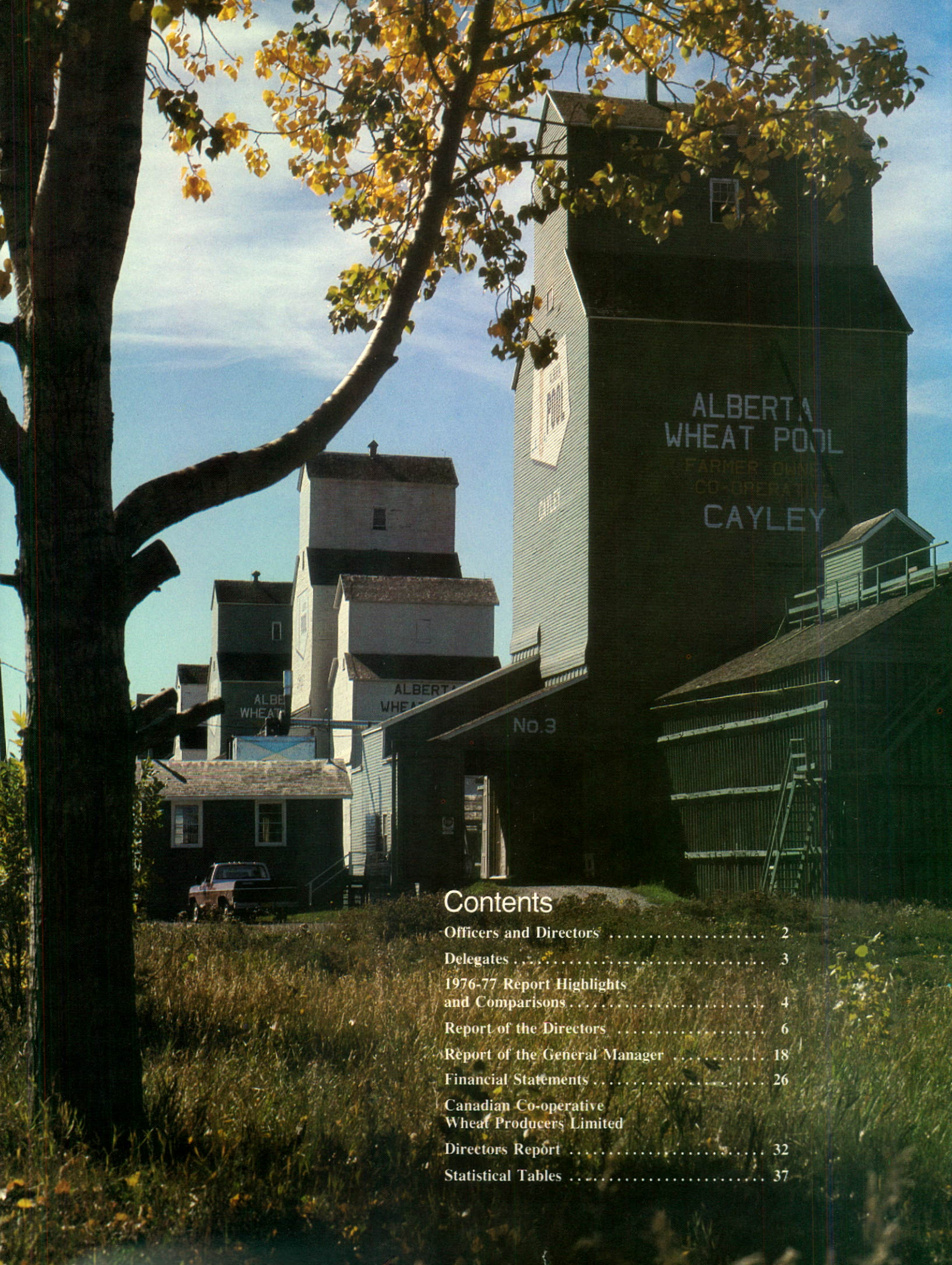


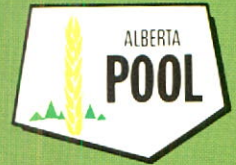


alberta wheat pool 1977 annual report



Contents

Officers and Directors	2
Delegates	3
1976-77 Report Highlights and Comparisons	4
Report of the Directors	6
Report of the General Manager	18
Financial Statements	26
Canadian Co-operative Wheat Producers Limited	
Directors Report	32
Statistical Tables	37



Corporate Information

BOARD OF DIRECTORS

G. L. HARROLD, *Lamont — President*
A. J. MACPHERSON, *Delia — 1st Vice-President*
G. W. BRAITHWAITE, *Lacombe — 2nd Vice-President*
H. R. PATCHING, *Lethbridge*
NORMAN JACOBSEN, *Arrowwood*
PARKE DOBSON, *Paradise Valley*
NICK M. LORENCZ, *Manning*

B. A. FRIESEN, *Secretary*

OFFICERS AND ADMINISTRATIVE PERSONNEL

J. W. MADILL, *General Manager*
G. S. AUSTIN, *Director Employee Relations*
F. E. BALL, *Director of Operations*
A. W. BEATTIE, *Director of Public Relations*
G. J. DEWAR, *Director of Terminal Facilities*
T. G. HENDRY, *Treasurer*
R. G. PALMER, *Comptroller*
J. E. SHERWOOD, *Manager, Planning and Management Services*
W. H. SMITH, *Winnipeg Manager*
B. H. SOMMERVILLE, *Executive Assistant and Administrative Co-ordinator*
A. K. SORENSEN, *Director of Marketing*
L. J. TRELEAVEN, *Manager, Engineering Construction and Maintenance*

SOLICITORS

MacKIMMIE MATTHEWS

AUDITORS

TOUCHE ROSS & CO.

BANKERS

BANK OF MONTREAL
THE BANK OF NOVA SCOTIA
THE ROYAL BANK OF CANADA
CANADIAN IMPERIAL BANK OF COMMERCE

HEAD OFFICE — Alberta Wheat Pool Building, 505 - 2nd Street S.W., Calgary, Alberta

Delegates

LETHBRIDGE — District One

101	Gogolinski, Barney	Orion
102	Schmitt, Ray C.	Milk River
103	Van Gaalen, Harold N.	Foremost
104*	Zaugg, Ferries B.	Stirling
105	Dyck, Nick F.	Pincher Creek
106*	Powell, Rex P.	Cranford
107	Konynenbelt, Evert J.	Nobleford
108*	Rempel, Henry S.	Vauxhall
109	Thurston, Clarence F.	Bow Island
110	O'Neil, James J.	Claresholm

CALGARY — District Two

201	Chambers, William E.	Lomond
202	Williams, S. Evan	Vulcan
203	Berger, John C.	Nanton
204	Seney, Elden F.	Blackie
205	Burne, George W.	Gleichen
206	Stewart, Harold J.	Dalemead
207	Schmaltz, Clarence M.	Beiseker
208	Fowler, Alvin W.	Airdrie
209	Carney, Pat J.	Three Hills
210	Riddle, Jack C.	Carstairs

DRUMHELLER — District Three

301	Bayer, Robert	Schuler
302	Lemare, Carl	Acadia Valley
303	Volek, Joseph	Tilley
304	Axelsen, Eric	Drumheller
305	Johnson, Jim G.	Drumheller
306	Nelson, Norman E.	Craigmyle
307	Johnston, Vernon R.	Oyen
308	Kloberdanz, John	Kirriemuir
309	Hepp, Melvin F.	Castor
310	Petersen, Leslie M.	Ersikine

CAMROSE — District Four

401	Redmond, Donald R.	Edgerton
402	Chynoweth, Stanley J.	Wainwright
403	Harbin, Clifford T.	Rivercourse
404	Livingstone, Douglas E.	Vermilion
405	Oberg, Wilmer L.	Forestburg

406	Ash, Robert W.	Viking
407	Christians, William H.	Donalda
408	Pepper, Clifford G.	Ohaton
409	Baker, Donald W.	New Norway
410	Banack, William	Camrose

RED DEER — District Five

501	Silver, Neil D.	Huxley
502	Johnson, Kris K.	Red Deer
503	Nelson, Glen R.	Bentley
504	Wagner, Albert F.	Lacombe
505	Baker, Percy A.	Ponoka
506	Rasmuson, Clarence H.	Wetaskiwin
507	Rebus, John A.	Stony Plain
508	Lappenbush, W. F. (Bud)	Mayerthorpe
509	Ulmer, Roy S.	Barrhead
510	Rimmer, Laurence M.	Pibroch

VEGREVILLE — District Six

601	Bober, John R.	Derwent
602	Pidruchny, Albert L. D.	Myrnam
603	Goshko, M. D. Russel	Vegreville
604	Hennig, Harold H.	Andrew
605	Galloway, Kenneth D.	Ft. Saskatchewan
606	Slobogean, Joseph I.	Legal
607	Harry, John	Nestow
608	Din, Alexander	Warspite
609	Lamothe, Armand	St. Paul
610	Davidiuk, William	Grassland

PEACE RIVER — District Seven

701	Harlos, William H.	Valleyview
702	Lamoureux, Bernard	Girouxville
703	Nikolaychuk, Mike	Woking
704	Bohn, John F.	La Glace
705	Erickson, Rae G.	Tangent
706	Graham, T. Alex	Spirit River
707	Peirce, Albin B.	Dawson Creek
708	Krall, John S.	Nampa
709	Heck, Peter	Manning
710	Morrison D. James	Bluesky



1976-77 Report Highlights and Comparisons

	1977
Handling — Country Elevators, in bushels	200,226,638
— Forage Seed, in pounds	16,973,063
— Cereal Seed, in pounds	27,971,412
Percentage of Alberta Grain Deliveries Handled	65.1%
Gross Value of Board Deliveries and Other Sales	\$602,497,671
Marketing Division Sales (included above)	\$ 52,501,150
Total Revenues	\$ 74,302,981
Total Expenses	\$ 59,247,505
Capital Cost Allowances	\$ 4,338,905
Earnings before Taxes	\$ 15,055,476
Current Assets	\$146,100,934
Current Liabilities	\$129,139,645
Working Capital	\$ 16,961,289
Capital Expenditures on Properties and Equipment	\$ 11,536,831
Total Invested in Capital Assets	\$ 96,020,615
Patronage Refunds Distributed (out of previous year's earnings)	\$ 20,834,407
Reserves Held by Members	\$ 45,927,406
Percentage of Member Business prior year	97% Est.
New Members	2,768
Total Membership	55,880
Number of Country Elevators	742
Elevator Capacity — in bushels — Country	70,066,400
— Terminals	14,411,500
Number of Employees July 31	1,719

1976	1975	1974	1973	1972
182,674,788	145,614,639	157,134,785	164,440,215	129,550,690
10,549,950	11,300,313	15,564,771	14,004,129	12,991,414
18,586,387	27,512,246	33,518,677	31,337,897	30,061,269
65.8%	65.4%	67.3%	68.9%	56.8%
\$607,044,191	\$505,848,961	\$491,279,336	\$259,088,069	\$203,735,347
\$ 45,967,767	\$ 44,396,388	\$ 34,526,890	\$ 20,824,458	\$ 14,298,489
\$ 75,026,276	\$ 60,331,895	\$ 51,641,448	\$ 39,251,098	\$ 29,917,982
\$ 53,267,755	\$ 46,973,337	\$ 37,156,938	\$ 29,800,983	\$ 20,959,999
\$ 4,065,341	\$ 3,426,873	\$ 3,345,372	\$ 3,446,073	\$ 2,892,854
\$ 21,758,521	\$ 13,774,957	\$ 11,390,101	\$ 6,217,045	\$ 6,066,759
\$171,518,425	\$159,917,409	\$210,089,181	\$ 73,294,866	\$ 61,735,387
\$158,451,609	\$148,651,377	\$200,844,255	\$ 64,891,703	\$ 54,685,903
\$13,066,816	\$ 11,266,032	\$ 9,244,926	\$ 8,403,163	\$ 7,049,484
\$ 8,019,122	\$ 5,629,359	\$ 3,422,518	\$ 2,401,789	\$ 1,733,198
\$ 86,618,037	\$ 80,838,832	\$ 76,070,557	\$ 73,559,940	\$ 72,510,552
\$ 12,705,372	\$ 10,478,593	\$ 5,757,469	\$ 5,791,275	\$ 5,891,884
\$ 36,875,466	\$ 31,050,834	\$ 27,797,808	\$ 26,982,449	\$ 25,798,207
96.7%	96.4%	97.17%	96.90%	96.94%
2,855	3,034	2,487	4,927	2,716
56,590	55,963	55,032	54,203	51,057
782	819	836	858	899
72,905,100	75,255,600	75,675,300	77,002,000	78,988,000
15,451,500	17,451,500	17,451,500	17,451,500	17,451,500
1,691	1,607	1,576	1,612	1,685

Report of the Directors



G. L. Harrold
President
Lamont — District 6

Gentlemen:

Record handlings in Alberta followed the excellent crop produced in 1976. Although many producers were limited in their delivery opportunities by quotas and lack of elevator space, the export movement of grain was outstanding. Despite the excellent grain movement, the farm economy took a downturn because of considerably reduced prices for the products produced and the spiralling costs for purchased in-puts. Nevertheless, for Alberta Wheat Pool, it was a year where records were established for grain handlings as well as for the volume of agro products sold. As well, with the increasing world demand for vegetable oils, it was decided to proceed with the construction of the rapeseed crushing plant at Ft. Saskatchewan. Member demands for improved and up-dated facilities resulted in an accelerated construction program for both elevator and fertilizer handling facilities.

Summary of Operations

An historic landmark of 200,226,638 bushels was handled by your Association in 1976-77, an increase of 17,551,850 bushels from last year's record. Alberta Pool's percentage of provincial deliveries at 65.13% was just slightly below that of a year ago.

Vancouver unloads at Pool Terminal #1 totalled 81,629,468 bushels, while 76,587,461 bushels were unloaded at Pacific Elevators Limited. These handlings represent an increase of 4,295,654 bushels and 11,483,855 bushels respectively over the handlings of a year ago and jointly, account for 54.2% of total West Coast handlings. Handlings at Victoria Elevator Limited at 1,289,908 bushels were well below a year ago, since operations were terminated at that plant as of the end of December, 1976. Alberta Pool shipments to eastern destinations totalled approximately 47,000,000 bushels.

Total sales of agro products increased appreciably over a year ago. In contrast to previous years, few fertilizer shortages, including nitrogen fertilizers, were experienced. In fact some surpluses, particularly of phosphate fertilizers, continued to plague manufacturers due to the slow-down in the farm economy and an increase in productive capability.



H. R. Patching
Lethbridge — District 1



Norman Jacobsen
Arrowwood — District 2

Chemical sales were up approximately 7% over last year while forage seed sales increased from 10.7 million to 13.8 million pounds, and cereal seed sales increased from 24.9 million to 26.5 million pounds.

The consolidated net earning from the year's operations is \$14,880,238. A major portion of the earning resulted from the record volume of grain handlings; the earning is also affected, albeit negatively, by the reduced margins on agro products.

