable	249,792	125,186
Inventories (Note 2a)	465,157	171,476
Prepaid expenses	5,082	4,305
Prepayment of income taxes	4,275	3,587
	<u>727,077</u>	<u>325,001</u>
Investments and memberships (Notes 2c & 3)	30,646	25,755
Fixed assets (Note 2d)	152,521	142,614
	<u>\$910,244</u>	<u>\$493,370</u>

Liabilities

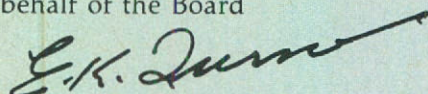
Current liabilities

Outstanding cash tickets and cheques	\$284,788	\$101,411
Bank loans (Note 4)	166,292	—
Notes payable	3,600	—
Accounts payable	113,224	95,082
Long term debt due within one year	14,127	5,742
Unallocated earnings (Note 2e)	72,744	53,951
	<u>654,775</u>	<u>256,186</u>
Long term debt (Note 5)	44,382	56,160
	<u>699,157</u>	<u>312,346</u>

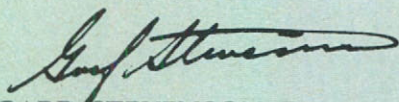
Members' Equity

Share capital (Note 6)	173,249	152,286
Unallocated earnings retained	37,838	28,738
	<u>211,087</u>	<u>181,024</u>
	<u>\$910,244</u>	<u>\$493,370</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	
	1981	1980
	(in thousands)	
Revenue from sales and services	\$1,941,433	\$1,730,016
Cost of sales and services.....	<u>1,830,055</u>	<u>1,641,118</u>
	111,378	88,898
Selling and administrative expenses.....	<u>47,508</u>	<u>45,435</u>
	<u>\$ 63,870</u>	<u>\$ 43,463</u>
Summary of net earnings by division		
Country Elevator	\$ 28,406	\$ 18,184
Terminal Elevator.....	27,336	20,192
Farm Service	5,640	1,384
Flour Mill	930	2,332
Livestock.....	356	229
Western Producer Publications.....	<u>1,202</u>	<u>1,142</u>
	63,870	43,463
Patronage dividend — CSP Foods Ltd.....	6,497	9,720
Share of earnings		
Pacific Elevators Limited	1,440	2,068
Prince Rupert Grain Ltd. (Note 3d).....	<u>937</u>	<u>998</u>
Net earnings before extraordinary items	72,744	56,249
Extraordinary items.....	—	(2,298)
Net earnings.....	<u>\$ 72,744</u>	<u>\$ 53,951</u>

STATEMENT OF UNALLOCATED EARNINGS RETAINED

For the year ended July 31

	Statement 3	
	1981	1980
	(in thousands)	
Unallocated earnings retained, beginning of year	<u>\$28,738</u>	<u>\$25,955</u>
Prior year's earnings	53,951	36,680
Provision for income taxes.....	(1,850)	(1,350)
Patronage allocation to members		
Shares.....	(35,053)	(27,239)
Cash	(2,679)	(1,819)
Withholding taxes	<u>(5,623)</u>	<u>(4,061)</u>
Balance retained.....	8,746	2,211
Adjustment of prior years' income taxes.....	—	44
Net proceeds in excess of original cost on disposal of fixed assets	<u>354</u>	<u>528</u>
Unallocated earnings retained, end of year.....	<u>\$37,838</u>	<u>\$28,738</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended July 31

	Statement 4	
	1981	1980
	(in thousands)	
Working capital was provided by:		
Prior year's earnings	\$53,951	\$36,680
Charges against current operations not requiring the use of funds		
Depreciation.....	18,885	17,898
Extraordinary items.....	—	2,628
Increase in members' term loans.....	—	2,687
Other sources	460	590
	<u>73,296</u>	<u>60,483</u>
Working capital was used for:		
Fixed asset additions — net.....	28,792	27,954
Payments to or on behalf of members		
Share redemptions (Note 6a).....	14,102	11,156
Cash	2,679	1,819
Withholding taxes	5,623	4,061
Increase in investments	4,985	5,952
Decrease in members' term loans	10,378	—
Current maturity of debenture loans.....	1,400	2,475
Provision for income taxes on prior year's earnings.....	1,850	1,350
	<u>69,809</u>	<u>54,767</u>
Increase in working capital	3,487	5,716
Working capital, beginning of year	68,815	63,099
Working capital, end of year	<u>\$72,302</u>	<u>\$68,815</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended July 31, 1981

