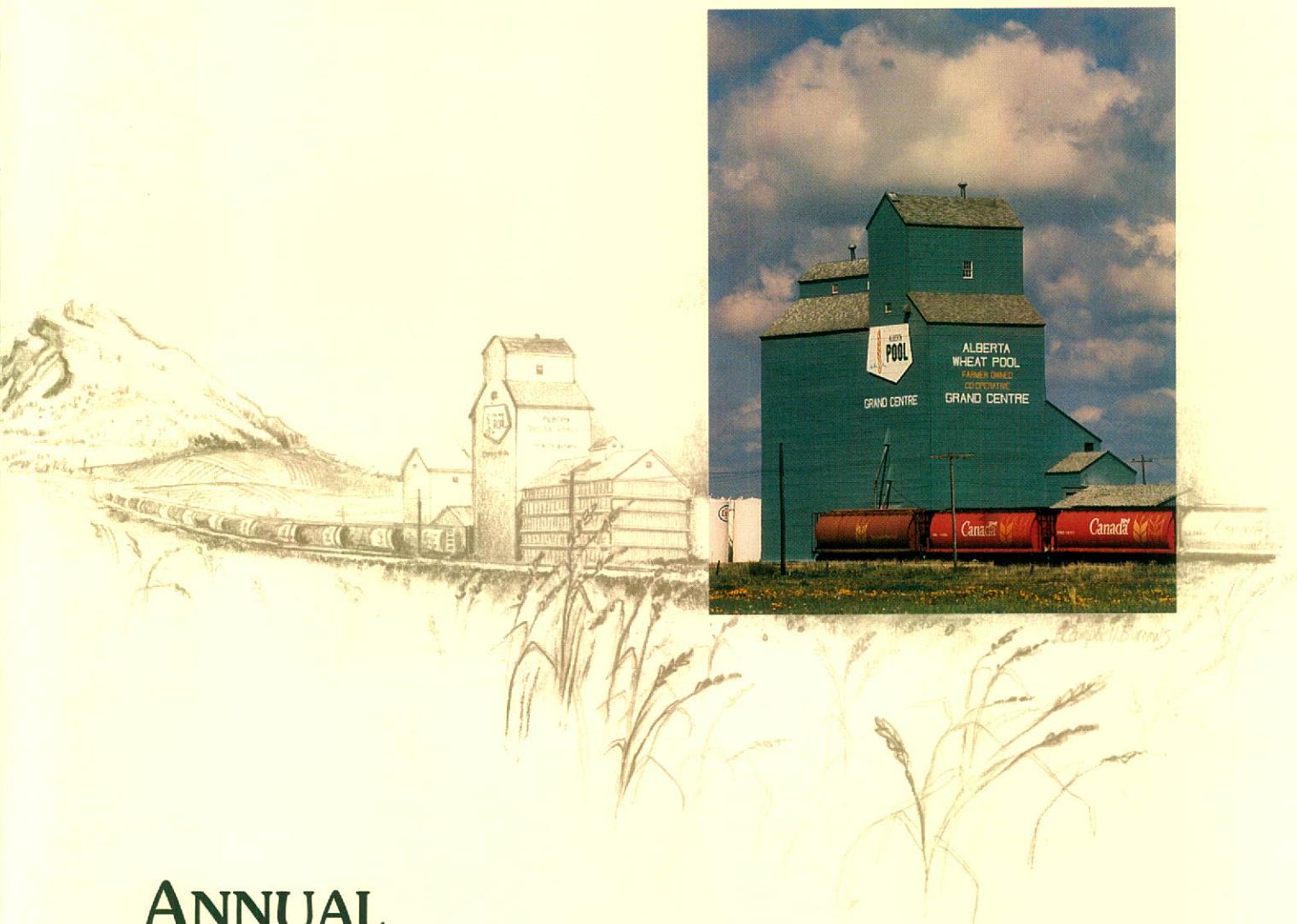


# ALBERTA WHEAT POOL

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ANNUAL  
REPORT  
1986

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## CORPORATE INFORMATION

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### Board of Directors

A. J. Macpherson  
President  
Delia  
  
D. E. Livingstone  
First Vice-President  
Vermilion  
  
R. C. Schmitt  
Second Vice-President  
Milk River  
  
T. A. Graham  
Spirit River  
  
H. H. Hennig  
Andrew  
  
J. G. Gorr  
Three Hills  
  
A. F. Wagner  
Lacombe  
  
D. V. Riddell  
Corporate Secretary

### Management Executive

J. W. Madill  
Chief Executive Officer  
  
G. C. Appleby  
Director - Administration  
and Human Resources  
  
G. J. Dewar  
Director - Terminal Operations  
  
B. A. Friesen  
Director - Corporate Affairs  
  
A. Kowalchuk  
Director - Country Operations  
  
J. E. Sherwood  
Director - Corporate Development  
  
T. M. Volk  
Director - Finance and Subsidiaries  
  
D. G. Ball  
Manager - Internal Audit  
  
G. R. Sargent  
Executive Assistant

### Legal Counsel

MacKimmie Matthews

### Auditors

Touche Ross and Co.

### Bankers

Bank of Montreal  
Royal Bank of Canada  
Bank of Nova Scotia  