MAJOR IMPORTERS OF CANADIAN WHEAT 1976-77 and Comparative (millions of bushels)

	1976-77	1975-76	10-Year Average 1966-67 to 1975-76
People's Republic of China	76.2	44.4	79.4
United Kingdom	51.0	43.4	48.8
Japan	45.8	57.8	44.4
Brazil	37.9	22.0	12.9
Poland	25.5	12.6	3.6
Others	168.3	186.2	173.5
Total	404.7	366.3	362.6

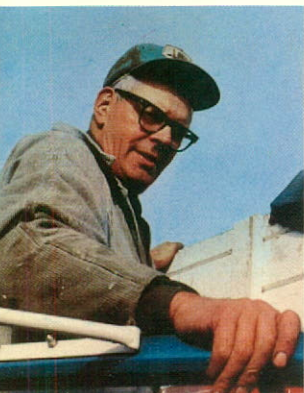
Source: Canadian Grain Commission.



A. J. MacPherson
1st Vice-President
Delta — District 3



G. W. Braithwaite
2nd Vice-President
Lacombe — District 5



Parke Dobson
Paradise Valley — District 4



Nick M. Lorencz
Manning — District 7

Marketing Summary

Export sales of Canadian grains, oilseeds and wheat flour in 1976-77 totalled 756.6 million bushels, an increase of nearly 7% over last year and the largest export movement since the record volume in the 1972-73 crop year. Export volumes of all grains except barley and rye increased during the year with oat sales rising to 31.8 million bushels from 18.2 million a year ago.

TOTAL GRAIN AND WHEAT FLOUR (millions of bushels)

	1976-77	1975-76	10-Year Average 1966-67 to 1975-76
Wheat	404.7	366.3	362.6
Durum Wheat . . .	62.3	61.2	41.0
Wheat Flour	27.4	22.6	24.3
Oats	31.8	18.2	6.4
Barley	165.8	190.8	118.6
Rye	6.6	11.8	7.1
Flaxseed	13.1	7.7	16.1
Rapeseed	44.9	30.1	30.1
Total	756.6	708.7	606.3

Source: Canadian Grain Commission

The People's Republic of China was the major importer of Canadian wheat, followed by the United Kingdom, Japan and Brazil.

The principle market for all grains, oilseeds and wheat flour was Japan followed by China and the United Kingdom. Thirty-six percent of grain exports were destined for Asian markets, while 27% were exported to the European Economic Community.

MAJOR IMPORTERS OF CANADIAN GRAINS OILSEEDS AND WHEAT FLOUR (millions of bushels)

	1976-77	1975-76	1974-75
Japan	129.1	137.8	105.8
People's Republic of China	76.2	44.4	82.4
United Kingdom . .	56.8	47.5	60.8
U.S.S.R.	44.9	189.2	12.9
Poland	42.6	32.6	20.3
Others	407.0	257.3	285.2
Total	756.6	708.7	567.5

Source: Canadian Grain Commission

Slightly more than 75% of the 1976-77 wheat exports graded in the top three Red Spring Milling grades. Over 48% of the wheat graded 1 Canada Western Red Spring as compared with only 17.6% a year ago. Exports of Canadian Utility grades totalled 28.2 million bushels with the major importer being Poland.

Pacific Coast ports overseas clearances of Canadian grains and oilseeds totalled 291.7 million bushels compared with 260.1 million bushels a year ago and represented 41% of the total Canadian export grain movement. Overseas shipments via St. Lawrence ports totalled 313.4 million bushels, slightly less than a year ago. Overseas clearances through Churchill established a new record of 29.8 million bushels, while direct exports from Thunder Bay totalled 52.8 million bushels, also establishing a new record.

GOVERNMENT PROGRAMS AND POLICIES

Hall Commission Report

In May, 1977, the Hall Commission handed down its report on grain handling and transportation. A number of presentations were made to this Commission by your Association with recommendations on all lines not on the guaranteed rail network in Alberta as well as on many other aspects of the grain handling system, both in the country and at the terminals in Vancouver. Your Board was therefore generally pleased with the report which was handed down, encouraged by the recommendations for the retention of the Crows Nest Statutory Rates for grain as well as the recommendation that the difference between the statutory rate and the cost of transporting grain be paid directly to the railroads. The rejection by the Commission of variable rates for transporting grain based on elevators loading certain kinds of trains was also favourably received. The recommen-

dations made by the Commission for the abandonment of lines and the transferring of others to the permanent network do not present, in the Board's view, any great difficulty. "B" category lines, those about which the Commission did not make any decision, were recommended for decision making to what the Commission called the Prairie Rail Authority. This Authority as conceived would have the time and resources to make a more detailed study of the implications of recommending that these lines either be placed in a permanent network, or be subject to abandonment. Other recommendations by this Commission include the elimination of stop-off charges; a system of delivery penalties or premiums to ensure producer compliance with grain quotas; control of elevator sitings on lines delegated to the Prairie Rail Authority; standardizing the costing system for use by primary and terminal elevators to determine costs of cleaning, handling, storage and demurrage, etc. Various recommendations deal with virtually all aspects of the grain handling system.

Many of these recommendations would be costly, either to a grain handling organization like the Pool or in other cases, to some outside agency not defined in the report. At this point it has not been possible to ascertain the full impact of all these recommendations on your organization.

Your Board is encouraged by the action taken by the Honourable Otto Lang following the release of this and the Snavelly Commission reports. The establishment of the Prairie Rail Action Committee (P.R.A.C.) with its mandate to proceed immediately with recommendations on "B" Category rail lines, the expenditure of an additional \$100 million for the up-grading of certain rail lines and placing all "A" category lines on the permanent rail network are all gratefully noted. Action is still pending however on many of the other recommendations made in the Hall Report.

The Snavelly Commission

Late in 1976, the Snavelly Commission presented its report on the costs of transporting grain by rail. While some questions may still remain regarding some of the costing techniques, your Board believes that this report provides a reliable estimate of the costs involved. Snavelly's major finding was that in 1974 the total cost of moving grain under the Crows Nest Pass Agreement was estimated to be \$234.4 million; the western grain producer having paid \$89.7 million; the Canadian government \$55.4 million and the railways absorbing \$89.4 million.

Finn Commission

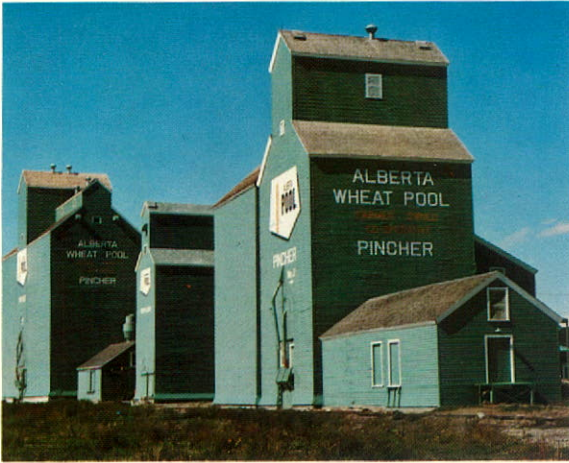
Dr. Finn, inquiring into the health and safety standards of terminal elevator facilities on the West Coast, reported that decisive action by Labour Canada is required to improve the working conditions in grain elevators. The Commission was struck following the disastrous explosion and fire which destroyed much of the Burrard Terminal in 1975, and concluded that Labour Canada was not giving proper leadership to the enforcement of rules regarding safety and health in these terminals.

The Commission made thirty-five recommendations regarding such items as pesticides and fumigants, noise, equipment, grain dust, fire fighting emergency procedures, safety management and regulations and their enforcement. Because existing regulations regarding dust control were being more stringently enforced, and in anticipation of the additional regulations expected from this Commission, it became obvious that the operation of the terminal at Victoria was no longer viable. The Board therefore decided to cease operations at Victoria December 31, 1976. Costly improvements to the two terminals operated by Alberta Wheat Pool at Vancouver were approved by the Board as part of a long-standing program, but were accelerated as a result of insurance requirements and in anticipation of more stringent rules to follow the release of this report.

National Transportation Act

Early in 1977, the Federal Government introduced a new National Transportation Act and a Department of Transport Act known as Bill C-33. The purpose of the National Transportation Act was to define the objective of the transportation policy for Canada and to authorize the rearrangement of powers and duties within the Department of Transport. In essence, the Bill when passed, will mean that the decision-making powers will have been removed from the Canadian Transport Commission and assumed by the Minister of Transport. This will give the Minister of Transport broad powers over all transportation policies and will make the C.T.C. a regulatory rather than a policy body. The assumption of such powers by a Minister of the Crown seems to be a general trend as we have noted similar instances and desires at all Provincial and Federal levels.





Generally, your Board is encouraged by the overall objectives of the National Transportation Act, but is concerned that some of the detailed clauses may run counter to the stated objectives depending upon the way in which the rules may be applied. These concerns were conveyed by your Board directly to the Minister of Transport and his staff. The legislation is designed to establish effective maximum and minimum freight rate limits in response to complaints from the Prairies that the railways appear to have unrestricted freedom to set rates as they see fit. Under the new law, permissible ranges of freight rates would be set and closely monitored and regulated by the C.T.C. The C.T.C. will be given power to prohibit long-haul short-haul freight rate anomalies where it can be demonstrated that a user is being unfairly discriminated against.

Competition Act

In 1971, the Federal Government introduced a Bill dealing with competition in Canada, but because of considerable controversy, this Bill was withdrawn and reintroduced in two stages. The first stage of this Bill became law on July 1st, 1976; the second stage was introduced to Parliament early in 1977. The legislation is far reaching and if passed in its current state, could have serious implications for your organization and other farmer-owned marketing or merchandising organizations. Because of these concerns, your Board presented a brief to the House of Commons Committee on Finance, Trade and Economic Affairs, protesting a number of clauses in the proposed Bill. In view of the number of concerns expressed to the Reviewing Committee, this Bill has been withdrawn and revision to some sections has been promised.

Government Hopper Cars

In February, 1977, the Honourable Otto Lang announced that the Federal Government had authorized the purchase of 2,000 additional grain hopper cars costing nearly \$80 million. He noted that the purchase of these cars would benefit the Prairie grains economy and also assist the Canadian rail car manufacturing industry and ease regional unemployment problems in eastern and central regions of Canada. He stated that this additional purchase would increase the fleet of government hopper cars to 8,000. Delivery of the steel hoppers to be used on C.P. rail lines began in July and it was expected that all of these cars would be on stream by late fall. The aluminum 70-ton hoppers to be used on C.N. lines were expected to begin coming available in mid-August and to be fully in service by January, 1978.

During the Interprovincial Pool Joint Board Meeting held in Regina in July, the Boards of the three Pools passed a resolution commending the government for the actions it had taken in providing the 8,000 hopper cars, but also asked that it seriously consider providing an additional 2,000 hopper cars to bring the total fleet of hoppers to 10,000. It was felt that this would be an opportune time to make such a request because of the Federal Government's interest in maintaining employment in steel manufacturing plants in central and eastern Canada.

The Alberta Wheat Pool Act

During the 1976 annual meeting, delegates approved certain amendments to the Alberta Wheat Pool Act, which would change the membership qualifications to conform with the metrification of weights and measures and also to change the method for determining the limit on the reserves (capital) structure for Alberta Wheat Pool. As required, the Pool arranged through a Private Member's Bill of the Provincial Legislature for approval of the amendments requested by the delegate body. It soon became evident that the Members of the Alberta Legis-

lature were not familiar with the operations, the financial or control structures of the Pool. Special meetings were arranged along with the provision of considerable background information to M.L.A.'s. While this was underway, a very small but vocal group of both Pool members and non-members began raising objections to the requested amendments. Representatives of the Board and Delegate Body appeared before the Progressive Conservative Agricultural Caucus Committee and the Private Bill's Committee to explain in detail the need for the Pool to be provided the same authority to change its capitalization as are other companies and co-operatives in this province. The Provincial Legislature however, did not approve the amendment as requested, but instead approved an increase in the reserves limit to \$60 million. At the same time, the Minister of Agriculture requested that a special committee made up of two representatives of the Provincial Government and two from the Pool be established to review the Act. Your Board and the Minister of Agriculture formally appointed such a committee in May, 1977.

Agricultural Research

Over the past number of years, the Pool has made a number of research grants available through the Alberta Agricultural Research Trust (A.A.R.T.).

A very serious problem has arisen due to sclerotinia infection of rapeseed crops which has threatened export markets for wheat and barley, particularly to Japan. This year therefore, the Board has decided to increase substantially its contribution for the study on sclerotinia. A \$2,500 grant was provided directly to the Alberta Department of Agriculture to undertake field investigations about the incidence of infestation. Subsequently, another grant was made for further investigative work and a major undertaking together with A.A.R.T. for a study which should be concluded in 1979. The seriousness of the problem which appears to threaten export markets for our major crops, is, the Board feels, reason for considerably increased expenditures on research. Support for research in other areas includes projects in plant breeding — both cereal and grass seeds, plant pathology and in soils.

The Planning Act

During last winter's sitting of the Legislative Assembly of Alberta, a new Planning Act Bill 15, was introduced which could have considerable impact on the way in which agricultural land will be administered in the future. The Act would, it appears, remove considerable authority from the local Planning Commissions and/or Boards and would vest this power in the Minister of Municipal Affairs.

Your Board is concerned that the changes suggested in this new Planning Act, if passed in its present form, might result in considerable prime agricultural acreage being taken out of production.



Agricultural and Recreational Land Ownership Act

Your Board is pleased with the new foreign land ownership control legislation which was introduced by the Provincial Legislature during its spring sitting. The new legislation will prohibit foreigners from buying agricultural or recreational land without prior exemption from the Alberta Cabinet. The Bill was made retroactive to April 21, 1977 to prevent large purchases from occurring before the Bill might be proclaimed. Acreages of twenty or fewer acres are not affected; neither are urban land purchases, joint ventures with Albertans or leasing of Crown land by foreigners. Generally, this Act is in line with the policy as set out by the delegate body and should, it is hoped, tend to take the pressure off good quality farm land and enable young farmers to begin competing for some of this farm land. Alberta Agriculture, recently noted that land costs for Class I and II soils had increased between 28% and 30% during the first quarter of 1977, with much of the pressure for this land coming from people who are generally not making their living from farming.

Canadian Wheat Board

With falling wheat prices because of a large world wheat crop, the Canadian Wheat Board very astutely made large sales early in the crop year to assure for producers the highest price possible. A vigorous sales program during the year resulted in



total sales surpassing those of a year earlier and even permitted sales to countries like the U.S.S.R. which, despite an agreement with the United States for purchases of certain quantities yearly, came to Canada for substantial purchases. These increased sales resulted despite the large quantities available on the world market and in face of rapidly deteriorating prices.

Your Board is concerned about the continuing attacks on the Canadian Wheat Board and feel that such attacks have been a dis-service to the grain producer. Constructive criticism is always in order, but we must maintain our vigilance against those who would, for whatever reason, attempt to destroy our marketing system.