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

2. Accounting policies

a) Inventories

	1981 (in thousands)	1980
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....	\$386,434	\$ 81,913
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.....	18,616	29,897
Other inventory valued at the lower of cost (principally average cost) and net realizable value ...	60,107	59,666
	<u>\$465,157</u>	<u>\$171,476</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 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 has been considered appropriate because these companies have historically distributed a major portion of their earnings to shareholders through patronage dividends. This method continues to be followed pending the completion of studies which examine the appropriateness of alternative methods. The companies accounted for under this method and the Corporation's share of ownership therein are as follows:

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

Other investments and memberships are also valued at cost. The Corporation's share of earnings is reflected in income when dividends are received.

d) Fixed assets

The major components of fixed assets are:

	1981 (in thousands)	1980	Rate of Depreciation
Cost			
Sites, tracks and paving.....	\$ 11,536	\$ 9,586	0 - 8%
Buildings.....	171,884	161,139	5 - 10%
Machinery and equipment.....	126,705	113,703	20 - 30%
Vehicles.....	5,335	4,740	30%
Work under construction ..	8,096	9,091	nil
	<u>323,556</u>	<u>298,259</u>	
Less accumulated depreciation.....	<u>171,035</u>	<u>155,645</u>	
Net book value.....	<u>\$152,521</u>	<u>\$142,614</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:

	1981 (in thousands)	1980
Companies over which the Corporation has significant influence		
Shares.....	\$ 3,758	\$ 3,758
Bonds, notes and loans receivable	24,187	19,455
	<u>27,945</u>	<u>23,213</u>
Other investments, principally shares in co-operatives.....	2,654	2,495
Memberships.....	47	47
	<u>\$30,646</u>	<u>\$25,755</u>

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

	1981	1980
	(in thousands)	
Assets	\$332,693	\$ 289,254
Liabilities	274,442	242,553
Undistributed earnings	29,447	18,942
Revenue	977,649	1,031,420
Net earnings	39,174	33,915
Net earnings distributed...	28,758	28,440

- c) Included in investments are notes receivable totalling \$17,966,000 which have been postponed in favour of other creditors of these companies.

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

The existing terminal elevator is being operated on behalf of the participants by Prince Rupert Grain Ltd. with the Corporation's share of earnings, distributed on the basis of throughput, included in the statement of operations.

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:

	1981	1980
	(in thousands)	
Members' term loans	\$28,509	\$29,427
9% sinking fund debentures series A	30,000	30,000
9½% first mortgage debenture loan	—	2,475
	<u>58,509</u>	<u>61,902</u>
Portion due within one year	14,127	5,742
	<u>\$44,382</u>	<u>\$56,160</u>

- b) Members' term loans range from two-year to ten-year terms with interest rates from 9% to 16%. Each loan is repayable at maturity with interest payable semi-annually.
- c) The sinking fund debentures require payments to be made to the Trustee in each of the next sixteen 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 the property and assets of the Corporation.

6. Share capital

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

	1981	1980
	(in thousands)	
Balance, beginning of year	\$152,286	\$136,191
Add: New shares allotted	12	12
Allocated from prior year's earnings	35,053	27,239
	<u>35,065</u>	<u>27,251</u>
Less share redemptions:		
Purchased from eligible categories	3,622	3,447
Authorized annual redemptions	10,480	7,709
	<u>14,102</u>	<u>11,156</u>
Balance, end of year	<u>\$173,249</u>	<u>\$152,286</u>

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

	1981	1980
Fully paid (par value \$1 each)	173,210,794	152,247,704
Partially paid	76,363	76,818

7. Commitments and contingencies

- a) 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. \$44,750,000 (Cdn. \$55,298,000) as at July 31, 1981, 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.
- b) The Corporation has guaranteed borrowings and other obligations of companies in which it has an investment to maximum amounts aggregating \$4,667,000.
- c) At July 31, 1981 planned future expenditures on authorized capital programs were approximately \$17,801,000.
- d) During the year, the Corporation approved in principle participation in a proposed

co-operative energy resources project to a maximum of \$12,000,000 over a period of four years.

- e) Future payments to the employees' retirement plans in respect of past services have been actuarially determined to be \$7,546,000 and are required to be made in varying amounts over the next eleven years. During the year payments totalling \$698,000 were made to the plans in respect of past services.

Actuarial valuations of the plans as at December 31, 1980 indicate a significant surplus position in the plans.