Canadian Imperial Bank of Commerce  
Toronto Dominion Bank  
Bank of British Columbia.

### Head Office

Alberta Wheat Pool  
505 - 2nd Street S.W.  
Box 2700  
Calgary, Alberta Canada  
T2P 2P5  
Telephone: (403) 290-4910  
Facsimile: (403) 262-1199  
Telex: 038-21643



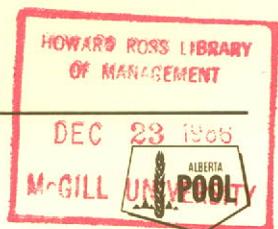
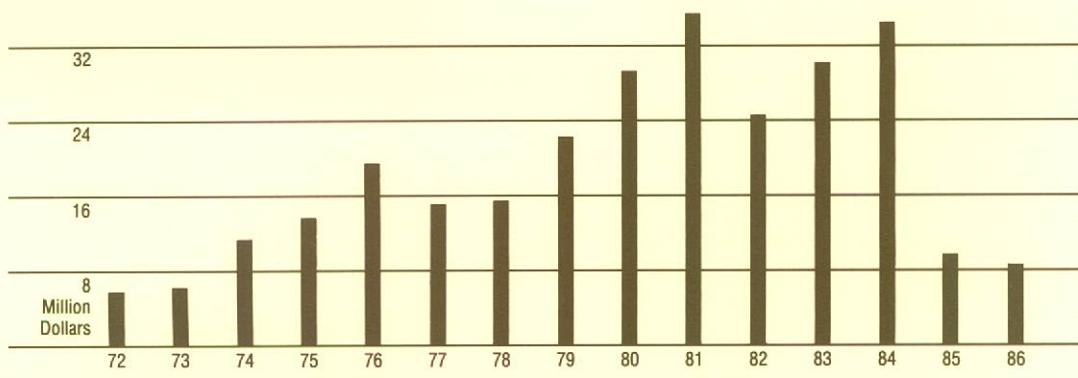
# CORPORATE HIGHLIGHTS

Alberta Wheat Pool is a farmer owned co-operative providing fully integrated grain handling, grain marketing and farm supply services to its members. Pool country elevators are located throughout the grain growing regions of Alberta and northeastern British Columbia. Grain exports are handled through the Pool's Vancouver terminal, the largest on the West Coast. A canola crushing plant supplies domestic and export markets with canola oil and meal. Through affiliated organizations, Alberta Pool is active in West Coast grain terminal operations, export grain marketing, fertilizer manufacturing and grain handling engineering services. Alberta Wheat Pool was organized in 1923 and today has 60,500 farmer-members and 1,621 employees. Since inception Alberta Wheat Pool has handled more than 135 million tonnes of grain and has returned \$322 million to its member-owners.