Your Board was encouraged by the Alberta Attorney General Department's opinion that constitutionally the Canadian Wheat Board Act could not be successfully challenged. The protection afforded by the Canadian Wheat Board would therefore appear to be inviolate for Alberta producers.

During the year, the Canadian Wheat Board undertook to meet with prairie grain producers through a series of country meetings in all eleven Advisory Committee Members' districts. These meetings were well attended and were very useful in explaining the operations of the Wheat Board. They provided an opportunity for the Board to deal with many of the

charges which had been levelled against it and allowed those who were serious about getting answers, an opportunity to discuss their questions with Board members. As a further source of information to grain producers, the introduction of the publication "Grain Matters" has been well received.

Two bills of importance to grain producers that could affect their grain marketing organization were approved by Parliament recently. The first, Bill C-34, an amendment to the Canadian Wheat Board Act, would establish the legislative framework for voluntary producer pooling of rapeseed marketing. Under this legislation, grain firms or organizations will be permitted to organize plans for voluntary pooling or averaging by producers of their rapeseed receipts. The legislation would also provide for initial payment guarantees which would be underwritten by the Federal Government. Producer participation would be voluntary, but once agreed to, deliveries to this pool would be required. Having had experience with voluntary pooling of forage seeds, your Board does not generally favour setting up a voluntary pool for rapeseed.

The second legislative amendment, Bill C-23, the Statute Law Metric Conversion Amendment Act, was also given Royal Assent in August, 1977 and will require changes in the way in which volumes of grain are designated. This amendment however, still retains the "acre" as the land unit of measure, but puts in metric terms all other aspects of the grain industry. February 1, 1978 has now been proclaimed by Order in Council as the formal date for conversion to metric. Considerable cost was incurred by the grain industry when the earlier amendment which would have provided for conversion on February 1st, 1977 did not receive Parliamentary approval.

The regulation requiring the marketers of feed grains to dispose of their grain upon delivery to an elevator rather than allowing it to remain in storage and to sell it to the Canadian Wheat Board as quotas became available, was much appreciated by your Board. This change permitted grain to flow through the elevator system in a more orderly fashion and also gave opportunity to more producers to market their grain.

The Board of Alberta Wheat Pool would wish to extend its congratulations and best wishes to Mr. G. N. Vogel, Chief Commissioner of the Canadian Wheat Board on his retirement from the Canadian Wheat Board and the assumption of the Executive Director's post with the United Nations World Food Program.

Mr. Vogel's dedicated efforts on behalf of grain producers are much appreciated and we are confident that he will excel in his new endeavours.

INTERNATIONAL AGREEMENTS

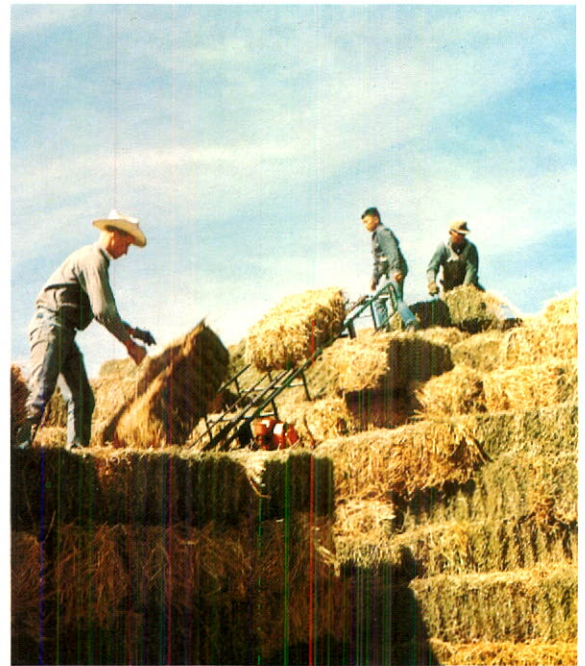
Encouraging signs have recently been noted for the development of a new international wheat, if not grains, agreement. The Canadian Government has taken an active role in developing some agreement for a new arrangement particularly relating to grain prices. The International Wheat Council (I.W.C.) has been acting as a forum and doing the preparatory work for a new International Agreement. It is expected that following lengthy, detailed discussions during the late fall I.W.C. meeting, a draft agreement may be presented for consideration by the full Council and a decision will then be made whether to proceed to a full negotiating conference early in 1978 with the hope that an operative agreement might be in effect for 1978-1979. Before that can be accomplished however, many problems still need to be faced. The United States, on which much of the success of any Agreement hinges, has generally expressed its approval provided that some reserves policy might also be negotiated. To make any undertaking viable, some agreement will have to be reached on price stability; on maximums and minimums; some policy on stockholding and the maintenance of world reserves and even some agreement on market sharing. Government's concerns with avoidance of food price fluctuations and their desire to control inflation and government spending, engenders fears that agricultural products will be used to gain concessions in the trade of manufactured goods. These concerns are particularly valid in view of the fact that it is expected that any Grains Agreement which might result will, while not necessarily being approved by G.A.T.T., be negotiated simultaneously.

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Canadian Co-operative Wheat Producers Limited, an organization representing the three Prairie Wheat Pools, acts as a co-ordinating body for actions which the three Pools might undertake on matters affecting production and marketing of grain and the general prairie grain economy. Central among the concerns of C.C.W.P. during the year, was the transportation issue. Following the meeting held in January, a letter was sent to the Prime Minister requesting immediate action on recommendations which might be forthcoming from the Hall Report. At the Interprovincial Pool meeting in Regina during July, a special seminar attended by all the Directors was held to discuss the Pools' relationship with the public, their members and with government.

AFFILIATIONS

Membership by your Association has been maintained in a number of organizations including Unifarm and through it, the Canadian Federation of Agriculture; also in the B.C. Federation of Agriculture and the Co-operative Union of Canada. During the year, the Board also approved membership in the Rapeseed Association of Canada, the Credit Union



Federation of Alberta, Northland Bank and discontinued its membership in the Canadian Feed Manufacturer's Association.

MEMBERSHIP

During the 1976-77 season, 2,768 new members were accepted by the Board as compared to 2,855 during the 1975-76 season.

A total of 814 deaths were reported and 2,664 memberships cancelled.

The net decrease in membership totalled 710 members, decreasing the membership strength from 56,590 to 55,880.

MEMBERS' ACCIDENT INSURANCE

Members' accident insurance claims during 1976-77 totalled 53 as compared to 72 during the previous season. To cover these claims a total premium of \$38,173.28 was paid to the insuring company. The premium is \$817.83 less than that paid during the 1975-76 season. An estimated \$7,500.00 in claims is still pending.

Claims were paid for 37 deaths, 13 of which were persons under 18 years of age. Eighteen of the cases were the result of traffic accidents; 11 from operating farm equipment; four from drowning and four by other means. Twelve dismemberment claims and four loss-of-sight claims were paid.

Forty-nine applications for sponsored workers were received compared with 47 last year.

The cost of the operation of the Accident Insurance Plan for 19 years, from August 1, 1958 to July 31, 1977, totals \$1,207,220. Benefits have been paid for 4,474 accidents involving 710 fatalities (467 adults and 243 children), 435 dismemberment claims and 76 cases of loss of eyesight. Payments of \$15,947 were made in accidents involving 76 farm workers and their dependents.

IN MEMORIAM

Sincere sympathy is extended to friends and relatives of those former elected officials of the Pool who passed away during the past year. The contribution which these people made to the Association is hereby gratefully acknowledged.

Mr. Nicholas Hewko of Grassland who served in sub-district 610 in 1965 and 1966, passed away on August 31st, 1976.

Mr. Emile J. Cammaert of Rockyford passed away on January 15th, 1977 at the age of 74 years. Mr. Cammaert was a long-time delegate, having served for 32 years in sub-district 306.

On March 13th, 1977 Mr. David Kaechele of Three Hills passed away at the age of 89 years. Mr. Kaechele served in sub-districts 307 and 309 for a total of 24 years.

ELECTION OF DELEGATES

Elections held this year in even-numbered sub-districts resulted in twenty-six delegates being elected by acclamation. Twenty-five sitting delegates were re-elected and one, Mr. Rex P. Powell of Cranford, sub-district 106, was elected for the first time. In the eight elections which took place, two new delegates were elected: Mr. Henry Rempel of Vauxhall in sub-district 108 and Mr. John Bohn of La Glace in sub-district 704. Mr. Ferries Zaugg of Stirling, sub-district 104 was re-elected after an absence of one year. Sitting delegates re-elected were:

Mr. Robert Ash of Viking in sub-district 406; Mr. Bud Lappenbush of Mayerthorpe in sub-district 508; Mr. Laurence Rimmer of Pibroch in sub-district 510; Mr. Harold Hennig of Andrew in sub-district 604 and Mr. William Davidiuk of Grassland in sub-district 610. Mr. Alex Graham of Spirit River was re-elected by acclamation in a by-election in sub-district 706.

In the by-election in sub-district 709 earlier this year which was necessitated by Mr. Nick Lorencz' election to the Board of Directors, Mr. Peter Heck of Manning was elected.

To those men who were unsuccessful in the election, we wish to express our appreciation for their interest in the organization.

BOARD OF DIRECTORS

Officers of the Board of Directors were elected as follows after the 1976 annual meeting:

President:	G. L. Harrold
First Vice-President	A. J. Macpherson
Second Vice-President	G. W. Braithwaite

These same three directors were elected to the Boards of Canadian Co-operative Wheat Producers Limited; Canadian Pool Agencies Limited and Pool Insurance Company. Messrs. Harrold and Macpherson were re-appointed to the Board of Western Co-operative Fertilizers Limited and to the Management Committee of Alberta Food Products. Mr. Harrold continues to serve as President of Western Co-operative Fertilizers Limited, Western Pool Terminals Ltd. and as Chairman of the Board of Pacific Elevators Limited and the Management Committee of Alberta Food Products. Mr. Macpherson was elected to the Unifarm Board of Directors and serves on its Executive Committee and as Chairman of the Grains Committee. He also serves as a Director of XCAN Grain Limited, the Canadian Federation of Agriculture and of Co-operative Insurance Management Group Ltd. Mr. Dobson also serves on Unifarm's directorate, with Mr. G. W. Braithwaite as alternate. Mr. Braithwaite continued serving on the Canadian Council of Rural Development and was elected a Director of XCAN Grain Limited.

General Manager, J. W. Madill served on the Boards of Western Co-operative Fertilizers Limited, XCAN Grain Limited, Western Pool Terminals Ltd., Pacific Elevators Limited and on the Management Committee of Alberta Food Products.

The Secretary serves as a Director on the Board of P.O.S. Pilot Plant Corporation and on the Management Committee of Alberta Food Products.

Also during the year, Directors and senior staff continued to serve on numerous industry-associated committees.

PROPERTIES

The accelerated construction program approved by the Board of Directors during the past year included authorization for the construction of new elevators at Leduc, Wembley, Grimshaw and Arrowwood. Authorization for two additional elevators was also given, pending a decision regarding the most suitable locations for these elevators. The construction program approvals included a large concrete elevator at Dawson Creek and a replacement for the fire loss at Bentley. Four elevators were approved for closure July 31, 1978 including Crowfoot, Dodds, East Coulee and Fleet. The improvement program which includes new elevators, annexes, fertilizer facilities, and other improvements to elevator facilities, as well as the expansion of Terminal No. 1 at Vancouver, involves a capital budget of approximately \$26 million including unfinished carry-over from last year.

PUBLIC RELATIONS

Programs designed to meet the varying and changing needs of the membership received key emphasis by the Public Relations Department during the year. Considerable emphasis was placed on acquainting members and the public at large with the democratic control structure of the organization. The value and responsibility of membership in the organization continues to be emphasized and close personal contact by Pool Representatives and others in the Department with individual members and news media have been accentuated to attempt to explain the function and role of your organization in the agricultural industry.

STAFF

Your Board on behalf of the membership, wishes to express its appreciation to the staff for the excellent results achieved during this past year. The record handlings are a reflection of the dedication and hard work of the staff and sincere appreciation is extended to all those who assisted in making this favourable result possible.

CHALLENGES FOR THE FUTURE

Probably the most challenging question facing co-operatives today is how to maintain an efficient, viable, democratic organization. On the one hand, costs of operation are forcing continuing efficiencies on the organization, while at the same time, members are concerned that their say in such matters is decreasing. Alberta Wheat Pool is faced with the problem of having to close down inefficient, low handling elevators while those members affected see it as a reduction in service and an addition to their cost of operation. The real concern here, it would appear, is how members might be more effectively involved in the planning process which must be undertaken to ensure the economic viability of the organization in the long run. All democratic organizations are faced with the same problem of attempting



to make their control structure more effective and better understood by the membership. This too, is the challenge for Alberta Wheat Pool.

The effects of inflation continue to be serious for both grain producers and for your organization. As an indication of the severity of the problem facing grain producers, a recent study as reported by Dr. Gordon McEachern of the Agricultural Economics Research Council of Canada, noted that some economists were now predicting that Canada will soon be pricing itself out of the world wheat export market. It was stated that the Canadian wheat producers are one of the highest cost producers in the exporting world, and would therefore not be able to compete in this market if current trends continue for any length of time. At the same time, this paper noted that protection in the form of tariffs, subsidies etc., to manufacturing in Canada ranges from 20% to 40% whereas for agriculture, the protection afforded was a mere 4.5% on average. It was further noted that because of the high minimum wage and the multiplicity of costly welfare programs as well as higher costs for energy, etc., a continuing rise in the costs of production might be expected.

For your organization, the same cost-push factors are evident, not only for operating expenses, but particularly due to the high capital costs for replacement of facilities. The record volume handling this year was instrumental in masking the effects of



Artist's Drawing of concrete elevator under construction at Dawson Creek.

these increasing costs, however, they can be expected to again become very noticeable in years of more normal handlings.

Your Board is pleased with the operation of the Western Grain Stabilization Program which should assist producers this year when it appears that farm income will be considerably reduced. It is also encouraging to note that most of the grain producers in the prairies took advantage of this program which, it is expected, should provide a considerable pay-out in 1978. In the absence of programs which will provide guaranteed levels of income or guaranteed prices, stabilization programs will at least provide a minimum level of income to allow producers to maintain their operation.

Setting of initial prices for C.W.B. grains at current levels was welcomed by your Board. It is hoped that this level will be maintained or even increased since producers require such minimum guarantees to meet operating costs and to ensure for the world a regular, stable supply of food.

Another Federal Government program which has been of benefit to producers during the last year is the domestic two-price system for wheat. The floor price at \$3.25 per bushel for Hard Spring

Wheat is low however, in comparison with the increase in the costs of production since this program was implemented. Approaches have been made to the Federal Government requesting that this minimum price be raised to some higher level in view of the cost of production pressures on producers. To date unfortunately, no change has been forthcoming in raising the floor for the two-price domestic wheat program.

The need to provide accurate information to interested members has led the Board to change its policy regarding tours to our terminals at Vancouver. In future, it is planned that tours will be accompanied by members of our staff who are familiar with the operation. Providing for tours through the facilities at Vancouver is a further attempt to provide members with the information they require about their organization.