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 handlings 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 \$38,000,000, and from other related parties of \$4,138,000 included in accounts receivable; and amounts payable to members of \$72,009,000 and to other related parties of \$5,819,000, included in accounts payable.

9. Additional information

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

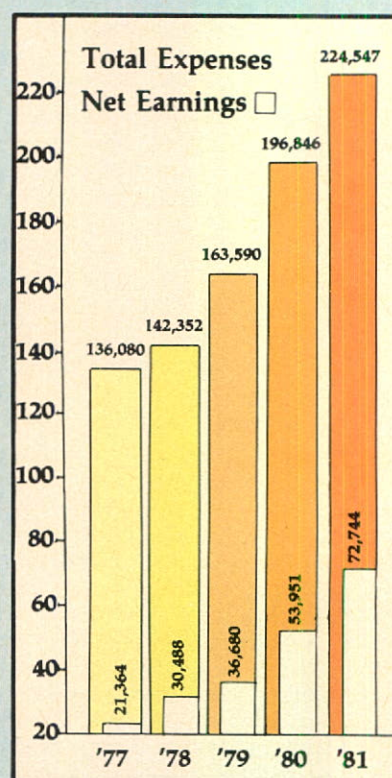
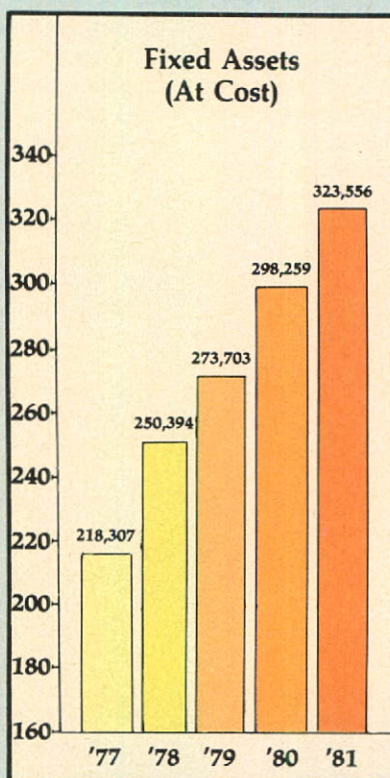
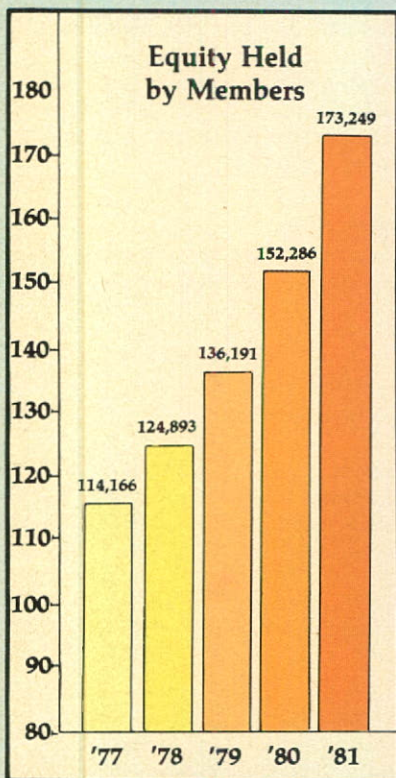
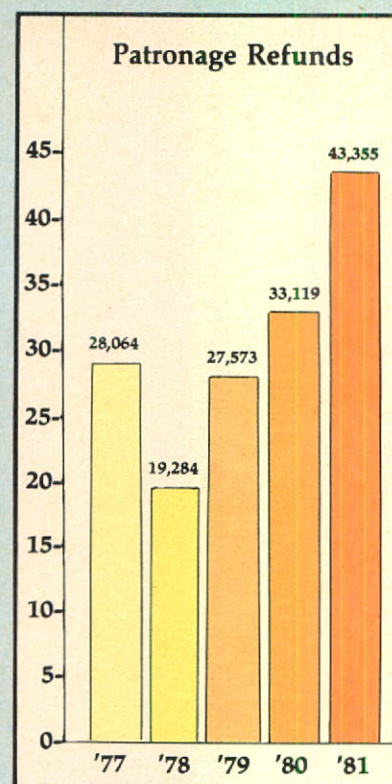
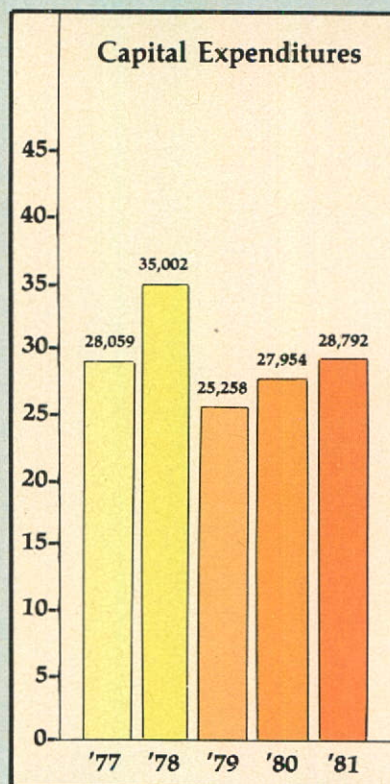
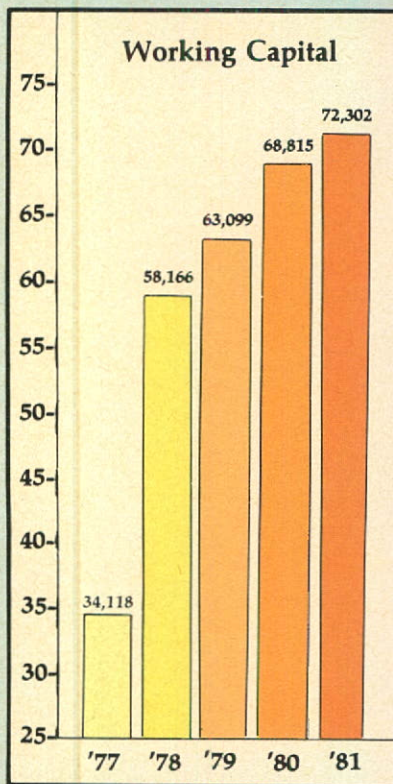
	1981	1980
	(in thousands)	
Revenues		
Interest recovered from the Canadian Wheat Board.....	\$37,632	\$27,785
Investment income.....	3,737	2,385
Patronage dividends.....	3,693	1,302
Expenses		
Depreciation	18,885	17,898
Interest on long term debt	6,087	5,873
Other interest	25,177	21,150