In the spring of 1977, the Canadian Government introduced what it called a food strategy for Canada. The major thrust of this paper, according to its own words, was to move toward "an increased reliance on an efficient market system". Your Board feels that farmers must take an interest in any policy as all-encompassing as is this one regarding food, because certainly consumers will. In fact, the paper puts considerable stress on the need for non-farm "experts" in organizations which might deal with food production, marketing, etc. Considerable further discussion will take place before the items noted in this paper are finally identified as policy. It will be necessary for farmers and farm organizations to watch developments carefully to ensure that their voices are heard and their needs considered.

Your Board is concerned with what it senses to be a growing emphasis by governments for control — control of the economy, resources, transportation, land use and so on. During discussion with the government regarding the amendment to the Alberta Wheat Pool Act, again the need to "control" was stressed. The desire for external control would suggest that farmers are not considered capable of making proper decisions regarding their own organization. It also calls into question the Pool's democratic structure which, like the government itself, has an elected representative style of control. A serious lack of knowledge about the Pool — its structure and policies seems evident among legislators. Increased communication between elected representatives of the government and the Pool is obviously necessary and will be a priority matter for your Board in the days ahead.

Respectfully submitted,

G. L. Harrold
A. J. Macpherson
G. W. Braithwaite
H. R. Patching
N. Jacobsen
P. Dobson
N. M. Lorencz



This model depicts part of the rapeseed processing plant presently in the preliminary stages of construction in Sturgeon County, Alberta.

The decision to build was taken in 1977 following a one year postponement.



Manager's Report to the President and Directors



To the President and Directors
Alberta Wheat Pool

Gentlemen:

In 1976 Alberta Farmers raised a bountiful harvest of high quality grains. Average wheat quality was the best since 1971; the barley crop set a new production record for the province — in fact, on a provincial average, farmers achieved record per acre yields for each of the six principal grains.

For your Organization, it was a year of continual leadership in the provision of service to the farming community. New levels of achievement in grain handling and in agro-product sales exceeded the experience of a year earlier.

However, financial results were significantly lower for your Organization than in the previous year. Earnings reflected the influence of a down turn in the farm economy, higher operating costs, and narrower margins. Nevertheless they do represent a very significant financial return to member-owners, particularly in view of continuing inflation within our nation and reduced growth in its economy.

General Crop and Market Conditions

In 1976 Canada produced 1,734 million bushels of the six principal grains. The nation's wheat and barley crops amounted to 864 million and 473 million bushels respectively. Alberta's total production reached 560 million bushels, including 182 million bushels of wheat, 245 million of barley and 17 million bushels of rapeseed.

Producers' deliveries to country elevators in Canada amounted to 921 million bushels in 1976-77. During the crop year exports of Canadian grains, oilseeds and wheat flour, at 757 million bushels, were the largest since 1972-73.

Stocks of grain held on prairie farms at July 31st, 1977, were 367 million bushels, 158 million more than at the same date a year earlier.

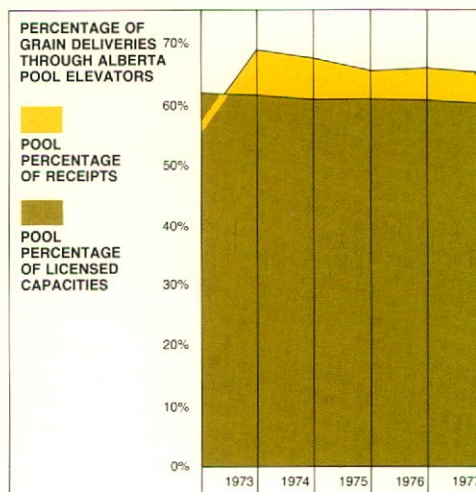
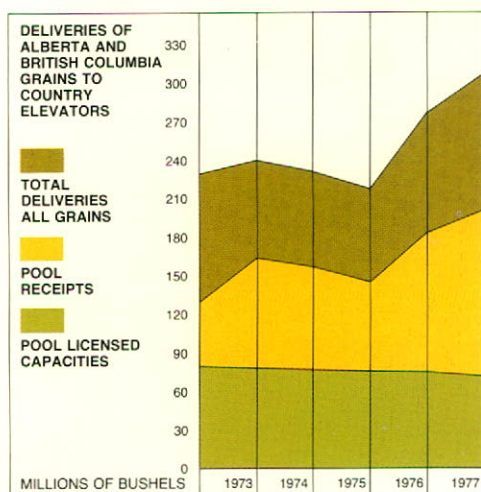
Crop production in Alberta and northern British Columbia had an early start in 1976. Seeding began in April and was virtually complete by June 1st. Early June was dry but crops responded favourably to general rains during the latter part of that month. Over the growing season, the area within a 50-mile radius of Calgary experienced the dryest conditions.

Swathing began in August and progressed rapidly. Except for northern regions, weather throughout all of September was ideal. By October 1st virtually all of the crop was in the bin in dry condition and generally high quality. Only about one-fifth of the crop in the Peace River district remained for later harvesting. Overall, crop quality maintained the level of a year earlier, and wheat quality was the best since 1971.

Country Operations

Alberta Wheat Pool stocks in store country elevators stood at 41 million bushels as the 1976-77 crop year began. Available space of some 31 million bushels was unevenly distributed throughout the system. Generally high delivery quotas during harvest and open feed grain quotas resulted in serious congestion of our facilities early in the crop year. Grain car allocation policies caused some problems due to the size of some shipping blocks in Alberta, the diversity of crops and our wide spread operations in these blocks. Plugged elevators during the early and the late weeks of the crop year prevented acceptance of all deliveries offered by member-patrons. During 1976-77, our elevator system averaged 61.54% of capacity compared with 64 percent last crop year and 60 percent in 1974-75.

Delivery patterns throughout the year varied widely. Our average monthly handling was 16.68 million bushels. In August, receipts totalled only 4.85 million bushels while in the year-end month of July they reached 29.7 million bushels. In the three heavy delivery months, September, June and July, 77.1 million bushels, or 38.6 percent of our total handling was received.



Deliveries of all grains to your Organization reached a second consecutive record level in 1976-77. Receipts of 200,226,638 bushels exceeded the previous year by 17,551,850 bushels. Our market share, however, at 65.13 percent, declined slightly from the 65.67 percent of a year earlier. The average handling for each Pool Elevator Manager reached nearly 452,000 bushels, compared to just under 400,000 bushels in 1975-76.

The crop year in review saw 16 of our Elevator Managers exceed the one million bushel handling level. One hundred and thirty-five Managers each handled more than half-a-million bushels.

During 1976-77 Alberta Wheat Pool shipped 68,446 carloads of grain, for a weekly average of 1,316 cars. Our highest shipping week was 2,109 cars in Week 40; the lowest was Week 20 with only 554 cars. Elevator shipments during the year, including local sales, totalled 203,137,352 bushels. At July 31, 1977, grain stocks in store were 39.2 million bushels, requiring 55.5 percent of our total capacity.

At July 31, 1977, our licensed elevators totalled 742 compared to 782 a year earlier. Alberta Wheat Pool's licensed elevator capacity was 70,066,400 bushels — a reduction of 2,838,700 bushels from July 31, 1976.

During the year our Grading and Selection Department received 26,748 grain samples for grade and dockage assessment or for malting, pot or pearling barley purposes. Protein tests were completed on 641 wheat samples and 300 barley samples. Canadian Grain Commission grading of unloads was appealed on numerous occasions throughout the year, by Alberta Pool grade inspectors. More than 11% of these re-inspections realized grade improvement. Members of our grading staff again supervised vessel and solid train loadings of Alberta Pool selected barley.

The 1976 malting barley crop in both the U.S.A. and Western Canada produced a large volume of excellent quality. Supplies exceeded demand and in spite of aggressive sales efforts, Alberta Pool marketing of this product reached only 9.06 million bushels, compared to 14.06 million in the previous crop year. Your Organization was issued 64.5% of all Alberta over-quota permits, compared to 64.9% last crop year.

Rapeseed sales presented a brighter picture as marketings of 13.1 million bushels significantly exceeded last year's figure of 6.6 million bushels.

Throughout the year Alberta Wheat Pool met vigorous competition for both export and domestic markets. Our policy is to work within the system and, while supporting it, to achieve a reasonable rate of return for farmer members. With sales of just under 30 million bushels of non-Board feed grains to the domestic market, your Organization continues to be the largest feed grain supplier in the Canadian prairies.

As in the previous year, favourable harvesting conditions relieved the necessity for extensive use of the four grain dryers at Fort St. John #1 and #2, Dawson Creek #3 and High Level.

We regret to report that, in spite of an active fire prevention campaign, six elevators were lost to fire last crop year. At two of the five stations, fire was the result of lightning and at Broxburn was apparently caused by arson.

During the crop year, Alberta Pool Elevator Managers again demonstrated their practice of careful and accurate weighing. A gross overage of .072%, well within tolerances of the Canada Grain Act, was indicated by the 244 weigh-ups completed.

Terminal Operations

Canada's Pacific Coast terminal elevators recorded receipts of 289.6 million bushels and shipments of 291.7 million bushels in the 1976-77 crop year, representing increases of 26.7 million and 31.6 million bushels respectively.

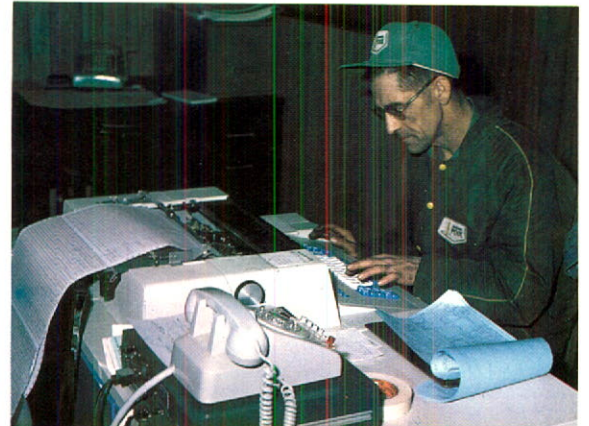
Receipts at Alberta Wheat Pool Terminal, at 81.6 million bushels, were up 4.3 million from the previous year and shipments of 81.6 million were up 5.7 million bushels. Pacific Elevators Limited received 76.6 million bushels compared to 65 million a year earlier, and shipments of 77.2 million bushels were an increase of 13.4 million over the year previous. The major contributing factor to these increases was larger rapeseed handlings at both plants, which together accounted for 68.7% of the rapeseed handled at Vancouver in 1976-77.

Victoria Elevator Limited ceased operations in December, 1976, with a handling of 1,290,000 bushels for the 1976-77 crop year.

Alberta Wheat Pool shipments to Thunder Bay and other eastern destinations totalled 46.7 million bushels compared to 43.1 million in 1975-76. Saskatchewan Wheat Pool terminals unloaded 25 million bushels of the 43.1 million shipped by your Organization to Thunder Bay. All rail shipments east of wheat, oats and barley totalled 1.85 million bushels compared to 1.76 million in 1975-76. Shipments to Canadian Government Elevators increased to 10.2 million bushels, from 7.2 million a year earlier, mainly to Prince Rupert, where our shipments to the Government Elevator in 1976-77 were 6.13 million bushels compared to 3.08 million a year earlier.

All grain terminals at Vancouver, including Alberta Wheat Pool and Pacific Elevators, contended with uneven and sporadic grain movements throughout the crop year. A shortage of vessels to receive grain, limited car unloadings to 100 per day and less, during the first half of the year. During the latter months car unloadings rose to a per-day average of 154 at Alberta Pool and 146 at Pacific Elevators. A pattern developed during the last five months of the crop year by which car supplies, especially from CP Rail, were depleted by mid-week. Week-end train arrivals required over-time schedules resulting in significant cost increases for your Organization, over a normal five-day week operation. During the crop year, fewer vessels were required to wait for grain cargoes at Vancouver. A high of eleven vessels waiting occurred in May and June — many of these were early arrivals. There were a number of weeks with no vessels waiting.

Employee relations were stable at Vancouver throughout the crop year, with very few grievances being processed. Upgrading of terminal equipment and greater involvement with employees in safety and health programs has been helpful in maintaining good labour relations.

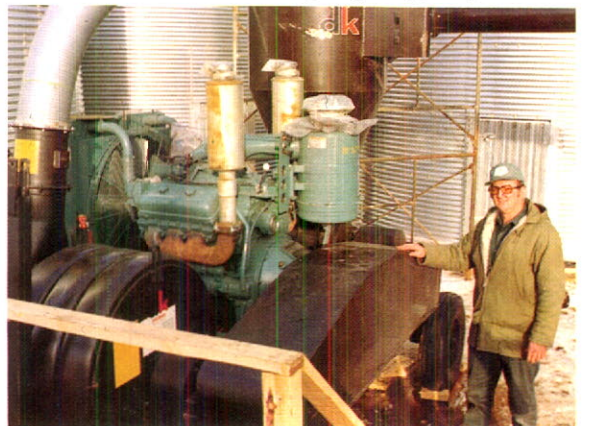


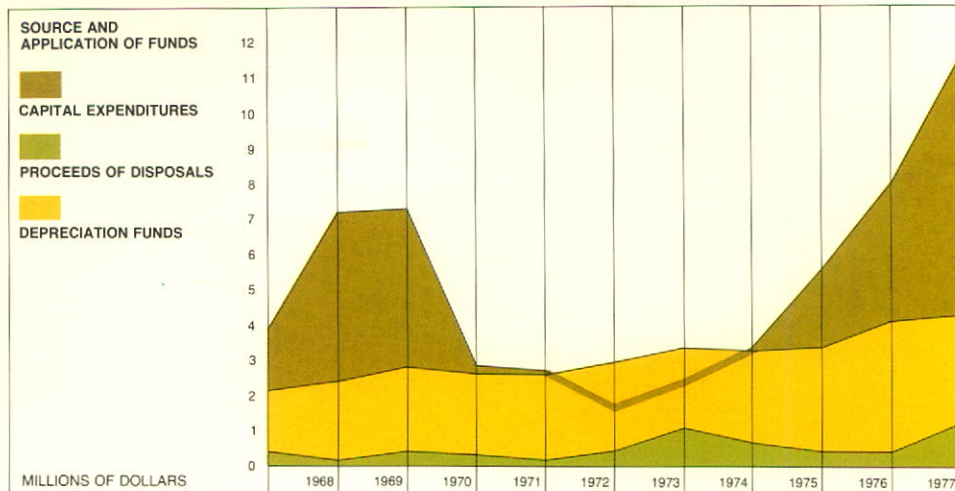
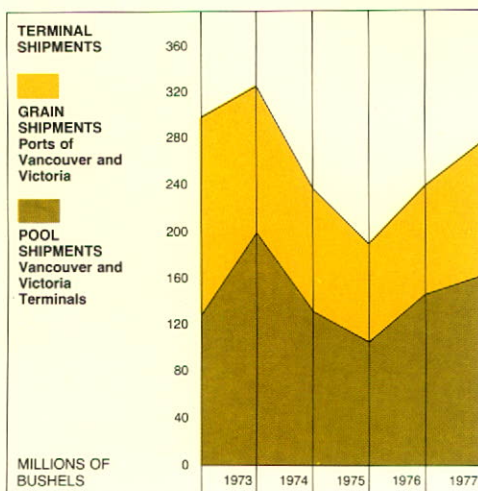
Electronic Data Transfer.



Temporary facilities provided interim service to Pool members of Bentley District.

Grain transfer by airflow is heart of temporary facility.





Negotiations are forthcoming with Grain Workers Local 333, C.L.C., toward a new contract to replace the present agreement which expires December 31, 1977.

The final recommendations of the Finn Royal Commission on Health and Safety in Grain Elevators will result in specific Labour Canada regulations governing terminal elevators in Canada. Improvements at both your terminals, authorized by the Board of Directors, have elevated their status in advance of the upcoming regulations.

Construction is proceeding on the new 2.8 million bushel storage annex at Alberta Wheat Pool Terminal toward completion in early 1979.

Equipment upgrading and overall maintenance at both Alberta Pool Terminal and Pacific Elevators received continuing attention throughout the crop year. The modifications to permit one-pass cleaning have been completed and increases of 20% to 30% in cleaning capacity have been achieved.

Marketing Department

The 1976-77 farm supply market demonstrated that Alberta farmers are continuing their extensive use of farm production inputs, such as fertilizers and herbicides. There was, however, a significant reduction in the volume of early purchases, as producers delayed their buying decisions in view of the lower price outlook for grains, a potentially dry growing season and the ready availability of most farm supply items. As a result, a higher percentage of our total year's activity was compressed into the seeding season, placing severe pressure on transportation and handling facilities and on staff resources. Weather, as always, affected farm supply sales. However, Alberta farmers recognized that economic benefits can be achieved through management practices such as weed control and the maintenance of soil fertility.

Sales in the Marketing Department for the crop year reached a record volume of \$52,501,000, an increase of 14.6% over the year previous.

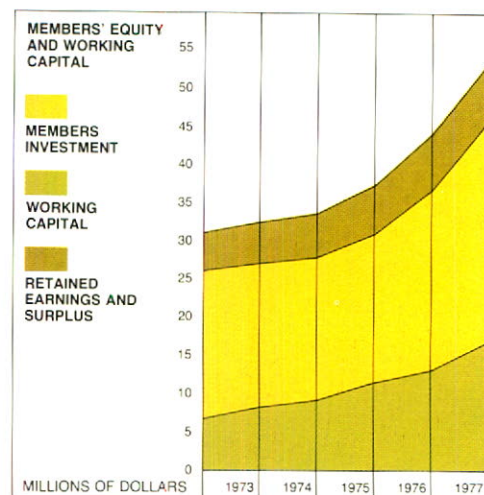
Total fertilizer shipments in Western Canada, all manufacturers, amounted to 1,389,000 tons, a 9.7% increase over the previous year. Shipments to Alberta retail locations were 637,745 tons, a 12.2% increase over the previous year. The Canadian Fertilizers Limited plant at Medicine Hat came on stream late in the 1975-76 crop year and provided sufficient nitrogen fertilizers to meet the demand. The quality of urea produced at that plant is superior to that previously used by Western Canadian farmers.

The use of herbicides continues to grow as Alberta Wheat Pool sales increased by 6.9% over the previous year. The use of tank mixtures and chemicals for specialized uses is becoming an increasingly important input in crop production. In the Phenoxy products, a shift of the preference from the ester to amine formulations continued.

Deliveries of forage seed in 1976-77 increased as a result of farm carryover and improved yields on similar acreages. This, combined with higher prices, resulted in an improved position for forage seed producers.

Cereal seed sales increased slightly over the previous year, due in part to the increased acreage of rapeseed. Sales of Klages barley, a 2-row malt type, increased substantially as a result of the contracting program of the Canadian Wheat Board.

The four cleaning plants at Grande Prairie, Camrose and Lethbridge processed 14.2 million pounds of seed and 617,000 bushels of cereal seed to export and domestic seed standards. Forage and cereal seed produced by Alberta and British Columbia growers, and processed by the Alberta Wheat Pool facilities, continues to enjoy wide acceptance on world markets because of its quality.



The research and development program which was begun in 1975-76 has continued in 1976-77 with improved results. The objective of the program is to test new farm input products and new varieties for Alberta Wheat Pool members.

Engineering, Construction and Maintenance

Throughout the 1976-77 crop year construction of new grain handling and agro-product marketing facilities received major emphasis to meet the growing service needs of Pool members. Priority attention was also given to property maintenance and upgrading throughout the year. Our program of installing larger elevator scales was continued, and modifications to increase both receiving and shipping capabilities were undertaken at numerous stations.

Elevator and dwelling repair and alteration costs rose to \$2,145,000 in 1976-77, an increase of more than 40% from a year earlier, reflecting both higher costs in materials and wages, and the additional volume of repair work completed. The number of repair crews was increased to place one crew in each of 20 districts within the Pool. Construction Department country personnel at July 31, 1977, numbered 197, including 38 foremen.

Subsidiary Companies

Victoria Elevator Limited ceased operations on December 31, 1976, after handling 1,290,000 bushels of wheat in the crop year. Operating machinery has been removed from the terminal and specifications are being prepared for tenders to dismantle the facilities, so that the site can be abandoned in a suitable manner. Net loss for the year amounted to \$165,432 after the cost of discontinuance of operations and provision for recovery of income taxes.

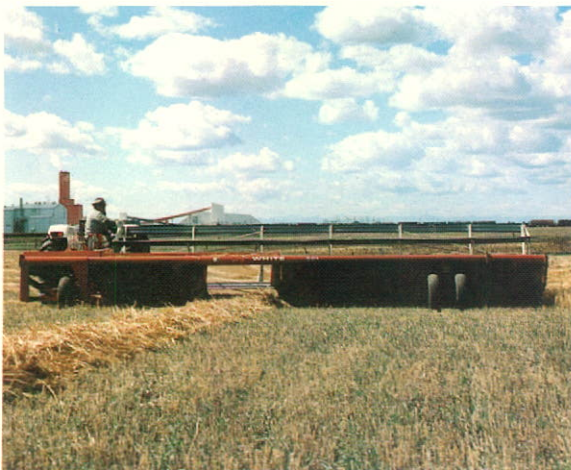
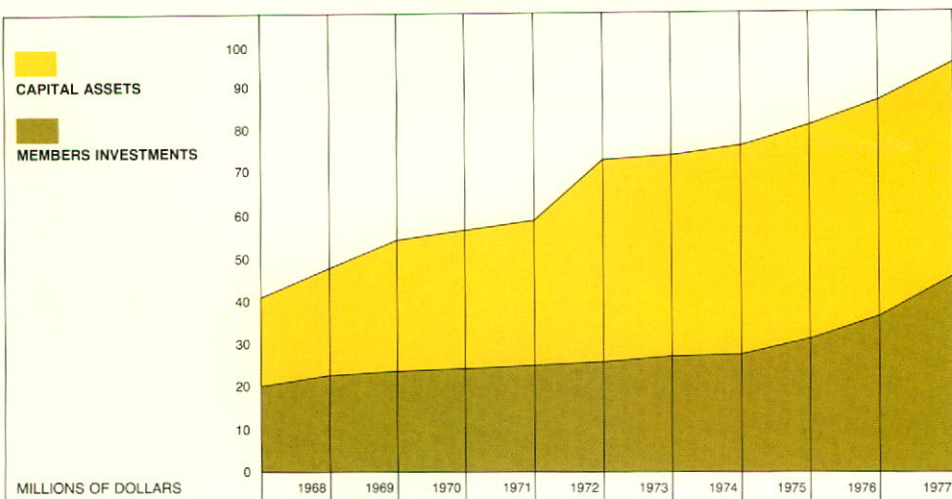
Interior Feeds Limited is a dormant company but its charter is being continued.

Western Pool Terminals Ltd. owns the Vancouver terminal facilities operated by Pacific Elevators Limited, both of which companies are owned 60% by Alberta Wheat Pool, 30% by Saskatchewan Wheat Pool, and 10% by Manitoba Pool Elevators. Pacific Elevators Limited operates the terminal under a shippers agreement whereby all earnings of that company are distributed to the shippers in proportion to consignments of grain to that terminal.

The 60% owned partnership in Alberta Food Products is consolidated into the accounts of the parent organization on a line by line basis. Construction of the rapeseed crushing plant in Sturgeon County, Alberta, is proceeding with a potential completion date of late 1978 to early 1979 depending on weather conditions throughout the construction period.

Properties

On August 1, 1976, your Organization owned and operated 782 elevators, 1,074 annexes, 4 seed cleaning plants, 858 agro product warehouses, 17 anhydrous ammonia facilities, 40 sheds, and 2 terminal elevators. New double composite elevators at Pincher and Rockyford, 4 cribbed annexes, 5 bulk fertilizer distribution warehouses, 8 agro product warehouses, 5 anhydrous ammonia facilities and 6 dwellings were built during the year. Thirteen scales, 22 car pullers, 37 dust collectors and 91 hopper car loading spouts were installed at country elevators. Two elevators and 5 dwellings were purchased, while 3 elevators, 11 annexes and 11 dwellings were sold. Fire destroyed 6 elevators and annexes at Beauvallon, Bentley, Broxburn, Milo and Pouce Coupe. An innovative temporary handling facility was installed at Bentley to provide service during rebuilding. Licenses for 36 elevators and 57 annexes were cancelled during the year.



Assets in operation as at July 31, 1977, included 742 elevators, 1,019 annexes, 4 seed cleaning plants, 866 agro product warehouses, 22 anhydrous ammonia facilities, 546 dwellings, 38 sheds, one supply warehouse, a terminal elevator at Vancouver and an office building.

Country elevator licensed capacity was reduced to 69,912,400 bushels at year-end. Demolition of Pool #9 Terminal at Thunder Bay was completed early in the year, but Alberta Pool Elevators Limited still holds title to the site.

Operating Results

Consolidated earnings of Alberta Wheat Pool and subsidiary companies, after provision for income taxes, were \$14,880,000 compared to \$21,208,000 in the previous year.

Record grain volumes provided increased revenues in country handling and more acceptable levels of terminal handling from the previous year contributed to total net income. These revenues, however, were offset by much higher expenses. Crop product results were also affected by lower margins than those in effect the previous year.

Disposition of the previous year's earnings following resolutions of the Delegate Body had the effect of paying out \$8,375,000 cash refund and a further \$3,421,000 in revolving reserves to the estates of members, retired members, to members who had attained age 66 who had not received a previous purchase, and on a member number basis. Member reserves increased to \$45,900,000 and working capital rose by \$3,894,000. No borrowing from outside sources was required for major capital programs.

Administration

Administrative procedures and policies were developed further throughout the year, to maintain and improve the productive utilization of human and

physical resources. Electronic information transmittal and data processing capability continues to be expanded. The country Telecommunication Feasibility study, involving data terminal installations at two large elevator points, is nearing completion.

An extensive training program for grain metric conversion was completed prior to the original effective date of February 1, 1977. However, implementation was postponed when the House of Commons failed to pass necessary legislation by January 31st. Bill C-23 was finally passed July 25th and February 1, 1978, was subsequently proclaimed as "M Day".

Planning activities in 1976-77 continued to explore and study opportunities for improvement and expansion of Pool operations and services. During the year, our planning resources had considerable involvement with Government commissions and departments, and association continues with the Grains Group, Transport Canada, Alberta Transport, the Prairie Rail Action Committee and similar bodies. Long term planning processes, for both country and terminal facilities, have been instituted to describe the facilities required for satisfaction of Pool members' service requirements in the years ahead.

Your Management continues to recognize our employee groups, as a most essential segment in the progressive growth of your co-operative Organization.

Health and safety of all employees receives major consideration. Our programs of manpower recruitment and development are designed to assure for your Organization the required quantity and quality of human resources. Our training program of future Elevator and Warehouse Managers, in conjunction with Olds College, is a first for the industry and an example of Alberta Pool leadership in staff develop-

ment. During the 1976-77 crop year over 400 employees participated in some 42 courses of various length and content, under sponsorship by Alberta Wheat Pool.

Increased government (both Federal and Provincial) involvement and intervention in the private sector of the economy continued, throughout 1976-77, the trend of recent years. Massive deficit spending by government, unchecked inflation and erosion of national productivity are matters of serious concern to the Canadian business community. Increased regulation and control by governments, in response to consumer organizations, unionized labour and an alarmingly increasing civil service hierarchy, must be counterbalanced by strong producer co-operatives and imaginative management leadership. The "right to manage" must be returned to the private sector. Opportunities for creation of capital requirements must be available to ensure for your Organization the ability to provide facilities required to serve the future needs of member-owners.

The year end results we have reported to you would not have been possible without the dedication and service of our staff. To them we extend our commendation and sincere appreciation.