10. Comparative figures

Certain 1980 amounts have been restated to conform with the 1981 presentation.

FIVE YEAR SUMMARY

in thousands of dollars



OPERATIONAL OUTLOOK 1981-82

Grain production in the prairie region in 1981, estimated at just under 42 million tonnes, is a new record. Canadian Wheat Board export forecasts of 26 million tonnes would leave relatively low carryover stocks at July 31, 1982. Some shortages of rapeseed may develop.

The 1981 crop augurs well for the operation of the grain divisions during the coming year. Provided further disruption of grain handling and transportation services is not experienced, throughput at levels experienced in the past crop year should be realized.

Increased costs will significantly affect earnings. Depending on crop conditions in late June and July, 1982, delivery volumes will significantly influence final returns for the year.

Farm Service operations face a difficult year in view of increasing farm costs, and reduced initial prices for cereal grains.

Flour Mill operations are expected to decline, primarily due to increased pressures on domestic prices.

The future for livestock operations is uncertain, with no clear evidence of a stable market for cattle at prices providing a net return to producers. The impact of the Beef Stabilization Plan on beef markets in Saskatchewan is unclear.

Pool Livestock operations are projected at approximately a breakeven level. The exact future role of the division in marketing livestock in the province will not be clear until operating procedures for the new Saskatchewan Beef Stabilization program are known. Every effort is being made to integrate operations of the Livestock Division with the new program.

Western Producer Publications anticipate a satisfactory earning. New postal rates are expected to have a significant effect.

Operations of both CSP Foods and Western Co-operative Fertilizers Limited are expected to decline significantly during the year due to reduced margins and the high cost of financing. Pacific Elevators and Prince Rupert Grain should reflect results similar to Pool grain operations.

The 1982 capital budget totals \$46.5 million, approximately \$15 million more than 1981 expenditures. Upgrading of grain handling facilities accounts for the major portion of the budget with improvements scheduled in both Country and Terminal Elevator Divisions.

Fertilizer storage and handling facilities represent the greater portion of the Farm Service Division's \$2.6 million budget. Three farm service facility sites will be purchased.

Western Producer Publications Division has embarked on a major plant upgrading program which will total in excess of \$5.0 million over the next three years.

Service Divisions' capital budgets total \$6.2 million. The major item is \$4.9 million for computer equipment for the country elevator system.