Respectfully submitted,



J. W. Madill
General Manager





Consolidated Balance Sheet as at July 31, 1977

ASSETS

	1977	1976
Current		
Cash in banks, on hand and in transit	\$ 595,649	\$ 3,958,053
Inventories (Note 1)	112,980,538	139,315,280
Accounts and accrued items receivable	30,886,178	27,052,926
Prepaid expenses	1,638,569	1,192,166
	<u>146,100,934</u>	<u>171,518,425</u>
 Property and equipment (Note 1)		
Buildings, sites, operating machinery and equipment	96,020,615	86,618,037
Less accumulated depreciation	<u>54,347,870</u>	<u>50,984,384</u>
	41,672,745	35,633,653
 Investments, at cost		
Shares and bonds of affiliated companies	5,948,940	5,878,940
Grain exchange and association memberships	<u>14,959</u>	<u>15,999</u>
	5,963,899	5,894,939
 Other		
Deferred accounts receivable	6,025,626	5,538,462
Excess of cost of investment in subsidiary company over book value at date of purchase	—	155,420
Goodwill (Note 1)	627,339	670,234
Development and pre-operating costs	<u>603,398</u>	<u>271,882</u>
	7,256,363	6,635,998
	<u>\$200,993,941</u>	<u>\$219,683,015</u>

LIABILITIES

	1977	1976
Current		
Cheques and cash tickets outstanding	\$ 50,390,844	\$ 68,667,182
Bank loans (Note 2)	41,090,000	46,010,000
Call and short term loans	5,190,700	5,086,700
Accounts payable and accrued charges	13,760,626	13,888,027
Staff savings	3,606,320	3,470,601
Current maturities of long term debt (Note 4)	220,917	120,355
Net earnings for the year (Note 1)	14,880,238	21,208,744
	<u>129,139,645</u>	<u>158,451,609</u>
Term loans from Members and Co-operatives (Note 3)	10,780,822	10,375,749
Long term debt (Note 4)	<u>7,555,934</u>	<u>6,733,812</u>
Total liabilities	<u>147,476,401</u>	<u>175,561,170</u>

MEMBERS' EQUITY

Reserves (Note 5)

Authorized \$60,000,000 (1976 — \$50,000,000)

Issued to members	45,927,406	36,875,466
Earnings retained from prior years	<u>7,590,134</u>	<u>7,246,379</u>
	<u>53,517,540</u>	<u>44,121,845</u>

Signed on behalf of the Board

G. L. HARROLD, Director.

A. J. MACPHERSON, Director

\$200,993,941

\$219,683,015

Consolidated Statement of Operations For the Year Ended July 31, 1977

	1977	1976
Sales and other operating revenues	\$671,537,175	\$637,312,255
Cost of sales	597,234,194	562,285,979
Gross margin	74,302,981	75,026,276
Deduct		
Country facilities operating expenses	19,468,479	16,141,529
Terminal operating expenses	13,935,182	12,119,264
Office, administration and supervisory expenses (Note 1)	12,901,145	12,873,515
Interest	8,779,032	8,617,883
Depreciation (Note 1)	4,338,905	4,065,341
	59,422,743	53,817,532
Net earnings for the year	<u>\$ 14,880,238</u>	<u>\$ 21,208,744</u>

Consolidated Statement of Earnings Retained from Prior Years For the Year Ended July 31, 1977

	1977	1976
Balance at beginning of year	\$ 7,246,379	\$ 6,516,916
Add		
Net earnings for previous year before income taxes	21,758,521	13,745,291
Less income taxes	549,777	280,710
	21,208,744	13,464,581
Unclaimed patronage refunds	62,706	—
	28,517,829	19,981,497
Deduct		
Patronage refunds —		
In cash	8,374,899	3,829,419
In member reserves	12,459,508	8,875,953
	20,834,407	12,705,372
Adjustment to income taxes paid on earnings for previous years	92,679	27,070
Sundry adjustments	609	2,676
	20,927,695	12,735,118
Balance at end of year	<u>\$ 7,590,134</u>	<u>\$ 7,246,379</u>

Consolidated Statement of Changes in Financial Position For the Year Ended July 31, 1977

	1977	1976
Source of funds		
Net earnings for the previous year	\$21,208,744	\$13,464,581
Deduct		
Patronage refunds paid in cash	8,374,899	3,829,419
Members' reserves purchased	3,407,568	3,051,321
Other	92,679	27,070
Net earnings for the previous year retained	9,333,598	6,556,771
Current year's depreciation	4,338,905	4,065,341
Amortization of goodwill	198,315	42,895
Decrease in investments	—	936,250
Proceeds from disposal of property and equipment	1,158,834	436,568
Additional long term debt	1,043,039	210,258
Additional term loans from members and co-operatives	405,073	469,073
Unclaimed patronage refunds	62,706	—
	<u>16,540,470</u>	<u>12,717,156</u>
Application of funds		
Additions to property and equipment	11,536,831	8,019,122
Increase in deferred accounts receivable	487,164	1,729,763
Development and pre-operating costs	331,516	200,706
Increase in investments	68,960	—
Repayment of long term debt	—	843,750
Current maturities of long term debt	220,917	120,355
Other	609	2,676
	<u>12,645,997</u>	<u>10,916,372</u>
Funds increase during the year	3,894,473	1,800,784
Funds at beginning of year	13,066,816	11,266,032
Funds at end of year	<u>\$16,961,289</u>	<u>\$13,066,816</u>

For purposes of this statement, funds are defined as current assets less current liabilities.

Auditors' Report

The Members, Alberta Wheat Pool

We have examined the consolidated balance sheet of Alberta Wheat Pool as at July 31, 1977 and the consolidated statements of operations, earnings retained from prior years 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 consolidated financial statements present fairly the financial position of the company as at July 31, 1977 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.

Calgary, Alberta
October 7, 1977

TOUCHE ROSS & CO.
Chartered Accountants

Notes to Consolidated Financial Statements July 31, 1977

1. SUMMARY OF ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the accounts of Alberta Wheat Pool and its subsidiaries:

Alberta Pool Elevators Limited
Victoria Elevator Limited
Western Pool Terminals Ltd.
Pacific Elevators Limited

which are wholly-owned with the exception of Western Pool Terminals Ltd. and Pacific Elevators Limited which are 60% owned.

The company's investment in Alberta Food Products, a partnership, has been combined on a line by line basis based on the company's 60% ownership.

(b) Inventories	1977	1976
Grain purchased for delivery to the Canadian Wheat Board, valued at established delivery prices, after allowance for costs yet to be incurred	\$ 82,445,887	\$ 94,423,086
Grain valued on the basis of open sales contract and futures contract prices, after allowance for costs yet to be incurred	13,846,082	32,565,282
Other inventories, including seed, fertilizer and other supplies, valued at the lower of cost and net realizable value	16,688,569	12,326,912
	<u>\$112,980,538</u>	<u>\$139,315,280</u>

(c) Recognition of income

The basis of valuing grain held in country storage facilities results in a deferral of handling revenues until deliveries are made to terminal facilities.

(d) Goodwill

Goodwill is recorded at cost and is amortized over its estimated life.

(e) Property and equipment, at cost

Depreciation recorded in the accounts is provided on the diminishing balance basis at capital cost allowance rates of from 4% to 30%, which are designed to amortize the cost of the assets over their useful lives.

(f) Net earnings for the year

Net earnings for the year, after providing for income taxes of \$175,238 (1976 — \$549,777), are included in current liabilities, pending action by the delegates at the annual meeting regarding patronage refunds. Income taxes are included in administration expenses.

2. BANK LOANS

Bank loans are secured by stocks of grain, seed, fertilizer and supplies and accounts receivable. Alberta Pool Elevators Limited, a wholly-owned subsidiary, has also guaranteed the bank loans.

3. TERM LOANS

Substantially all term loans from members and co-operatives are on a demand basis. However, experience has shown that such loans are outstanding for longer than one year and accordingly they are not included in current liabilities.

4. LONG TERM DEBT

Details of long term debt are as follows:

	1977	1976
National Harbours Board 6 ⁵ / ₈ % mortgage repayable in annual installments of \$462,918 including interest (against which buildings and equipment have been pledged)	\$5,050,408	\$5,170,763
Advances Payable — Saskatchewan Wheat Pool	1,745,221	1,683,404
— Manitoba Pool Elevators	581,740	—
Term Bills of Exchange bearing interest at 8 ¹ / ₂ %, repayable in semi-annual installments over 5 years	399,482	—
	7,776,851	6,854,167
Less current maturities	220,917	120,355
	<u>\$7,555,934</u>	<u>\$6,733,812</u>

Repayments of long term debt in the next five years ending July 31st will be as follows: 1978 — \$220,917; 1979 — \$224,414; 1980 — \$233,579; 1981 — \$243,244 and 1982 — \$209,709.

5. RESERVES

During the year the company obtained approval from the Government of Alberta increasing the authorized members' reserves to \$60,000,000.

Details of reserves issued to members are as follows:

	1977	1976
Balance at beginning of year	\$36,875,466	\$31,050,834
Deduct		
Members' reserves purchased	3,407,568	3,051,321
	33,467,898	27,999,513
Add patronage refunds in members' reserves	12,459,508	8,875,953
Balance at end of year	<u>\$45,927,406</u>	<u>\$36,875,466</u>

6. COMMITMENTS

The construction of certain property and equipment which has been authorized by the directors of Alberta Wheat Pool was uncompleted to the extent of approximately \$20,650,000 at July 31, 1977 (\$8,807,000 at July 31, 1976). In addition, Alberta Wheat Pool's 60% share of planned capital expenditures for the construction of Alberta Food Products' rapeseed crushing plant totals approximately \$11,000,000 at July 31, 1977.

7. CONTINGENCIES

- The company is contingently liable as guarantor of long term debentures of Western Co-operative Fertilizers Limited up to a maximum of \$2,000,000.
- The company is also contingently liable as guarantor of certain liabilities of Canadian Co-operative Implements Limited up to a maximum of \$2,000,000.

8. ANTI-INFLATION LEGISLATION

The company and its subsidiaries are subject to the Federal Government's Anti-Inflation Legislation which limits increases in prices, profits and compensation payments. In the opinion of management, the company has complied with all relevant aspects of the legislation.

Directors Report 1976-77



To the Shareholders
Canadian Co-operative Wheat Producers
Limited, REGINA, Saskatchewan

Gentlemen:

This report to the Shareholders of Canadian Co-operative Wheat Producers Limited for the crop year 1976-77 will discuss economic and trade policies internationally and nationally which will have an effect on farmers of Western Canada; will outline joint policy activities of the three Pool organizations, highlighting those factors and events which have a significant influence on the well-being of agricultural producers in the three Prairie Provinces of Canada.

During the past three years the world economy has gone through its most serious recession since World War II, and appears to be having greater difficulty in recovering than from previous downturns. The massive rise in oil prices, instability in commodity markets, and monetary instability to mention but a few have had a profound effect on the economic rules of the game. Inflation along with slower economic growth and troublesome unemployment constitute major elements in the present situation in most industrial countries, bringing a new wave of protectionist tendencies which make development in the poorer parts of the world even more difficult.

Despite all these trends, governments of the world appear to be working in international forums in a sincere attempt to lessen the worst effects and to set the course of world affairs on a more rational basis. Examples to be cited here include: continued efforts to negotiate lower tariffs and non-tariff trade barriers through GATT; efforts through UNCTAD to negotiate commodity arrangements on major commodities, particularly those exported by lesser developed countries; efforts to develop improved transfer of huge oil exporting country surpluses to useful purposes in economic development; and on the agricultural scene, more determined discussions to effect a meaningful commodity arrangement for world wheat trade.

With respect to food supplies, the situation has changed drastically from a few years ago when the world faced the lowest level of reserves in two decades and many international agencies were warning that the world stood dangerously close to wide-scale famine conditions. In 1976, due largely

to a fortunate combination of weather conditions, the world produced over 410 million metric tonnes of wheat. Canada's share was about 23 million tonnes, or about 5 per cent of the world total. Total consumption of wheat during the 1976-77 crop year was estimated at about 360 million tonnes, leaving a so-called surplus of about 50 million tonnes. The existence of this supply caused a fall in world prices for wheat of nearly 32 per cent. In Canada, the Wheat Board's asking price for 1 CW wheat 13.5 per cent protein at Thunder Bay dropped from \$4.42 per bushel in June, 1976 to less than \$3.00 in mid-July, 1977. While the selling program of The Canadian Wheat Board maintained Canada's volume of exports and deliveries from western farms during the most recent year at levels slightly exceeding the previous season, the reduced selling prices meant that cash receipts of grain producers in Western Canada dropped drastically in the last two years.

The cattle industry has continued in a depressed state with prices well below cost of production, while farm operating costs have continued to rise during this period as indicated in the table below:

Index of Farm Input Costs — Western Canada (1961=100)							
1969	1970	1971	1972	1973	1974	1975	1976
130.2	131.0	135.0	145.2	161.1	190.7	217.0	229.3

Thus western grain and livestock producers are caught in the situation where the prices of the products they sell are determined in world markets, while the large proportion of goods and services used in their production processes are priced within the Canadian economy. The double-barreled effect of continued inflation and depressed commodity prices has hit farmers hard. Research in many countries, not only by farm organizations themselves but by government bodies and universities, shows that agriculture has been a victim of inflation and not the cause of it.

MAJOR CURRENT POLICY ISSUES

At this period, your Board would identify the following major policy issues of concern to the members of the three Pools in Western Canada.

Inflation

Inflation is a universal problem shared by all Canadians and, in varying degrees, by citizens of most of the world. Canada's economic perfor-

mance, although better than some, has now fallen behind that of quite a number of industrialized nations. Gross National Product (the measure of total economic activity) in Canada to mid-1977 was 3.5 per cent above the level of a year earlier. This compares with 4.5 per cent for United States, 6.0 per cent for Japan, 3.0 per cent for France and 3.5 per cent for West Germany.

After a period of very rapid inflation during 1973 and 1974 the Government of Canada set up the Anti-Inflation Board in mid-October 1975, in an attempt to reduce the inflation rate gradually over a period of three years. While the announced goals of the program have not been reached during the second year of the Board's existence, the rate of inflation during most of the period was lower than it had been prior to October of 1975. There are indications that this was due in part to the anti-inflation program and partly to a general economic slow-down in Canada at about the same time.

In recent months there has been widespread discussion about the time and the method to be used to end the control period. The federal government has asked for advice from representatives of various business, labour and other interested groups, but has been unable to obtain significant agreement. Your Board has supported the federal program of anti-inflation controls. It was apparent that, in the absence of controls, powerful business and labour groups were able to extract more from the economy than the country could afford in relation to its productivity. This was reflected in higher costs and prices, and a reduction in the competitive position of Canada's export industries.

While all sectors of the economy must co-operate to bring inflation under control, the leadership role must rest with all levels of government. There is evidence that inflationary pressures are again re-emerging due in part to the lack of responsible fiscal and monetary policies, which have led to large budgetary deficits, relatively high interest rates, further expansion in the money supply and consumer credit and devaluation of the Canadian dollar. Real concern needs to be expressed about excessive government spending and expansion of the money supply beyond the levels warranted by the real growth in productivity in the country.

Farmers as a group are particularly sensitive to the effects of inflation. They purchase goods and services whose prices have risen steadily within the Canadian economy, yet the prices they can obtain for many of their products must reflect conditions in world markets. As an example, farm input costs have continued to rise even though grain prices fell drastically in the last year because of world oversupply.

Your Board, during the year, supported the view of the Co-operative Union of Canada that the anti-inflation program should not be dismantled prematurely or without due consideration for the effect on the economy of its discontinuance. The federal government is under heavy pressure to end the program in advance of the original target date of October, 1978, and it has

been unable to gain assurance from the spokesmen for business and labour that they will exercise voluntary restraint if this were done. There is grave danger that an early end to controls will signal the beginning of a further wave of higher wages and prices which could be disastrous to the Canadian economy, could seriously injure our exports of both raw and finished goods and could make Canadian manufacturers and primary producers non-competitive with their foreign counterparts.

If the anti-inflation program is not allowed to run to its original termination date, it must be replaced by some mechanism which will effectively curb the tendency to return to the conditions which prevailed in Canada during 1973 and 1974. In this connection your Board would urge the federal government to launch a massive public education program directed toward improving individual and group awareness of the seriousness of growing inflationary pressures and their effect on the economy, and to stress the need for responsible action to curb inflation and improve productivity.

Grain Marketing and Handling

Western Canadian farmers are well aware of the large variations in yield per acre, and therefore in total production, of grains grown in the Prairie Provinces. Similar variations occur in many of the other major grain producing countries of the world, with the result that world supplies of wheat and feed grains can swing from shortage to surplus within a very brief time, and can return to shortage almost as fast. If several of the major wheat producing countries of the world have favourable growing conditions in the same year, this places heavy pressure on prices among those countries which compete most actively with each other for shares of the world market. Under such conditions, marketing decisions are crucial and accurate interpretation of the market trends becomes extremely important. The value of The Canadian Wheat Board to producers has been well illustrated by the Board's performance during the last crop year with the result that Canada exported more wheat than in the previous year and increased its share of the total world wheat exports substantially.

Recent reports suggest the likelihood of large crops in the current year as well, and it does not appear that prices can be expected to improve significantly during the remainder of this crop year.

Your Board believes that the wide swings in prices for wheat in recent years should cause both producing and importing countries to consider the desirability of some form of international wheat marketing mechanism which would modify the worst effects of sudden and drastic changes in international prices of wheat.

During the year your Board continued to promote through national farm organization policies and internationally, through the International Federation of Agricultural Producers, renewed efforts to achieve international co-operation in grain marketing to provide needed stability for producers in both exporting and importing coun-

tries. The position put forward by your representatives is that current supplies of cereal grains under proper management should be regarded as a very valuable food reserve and should not be allowed to create instability for both producers and consumers.

A new United States Administration and a new agricultural policy in that country has led to renewed discussions through the International Wheat Council at the end of 1977, about the possible elements of a new grains or wheat agreement. The subject of adequate food/grain reserves on a world basis and a system of developing and using such reserves consistent with a reasonable price range for producers and consumers is again under active international consideration.

Transportation

Transportation has been vital to Western Canadians since the time of confederation. Settlement of the plains area and the development of grain and livestock industries would not have been possible without the creation of a network of rail lines to bring in settlers and their goods and, later, to move their products to market in other areas of Canada and the world. The mileage of rail lines in Western Canada reached its peak about the beginning of World War I.

Two federal Commissions have carried out intensive investigations of railway transportation in recent years, and both reported in the early months of 1977. The Snively Commission was asked to examine the costs involved in moving grain by rail, and the Commission concluded that, in 1974, under the methods and conditions which existed in that year, the total cost of moving grain was approximately two and a half times the freight rate paid by shippers under the Crowsnest Pass rates. The Commission was not asked to recommend remedies for the situation, and various alternatives have been debated vigorously in recent months.

The Hall Commission travelled extensively throughout Western Canada to hear the views of railway companies, railway users and others at nearly 100 hearings in three provinces. The report of the Commission, issued in May of 1977, made recommendations on a wide range of subjects, including the future status of 6,322 miles of branch line. It recommended that 1,813 miles be added to the guaranteed network, that 2,165 miles be abandoned over a period from June 1977 to 1981, and it identified 2,344 miles of line which would be directed to the attention of a new body, located in Western Canada, set up to decide on either retention or abandonment of each of these lines.

The Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators carried out extensive studies of rail lines in the three provinces and concluded that some branch lines were essential to form an adequate network of rail service, but that it was not possible to justify continued operation of all existing lines. The Pools recognize that changing production patterns, improved road network and improved trucking

equipment, as well as increased costs of operating both elevator facilities and railroads have brought about necessary changes in both grain handling and transportation.

In their extensive involvement with the Hall Commission, the Pools placed great emphasis on the need for a network of rail lines in Western Canada adequate to bring production inputs and other goods to the area and to move both raw and processed products from this area to markets in other parts of Canada and in other countries. The Hall Commission appeared to accept this concept in its report, and the work of the recently-appointed Prairie Rail Action Committee should provide further opportunity to identify a suitable network in the near future. A substantial amount of upgrading and rehabilitation work will have to be done on some lines, and there are others on which the low volume of traffic cannot justify continued operations of trains. The federal government has allocated \$100 million to start the process of upgrading of lines, as well as construction of new linkage and interconnections, and it is anticipated that this line improvement will need to be continued for a number of years.

Your Board takes the position that it is more beneficial to producers generally to have a rail network which is in good condition, than to retain all the rail lines which now exist and, therefore, the Pools are prepared to accept abandonment of some lines in return for the assurance that essential lines will be upgraded to the levels required to provide needed service.

Freight rates for grain have been discussed extensively in recent years. The Pools and their members recognize that, under existing technology, the movement of grain from the Prairie area is essentially captive to rail. There is no alternative method to move large quantities of grain over long distances. Under such conditions, if there were not some form of protection for grain shippers, they would be placed at the mercy of the railway companies in terms of freight rates. The Crowsnest rates now provide such statutory protection for grain producers in Western Canada in the same manner as the Canadian tariff policy protects other segments of the economy. For this reason your Board has strongly supported maintenance of these rates.

In recent years there have been significant increases in freight rates for livestock and processed agricultural commodities. The position of the Pools is that freight rates should not discriminate against natural locational advantage of secondary processing of agricultural commodities. The entire economy of Western Canada benefits from the existence of secondary processing in this area and an adequate national transportation policy must take this into account.

Your Board makes no apology for its claim that the taxpayers of Canada should make some contribution to the cost of maintaining a transportation system to move agricultural products from Western Canada to export and domestic markets. Grain exports are exceeded only by wood products and automobile components in the dollar value of foreign exchange earnings. Grain provides both

direct and indirect employment for many thousands of Canadians in many areas of the country.

The number of boxcars for grain movement is decreasing each year as older cars wear out. The railway companies are not replacing these lost cars with new ones for grain use because their revenues from grain are lower than from the movement of other commodities. The Government of Canada has moved to fill the gap by purchase of hopper cars which are to be used exclusively for the movement of grain. The first purchase (2,000 cars) was authorized in May 1972, the second for 4,000 cars was made in March, 1974 and an additional authorization for 2,000 cars in January, 1977. These specially-designed cars have a number of advantages for both loading and unloading, as well as in the power required to pull them. Your Board has commended the Government of Canada for providing 8,000 cars and has recommended that further purchases be made in the near future to replace obsolete boxcars.

STRUCTURE AND ACTIVITIES

Structure

The Board of Canadian Co-operative Wheat Producers acts as a central organization for the three provincial Pools. It coordinates policy and action of the Pools on matters affecting the production and marketing of grain, and the level of farm income in Western Canada.

The Board consists of the President, Vice-Presidents, or Executive member, from each of the three organizations. Secretarial services are provided by the Secretary of the Saskatchewan Wheat Pool. This Board meets two or three times a year and the executive, consisting of the three Presidents, meets as the need arises.

Executive

<i>E. K. Turner</i>	— <i>Chairman</i>
<i>G. L. Harrold</i>	— <i>Vice-Chairman</i>
<i>H. B. Sneath</i>	— <i>Third Executive Member</i>

Directors

<i>H. B. Sneath</i>	<i>E. K. Turner</i>
<i>J. D. Deveson</i>	<i>D. M. Lockwood</i>
<i>W. W. Fraser</i>	<i>J. W. Marshall</i>
<i>G. L. Harrold</i>	
<i>A. J. Macpherson</i>	
<i>G. W. Braithwaite</i>	

Activities

Your Board took the following action and sponsored the following activities during the past year:

1. Continued membership in the C. D. Howe Research Institute with specific concern and involvement in the Canadian-American Committee, with G. L. Harrold as representative.
2. Continued membership in the Great Lakes Waterways Development Association.
3. Continued support for the Canadian Hunger Foundation. The Secretary is a member of the Board of Trustees of this organization.

4. Continued membership in the Canadian Council on 4-H Clubs, with R. D. Bristow of Saskatchewan Wheat Pool representing the Pools in this regard.
5. Renewed support of the Western Rural Safety Conference with a grant towards 4-H leaders' travelling expenses.
6. Continued to make available a bursary, in the value of \$2200, to be administered by the Co-operative College of Canada for studies related to co-operative development.
7. Maintained a corporate membership in the Canadian Water Resources Association; the Canadian Institute of International Affairs; and provided a trophy for the flax champion at the Royal Agricultural Fair in Toronto.
8. Published a Grain Variety survey covering the three provinces during the current crop year.
9. Discussed policy issues being presented at the provincial, national and international levels of the Federation of Agriculture.
10. Coordinated activities with respect to government relations.

During the year under review, your Board kept a careful watch of proposed national transportation legislation and towards year-end was preparing to submit a brief with respect to the proposed amendments to the National Transportation Act. A watching brief was also maintained on the proposed competition policy legislation for Canada, and views were expressed both directly and through the Co-operative Union of Canada and the Canadian Federation of Agriculture.

Your Board discussed proposed legislation which would provide for the voluntary pooling of non-Board grains, with the view that it was not a high priority item nor would such a program work to the best advantage of producers.

During the year a producer poll was taken to determine support for a research check-off on the six major grains produced in Western Canada. Representatives of the three Pools participated along with representatives of commodity groups and general farm organizations in developing a proposal which was not supported in sufficient numbers by producers to come into effect.

Interprovincial Pools

The Boards of Directors of the three Pool organizations also met at semi-annual Interprovincial Board meetings. The January meeting reviewed recommendations from each of the three Annual Meetings of Delegates, and coordinated their presentations to Government, to the Western Agricultural Conference and to the Canadian Federation of Agriculture. The July meeting considered the marketing situation for the current year, received highlights of operations from the General Managers, held question and answer sessions with the Canadian Grain Commission and The Canadian Wheat Board, and discussed current policy issues.

A seminar on "The Pools and the Agricultural Community" with particular emphasis on member relations, public relations and government rela-

tions, was organized and conducted by staff members of the three Pools with resource assistance from Mr. D. Leland, Co-operative College of Canada; Mr. R. Forbes, The Grain Handling and Transportation Commission, Brandon, Manitoba; Mr. Douglas Fisher, Columnist, Toronto Sun. The general conclusion of the seminar indicated that as the three Pool organizations have grown in size, market penetration and influence, it becomes increasingly important for them to have well-planned programs of member information and involvement and public relations, and to place a high priority on relationships with government and government agencies.

Conclusion

Attached to, and forming a part of this report, are a series of statistical tables and a short review of many of the significant factors of grain production and marketing, farm income and farm costs.

The year under review saw a significant decline in farm cash income, continued cost increases with a consequent upsurge of a cost-price squeeze which, if not addressed, will be of major consequence to the Canadian economy.

Partially offsetting will be the operation of the Western Grain Stabilization Fund which has now completed its first year of operation for the calendar year 1977. It is expected that a significant payout will be made to western grain producers in 1978.

Your Board regrets that the Government of Canada did not find it possible to implement an adjustment in the two-price wheat program for

Canada to reflect the sharply increased costs of production in recent years, and will continue to urge this policy in the coming year. Effective federal policies which will strengthen the Canadian cattle market, and stabilization programs to encourage beef producers to maintain a basic cattle herd in Canada, are other policy priorities.

Finally, your Board would urge all participants in the Canadian economy, including government, business, and labour to recognize the need for increased productivity and cost efficiency in the Canadian economy so that Canada's primary and manufactured products can compete in world markets.

It is hoped that this report will be of assistance to the elected representatives of the Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators in their task of representing primary producers who are members of these three organizations.

Your Board continues to pledge itself to co-operation and coordination of activities of the three Pools where this can be demonstrated to be in the interests of primary producers.

Respectfully submitted,

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G. L. Harrold
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A. J. Macpherson
G. W. Braithwaite
J. D. Deveson
W. W. Fraser

} Executive

STATISTICAL TABLES AND ANALYSES

Table
No

1. World Wheat: Hectares, Yield, Production.
2. World Exports of Wheat and Wheat Flour.
3. World Wheat: Carryover Stocks of Wheat at End of Crop Year Exporting Countries.
4. Grain: Acreage, Yield, Production — Canada.
5. Grain: Acreage, Yield, Production — Prairie Provinces.
6. Producer Marketings, Prairie Provinces.
7. Export of all Grains and Wheat Flour.
8. Exports of Canadian Wheat (Except Durum) to Major Importers.
9. Major Importers of Canadian Grains.
10. Seaboard Handlings, All grains.
11. Carryover Stocks of Grain in Canada.
12. Farm Stocks All Grains in Canada.
13. Carryover Stocks of Grains on Farms, Prairie Provinces.
14. Farm Cash Receipts from Farming Operations, Three Prairie Provinces.
15. Realized Net Farm Income.
16. Prairie Grain Cash Advances.
17. Farm Credit Act, Loans Approved for all Canada.
18. Farm Credit Act, Loans Approved, Prairie Provinces.
19. Farm Syndicates Credit Act, Loans Approved.

TABLE 1
WORLD WHEAT: HECTARES, YIELD, PRODUCTION
SELECTED YEARS

Year	Area (Million Hectares)	Yield *(Quintals per Hectare)	Production (Million Metric Tonnes)
1967-68.....	224.0	13.4	299.9
1968-69.....	228.7	14.5	332.3
1969-70.....	221.6	14.2	315.5
1970-71.....	211.7	15.1	318.9
1971-72.....	217.7	16.3	354.4
1972-73.....	216.7	16.0	344.0
1973-74.....	223.4	16.9	377.3
1974-75.....	223.7	16.1	359.9
1975-76.....	229.1	15.5	354.2
1976-77 (Provisional)	236.4	17.6	416.8

Source: International Wheat Council
World Wheat Statistics

* 1 Quintal — equal to 100 kilograms
10 Quintals — equal to 1 tonne

Table 1 — The provisional figures for season 1976-77 indicate the highest seeded area to wheat, 236.4 million hectares, the highest yield of 1.760 tonnes per hectare (26 bushels per acre) and the highest production, 416.8 million tonnes of wheat on record.

TABLE 2
WORLD EXPORTS OF WHEAT AND WHEAT FLOUR

Year	Amount (Million Metric Tonnes)
1966-67.....	55.8
1967-68.....	51.2
1968-69.....	45.7
1969-70.....	50.7
1970-71.....	54.3
1971-72.....	52.5
1972-73.....	68.3
1973-74.....	63.1
1974-75.....	63.4
1975-76 (Provisional).....	66.5

Source: International Wheat Council
World Wheat Statistics

Table 2 — shows the general upward trend in world wheat and wheat flour trade with 1975-76 estimated at 66.5 million tonnes, second only to the record of 68.3 million tonnes in 1972-73.

TABLE 3
WORLD WHEAT: CARRYOVER STOCKS OF WHEAT
AT END OF CROP YEAR
EXPORTING COUNTRIES (1)
(Million Metric Tonnes)

Year	Stocks
1966-67.....	37.6
1967-68.....	45.5
1968-69.....	64.7
1969-70.....	67.2
1970-71.....	51.5
1971-72.....	51.2
1972-73.....	30.4
1973-74.....	28.4
1974-75.....	31.2
1975-76.....	38.6

(1) Includes Argentina, Australia, Canada, United States, Spain, Sweden and EEC. Data for EEC includes the original six members to 1967-68 and the nine members thereafter.

Source: International Wheat Council,
World Wheat Statistics

Table 3 — indicates the building of stocks for three consecutive years since 1973-74. This trend continued in the year 1976-77 with stocks at year-end approaching the previous high reached in 1969-70.