In summary, grain operations, subject to crop conditions in the spring of 1982, are relatively optimistic with operations in the remainder of the divisions and the associated company operations expected to experience a decline in returns compared to those of the past year.



Harvesting can create interesting landscape patterns.

SASKATCHEWAN WHEAT POOL MAJOR POLICY ISSUES 1982

During the course of 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 these resolutions form the base for Saskatchewan Wheat Pool's public position for agriculture.

Grain Transportation and Freight Rates

Grain transportation and freight rates are of vital concern to the agricultural economy of Western Canada. Though transportation capacity has improved in recent years, it is anticipated that west-bound shipments of bulk products will double in Western Canada in the near future, necessitating improvements to rail facilities.

The consequences of inaction are particularly serious for grain shippers.

The Pool has urged the federal government to make a substantial commitment of funds to achieve an adequate solution to the problem of railways revenues and transportation capacity.

The Pool is prepared to take part in any discussions related to the grain freight rate issue, and will work diligently to achieve a

solution which is in the best long-term interests of Western farmers.

Saskatchewan Wheat Pool will support a transportation policy including the following basic principles:

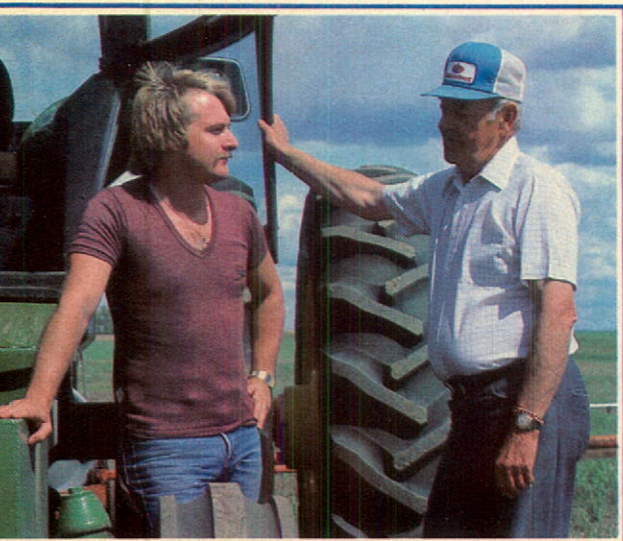
- 1) That the present statutory Crow rate remain and be extended to include all Western grains as defined within the Canada Grain Act;
- 2) That the federal government guarantee performance by the railroads;
- 3) That the freight rates on processed agricultural products be included within a statutory rate framework and related to the rate on the associated raw product in a manner which does not discriminate against value-added activity in the Prairie region;
- 4) That the rate structure remain statutory and distance-related (non-variable);
- 5) That the compensatory rate shortfall be paid directly to the railways by the federal government;
- 6) That the federal government honour its commitment to provide necessary funding for the completion of branch line upgrading;
- 7) That the federal government ensure there is an adequate supply of railway rolling stock available to the grain industry.
- 8) If the above seven points are accepted by the federal government, future costs due to inflation shall be negotiated by producers, railroads and the federal government; and in any negotiations Saskatchewan Wheat Pool will strive to retain the present Crow rate for producers.

It is important that any forthcoming negotiations lead to lasting solutions.

Grain Marketing

The significant buying and selling decisions for the wheat traded in the world are made by a relatively small number of individuals, so grain producers must have a strong, active and resourceful central sales agent operating on their behalf.

The primary objective of the Canadian Wheat Board is to market the largest



Norm Bell and son, Rick, Hughton.

possible quantity of Canadian-produced grain at the best possible price. Its efforts have been successful with the result that, in two of the last three crop years, year-end carryovers of grain have declined.

The mixed marketing system (partly Board and partly non-board) now operating for Canadian grain results in problems and conflicts in transportation, car allocation and use of storage space at both country and terminal locations. The Pool would prefer that all grains produced in Western Canada be marketed through the Canadian Wheat Board.

Livestock Production and Marketing

In the long term, Saskatchewan agriculture would benefit from a stable, viable livestock industry. However, producer confidence has been badly shaken by a series of years of low prices and rising costs.

The Pool has long advocated a national stabilization plan for beef producers. The organization supports Saskatchewan's new provincial beef stabilization plan as an interim step. Saskatchewan Pool has good livestock handling and marketing facilities and will work with the provincial commission to carry out an effective marketing program. The Pool will support formation of national marketing structures if the majority of producers indicate their support for such structures. Any such national marketing structures must recognize traditional regional production levels.