TABLE 4
GRAIN: ACREAGE, YIELD, PRODUCTION
— CANADA
1977 (August Estimate) and 1976 (Revised)

	1977 (August Estimate)	1976 (Revised)				
	Acre- age (Mil- lions)	Yield (Bus. per Acre)	Prod. (Mil- lion Bus.)	Acre- age (Mil- lions)	Yield (Bus. per Acre)	Prod. (Mil- lion Bus.)
Wheat.....	25.0	25.7	641.8	27.8	31.2	866.7
Oats for Grain...	5.3	49.5	260.8	6.0	52.6	313.3
Barley for Grain...	11.5	41.9	481.5	10.8	44.9	482.9
Rye.....	0.6	24.5	14.7	0.6	28.0	17.3
Flaxseed..	1.4	14.7	20.9	0.8	13.6	10.9
Rapeseed..	3.3	19.8	65.4	1.8	20.8	36.9

Source: Statistics Canada, 22-002.

TABLE 5
GRAIN: ACREAGE, YIELD, PRODUCTION
PRAIRIE PROVINCES
1977 (August Estimate) and 1976 (Revised)

	1977 (August Estimate)	1976 (Revised)				
	Acre- age (Mil- lions)	Yield (Bus. per Acre)	Prod. (Mil- lion Bus.)	Acre- age (Mil- lions)	Yield (Bus. per Acre)	Prod. (Mil- lion Bus.)
Wheat.....	24.2	25.0	605.0	27.1	30.8	836.0
Oats for Grain...	4.2	49.6	206.0	4.7	55.3	257.0
Barley for Grain...	10.9	41.6	453.0	10.1	45.0	455.0
Rye.....	0.5	23.8	12.9	0.5	27.6	15.0
Flaxseed..	1.4	14.7	20.9	0.8	13.6	10.9
Rapeseed..	3.2	19.8	64.3	1.7	20.8	36.4

Source: Statistics Canada, 22-002

Tables 4 and 5 — show the revised figures for 1976 and the August estimate for 1977 for each grain. It will be noted that wheat production is expected to be reduced by about 230 million bushels as a result of a decline in acreage and a lower yield. Oats production will also be down, however barley production will be maintained by increased acreage. Rapeseed production will double with a significant increase in acreage seeded.

TABLE 6
PRODUCER MARKETINGS, PRAIRIE PROVINCES
1st August to 31st July 1972-77
(Millions of Bushels)

	1972-73	1973-74	1974-75	1975-76	1976-77(1)
Wheat.....	633.3	536.3	422.4	525.4	548.1
Oats.....	32.5	39.8	40.3	51.5	53.1
Barley.....	236.8	235.1	209.2	215.2	260.4
Rye.....	9.3	7.4	10.5	12.6	11.0
Flaxseed..	18.3	15.4	10.8	15.5	9.6
Rapeseed..	62.9	43.8	41.2	61.7	44.3
TOTAL	993.1	877.8	734.4	881.9	926.5

(1) Preliminary

Source: Canadian Grain Commission,
Grain Statistics Weekly

Table 6 — indicates that for the period 1976-77, it is estimated that producers delivered 926.5 million bushels of grain and oilseeds, the highest level since 1972-73 when 993.1 million bushels were delivered.

TABLE 7
EXPORT OF ALL GRAINS AND WHEAT FLOUR
(Millions of Bushels)

	1976-77(1)	1975-76	10 Year Average 1966-67 to 1975-76
Wheat (Except Durum).....	404.7	366.3	362.6
Durum Wheat.....	62.3	61.2	41.0
Flour.....	27.4	22.6	24.3
Wheat and Flour.....	494.4	450.1	427.9
Oats.....	31.8	18.2	6.4
Barley.....	165.8	190.8	118.6
Rye.....	6.6	11.8	7.2
Flaxseed.....	13.1	7.7	16.1
Rapeseed.....	44.9	30.1	30.1
TOTAL	756.6	708.7	606.3

(1) Preliminary

Source: Canadian Grain Commission,
Exports of Canadian Grain and Wheat Flour

Table 7 — indicates that preliminary estimates show exports of 756.6 million bushels of all grains and wheat flour in 1976-77, compared to 708.7 million bushels in 1975-76 and a ten-year average of 606.3 million bushels.

TABLE 8
EXPORTS OF CANADIAN WHEAT (EXCEPT DURUM)
TO MAJOR IMPORTERS
(Millions of Bushels)

	1976-77	1975-76	10 Year Average 1966-67 to 1975-76
People's Republic of China.....	76.2	44.4	79.4
United Kingdom.....	51.0	43.4	48.8
Japan.....	45.8	57.8	44.4
Brazil.....	37.9	22.0	12.9
Poland.....	25.5	12.6	3.6
Others.....	168.3	186.1	173.5
TOTAL	404.7	366.3	362.6

Source: Canadian Grain Commission,
Exports of Canadian Grain and Wheat Flour

Table 8 — indicates that for wheat, except Durum, the People's Republic of China replaced Japan as the leading importer, with the United Kingdom second and Japan third for season 1976-77. This is consistent with the ten-year average position as well. Total wheat exports were up from 366.3 million bushels in 1975-76 to 404.7 million bushels in 1976-77.

TABLE 9
MAJOR IMPORTERS OF CANADIAN GRAINS
OILSEEDS AND WHEAT FLOUR
(Millions of Bushels)

	1976-77	1975-76	1974-75
Japan.....	129.1	137.8	105.8
People's Republic of China.....	76.2	44.4	82.4
United Kingdom.....	56.8	47.5	60.8
USSR.....	44.9	189.2	12.9
Poland.....	42.6	32.6	20.3
Others.....	407.0	257.2	285.3
TOTAL	756.6	708.7	567.5

Source: Canadian Grain Commission,
Exports of Canadian Grain and Wheat Flour

Table 9 — shows that for all grains and oilseeds, Japan continues as the major Canadian market with the People's Republic of China, the United Kingdom and USSR following in that order. Total exports reached 756.6 million bushels, up from 708.7 million in the previous year.

TABLE 10
SEABOARD HANDLINGS, ALL GRAINS
(Millions of Bushels)

Port	1976-77	1975-76	1974-75
Pacific.....	291.7	260.1	209.8
St. Lawrence.....	313.4	327.7	238.8
Atlantic.....	29.6	32.8	29.7
Churchill.....	29.8	23.8	22.7
Thunder Bay (Direct).....	52.8	26.6	31.6

Source: Canadian Grain Commission,
Exports of Canadian Grain and Wheat Flour

Table 10 — shows that grain exports through Pacific ports increased to 291.7 million bushels from 260.1 and 209.8 million bushels in the two previous years. Churchill shipments were up to 29.8 million bushels from 23.8, and direct ocean shipments from Thunder Bay doubled to 52.8 million bushels in season 1976-77.

TABLE 11
CARRYOVER STOCKS OF GRAIN IN CANADA (1)
at 31st July 1975-77 and 1967-76 Average
(Millions of Bushels)

	Average 1967-76	1975	1976	1977(2)
Wheat.....	575.6	295.3	302.2	489.0
Oats.....	102.8	73.4	79.8	86.3
Barley.....	170.2	188.5	126.9	150.4
Rye.....	11.1	13.4	12.3	13.4
Flaxseed.....	10.8	8.6	15.0	8.2
Rapeseed.....	17.6	176	46.2	9.1
TOTAL	888.1	596.8	582.4	756.4

(1) Excluding Newfoundland

(2) Preliminary

Source: Statistics Canada,
Stocks of Canadian Grain at 31st July, 1977

Table 11 — indicates that wheat stocks in Canada were estimated in 1977 to be 489.0 million bushels, up from 302.2 in 1976, compared with a ten-year average of 575.6 million bushels. For all grains, stocks on hand were 756.4 million bushels in 1977, compared with 582.4 in 1976 and a ten-year average of 888.1 million bushels.

TABLE 12
FARM STOCKS ALL GRAINS IN CANADA
at 31st July 1975-77
(Millions of Bushels)

	1975	1976	1977
Wheat.....	60.0	58.0	263.0
Oats.....	48.0	52.0	67.0
Barley.....	51.0	50.0	52.0
Rye.....	3.5	3.5	2.3
Flaxseed.....	2.5	2.0	1.0
Rapeseed.....	4.0	15.5	1.1

Source: Statistics Canada,
Stocks of Canadian Grain at 31st July, 1977

TABLE 13
CARRYOVER STOCKS OF GRAINS ON FARMS
PRAIRIE PROVINCES
at 31st July 1975-77
(Millions of Bushels)

	1975	1976	1977
Wheat.....	55.0	55.0	260.0
Oats.....	35.0	40.0	55.0
Barley.....	45.0	45.0	48.0
Rye.....	3.5	3.5	2.3
Flaxseed.....	2.5	2.0	1.0
Rapeseed.....	4.0	15.4	1.1

Source: Statistics Canada,
Stocks of Canadian Grain at 31st July, 1977

Tables 12 and 13 — show that wheat stocks on farms rose dramatically from 55 million bushels in each of the previous two years to 260 million bushels at 31 July, 1977. On the other hand, rapeseed stocks held on farms declined from 15.4 million bushels to 1.1 million to 31 July, 1977.

TABLE 14
FARM CASH RECEIPTS FROM FARMING OPERATIONS
THREE PRAIRIE PROVINCES
(Thousands of Dollars)

	1974	1975	1976
Wheat.....	\$1,507,059	\$1,664,288	\$1,603,634
Wheat, CWB Payments.....	477,677	783,670	376,135
Oats.....	46,738	53,141	65,589
Oats, CWB Payments.....	—	26,844	11,241
Barley.....	447,470	454,445	450,776
Barley, CWB Payments.....	94,799	147,557	43,424
CWB Cash Advances.....	48,105	19,866	102,689
CWB Cash Repayments.....	(36,684)	(33,765)	(44,247)
Deferred Grain Receipts.....	(625,816)	(695,450)	(545,000)
Liquidation of Deferred Grain Receipts.....	305,246	625,816	695,450
Rye.....	24,582	26,311	28,173
Flaxseed.....	135,435	80,217	82,289
Rapeseed.....	333,182	256,844	215,332
Other Crops.....	146,979	151,982	136,576
Total Crops.....	\$2,904,772	\$3,561,766	\$3,222,061
Cattle and Calves.....	944,019	1,044,784	1,071,484
Hogs.....	303,646	283,013	254,858
Sheep and Lambs.....	5,862	6,518	7,413
Other Livestock and Products.....	325,718	331,006	350,295
Total Livestock.....	\$1,579,245	\$1,665,321	\$1,684,050
Other Sources (1).....	\$ 88,649	\$ 49,750	\$ 67,079
Total Cash Receipts.....	\$4,572,666	\$5,276,837	\$4,973,190
TOTAL CANADA (2).....	\$8,878,700	\$9,907,331	\$9,737,718

(1) Includes supplementary and deficiency payments, forest and maple products.

(2) Except Newfoundland

Source: Statistics Canada,
Farm Cash Receipts

Table 14 — indicates that farm cash receipts declined in 1976 by approximately \$300 million, as a result of reduced grain receipts and particularly due to lower Canadian Wheat Board final payments. Also, it should be noted that included in these figures is a significant increase in cash advances.

TABLE 15
REALIZED NET FARM INCOME⁽¹⁾
(Millions of Dollars)

	Three Prairie Provinces	Canada except Newfoundland
1967.....	967.6	1,670.1
1968.....	819.5	1,581.2
1969.....	578.2	1,414.8
1970.....	549.0	1,344.9
1971.....	745.4	1,469.4
1972.....	1,187.6	2,122.6
1973.....	1,550.5	2,736.7
1974.....	2,377.5	3,864.4
1975.....	2,702.9	4,320.2
1976.....	2,134.8	3,740.8
1977(2).....	1,405.2	2,526.1

(1) Does not take account of changes in inventory

(2) Agriculture Canada estimate

Source: Statistics Canada, Farm Net Income,
Agriculture Canada

Table 15 — indicates that 1976 realized net farm income declined in Canada and particularly in the three Prairie Provinces from the all-time high level of 1975. Of most significance is the serious further decline estimated for 1977, bringing realized net income below the 1973 level.

TABLE 16
PRAIRIE GRAIN CASH ADVANCES

Year	Number of Loans	Amount Advanced
1958-59.....	45,341	\$ 34,369,653
1959-60.....	52,356	38,492,505
1960-61.....	76,089	63,912,550
1961-62.....	22,342	16,656,713
1962-63.....	39,683	29,251,526
1963-64.....	63,427	62,136,418
1964-65.....	38,375	32,961,844
1965-66.....	43,505	40,600,386
1966-67.....	36,953	36,668,270
1967-68.....	45,810	47,280,533
1968-69.....	113,491	151,852,319
1969-70.....	122,080	272,777,516
1970-71.....	51,332	91,105,890
1971-72.....	34,303	68,142,360
1972-73.....	9,092	20,754,104
1973-74.....	12,510	35,259,387
1974-75.....	14,136	46,635,399
1975-76.....	4,823	20,236,528
1976-77.....	22,803	130,590,156

Source: Canadian Wheat Board

Table 16 — shows that 22,803 advances were taken in 1976-77 for \$130.5 million, up dramatically from 4,823 loans for \$20.2 million in the previous year. This was the third highest amount advanced in the program since its inception in 1958-59.

TABLE 17
FARM CREDIT ACT, LOANS APPROVED FOR ALL CANADA
(Thousands of Dollars)

Year	Number	Amount
1971-72.....	4,035	\$114,715.8
1972-73.....	5,296	186,276.2
1973-74.....	9,041	400,658.1
1974-75.....	8,093	398,814.1
1975-76.....	9,944	640,947.4
1976-77.....	4,465	301,433.0

Source: Farm Credit Corporation,
Annual Report

TABLE 18
FARM CREDIT ACT, LOANS APPROVED
PRAIRIE PROVINCES
(Thousands of Dollars)

Province	Fiscal Year 1975-76		Fiscal Year 1976-77	
	No.	Amount	No.	Amount
Alberta	1,684	\$111,946.2	692	\$45,524.4
Saskatchewan	2,385	143,597.9	1,322	86,110.5
Manitoba	810	43,444.5	479	25,686.4

Source: Farm Credit Corporation,
Annual Report

Tables 17 and 18 — show that loans approved for 1976-77 across Canada were down to 4,465 from 9,944, and to \$301 million from \$640 million in 1975-76. Similar declines are noted in the Prairie region.

TABLE 19
FARM SYNDICATES CREDIT ACT
LOANS APPROVED 1976-77
(Thousands of Dollars)

Province	Fiscal Year 1976-77		1970-71 to 1976-77	
	No.	Amount	No.	Amount
British Columbia.....	—	\$ —	15	\$ 440.7
Alberta.....	12	188.9	337	4,928.8
Saskatchewan	1	12.8	45	659.1
Manitoba	13	248.6	220	3,691.2
Ontario.....	24	535.7	308	6,516.2
Quebec.....	15	318.9	193	3,216.3
New Brunswick.....	1	10.6	6	156.3
Nova Scotia.....	1	20.5	5	59.6
P.E.I.	—	—	12	221.0
Newfoundland.....	—	—	1	75.0
CANADA.....	67	\$1,336.0	1142	\$19,964.2

Source: Farm Credit Corporation,
Annual Report

Table 19 — reviews the history of this Act since its beginning in 1970-71, and notes 67 loans (26 in the Prairie Provinces) in the year 1976-77.



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