The Pool believes hog producers in the province should be given an opportunity to indicate by plebiscite whether they want to change the present government-appointed Saskatchewan Hog Marketing Commission to a producer-elected Saskatchewan Hog Producers Marketing Board.

Inflation

Inflation is a problem of long standing in the Canadian economy. Its causes may be traced in part to factors external to the country, though some causes are contained within the Canadian economy. Inflation is

also fueled by the individual decisions of millions of Canadians.

The level of interest rates is closely intertwined with the rate of inflation and, in many cases, becomes a contributor to inflation. Those farmers who buy inputs priced on the basis of the Canadian economy but sell their products on the world market are particularly vulnerable.

Long-term control of inflation depends on the collective will of governments, business, labor and all Canadians to exercise restraint, reduce expectations and improve levels of productivity. The federal government must be prepared to apply fiscal as well as monetary policies, in a concerted and determined effort to return the Canadian economy to a more viable state.

Energy for Agriculture

Canadian co-operatives, Saskatchewan Wheat Pool among them, moved during the year to participate in ownership, exploration and development of oil resources.

Reserves of oil are limited, and therefore conservation and efficient use are particularly important to primary agriculture, which is less able than some other industries to use alternative sources of energy.

Additional research and development of alternative sources of energy are needed.



Bernie Hamoline of Aberdeen.

There is merit in a Canadian energy policy which will encourage exploration and self-sufficiency. The federal government's aim of increased Canadian ownership in the petroleum industry is commendable but has produced some short-term unfavorable side effects.

Agricultural Research

The Wheat Board predicts that there will be opportunity for export from Canada of 30 million tonnes of all grains by 1985, and 36 million tonnes by 1990. This will require production of about 55 million tonnes by 1990. Achievement of the targets will require substantial changes in production practices and improved varieties. Scientific agricultural research is required, but has been limited by recent constraints on federal government expenditures. Saskatchewan Wheat Pool strongly supports continuing public expenditure in agricultural research.

The Pool participated actively in discussions leading up to formation of a Western Grain Research Foundation, which has proposed a check-off from grain sales to create a research fund. The Pool supports the foundation in its request that the federal government turn over to the foundation approximately nine million dollars collected from producers under the previous PFAA legislation.

Grain Prices and Market Assurance

The challenge to increase production will hinge on whether or not producers consider it in their best interests to expand output. The increase will not come about if price levels are insufficient to cover production costs, or if the grain cannot be moved to market within a reasonable time period. In order that producers have needed cash at harvest time, the Pool wants the maximum cash advance on farm-stored grain raised from \$15,000 per permit holder to \$50,000.

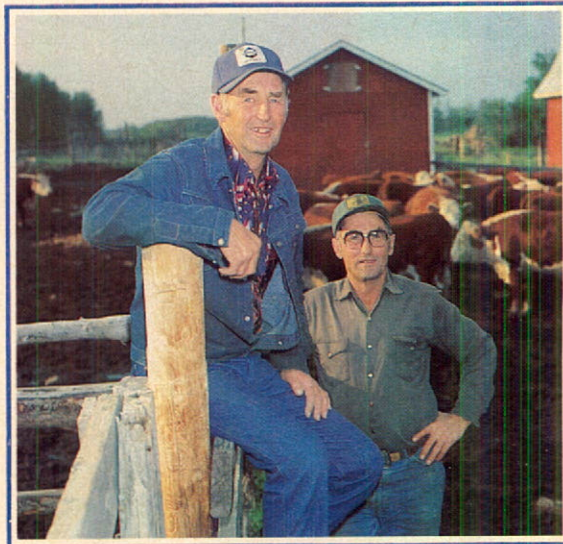
Saskatchewan Wheat Pool supports development and discussion of a market assurance plan for producers.

In 1976 a Grain Receipts Stabilization Plan was introduced, with contributions from grain producers and the federal government to create a stabilization fund. The Pool wants an inflation index for the Grain Receipts Stabilization Plan. Similarly, an inflation factor should be built into the price of domestic wheat sold to Canadian millers.

Volatile international prices are of great concern to producers, and Saskatchewan Wheat Pool considers it vital that the major grain producing/exporting countries reach some common understanding about marketing and pricing policies.



Jennifer and Erin Horvey, Cabri area.



Art and Jim Adamson, Makwa.

PHOTOS

*Saskatchewan Wheat Pool
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North of Stoughton.