(in \$,000's)	1986	1985
Gross Revenue	1,032,195	1,337,760
Earnings Before Income Tax	8,420	9,698
Total Assets	474,471	446,138
Working Capital	53,741	46,450
Financed By:		
Members' Term Loans	52,272	52,336
Long Term Debt	29,902	30,949
Equity	136,664	136,550
Total Funds Invested	218,838	219,835

## FIFTEEN YEARS AT A GLANCE

EARNINGS BEFORE TAXES



# 1985-86 REPORT

## HIGHLIGHT AND COMPARISON

	1986	1985	1984	1983	1982
Grain Receipts at Country Elevators (tonnes)	<b>5,178,093</b>	5,191,589	6,825,191	6,810,480	6,705,770
Forage Seed Purchases from Producers (tonnes)	<b>5,503</b>	4,750	3,981	7,593	6,059
Cereal Seed Purchases (tonnes)	<b>21,270</b>	22,225	17,834	19,130	17,688
Percentage of Alberta Grain Deliveries Handled	<b>64.3</b>	66.4	65.5	66.5	66.4
Gross Value of Board Deliveries,					
Other Sales And Revenues	<b>\$1,032,195,144</b>	1,337,759,876	1,522,044,449	1,364,158,673	1,455,639,058
Farm Supplies Sales (included above)	<b>\$ 145,759,584</b>	156,626,384	148,939,577	125,203,856	112,772,630
Gross Margin	<b>\$ 145,554,914</b>	152,029,455	175,359,600	160,575,706	159,731,722
Total Expenses	<b>\$ 134,583,803</b>	140,448,255	139,377,755	130,182,430	137,603,922
Depreciation	<b>\$ 14,306,334</b>	14,405,662	14,027,338	13,372,628	11,974,311
Earnings Before Taxes	<b>\$ 8,420,242</b>	9,697,918	33,705,951	30,172,682	24,704,397
Current Assets	<b>\$ 309,373,905</b>	272,752,127	321,691,424	353,765,000	322,907,008
Current Liabilities	<b>\$ 255,632,517</b>	226,302,341	251,435,164	282,815,683	267,941,957
Working Capital Before Disposition of Earnings	<b>\$ 53,741,388</b>	46,449,786	70,256,260	70,949,317	55,045,051
Capital Expenditures on Properties & Equipment	<b>\$ 13,211,416</b>	22,132,196	26,341,175	19,417,921	39,322,416
Total Invested in Capital Assets	<b>\$ 286,412,791</b>	276,858,106	257,005,955	231,997,279	214,231,624
Patronage Refunds Distributed					
(out of previous year's earnings)	<b>\$ 8,203,429</b>	29,214,992	26,013,326	18,131,558	32,707,288
Reserves Held By Members	<b>\$ 103,585,351</b>	103,560,328	96,115,100	91,460,667	87,619,569
Percentage of Member Business Prior Year	<b>97.0</b>	96.8	96.1	95.8	96.2
New Members	<b>1,466</b>	2,036	2,270	2,423	2,185
Total Membership	<b>60,501</b>	60,395	59,691	58,747	58,042
Number of Country Elevator Operating Units	<b>308</b>	315	323	332	342
Elevator Capacity (tonnes) - Country	<b>1,606,025</b>	1,650,015	1,690,170	1,724,880	1,772,320
Elevator Capacity (tonnes) - Terminals	<b>481,980</b>	481,980	481,980	481,980	481,980
Number of Employees July 31	<b>1,621</b>	1,862	1,950	1,908	2,094

# BOARD OF DIRECTORS' REPORT

Alberta Pool's role in agricultural policy development both on the provincial and federal level was an active one in the 1985-86 crop year. Our policies, as ratified by Alberta Pool delegates, provided a sound basis upon which the Board could act. Throughout the year, issues such as grain transportation, input costs, farm net income, income stabilization programs and international trade issues highlighted policy discussion.



## Board of Directors

### Seated left to right:

D. E. Livingstone,  
First Vice-President;  
R. C. Schmitt,

Second Vice-President;  
A. J. Macpherson, President.

Standing left to right:  
H. H. Hennig, T. A. Graham,  
A. F. Wagner, J. G. Gorr.

The deteriorating international trade situation required the Pool executive to become increasingly involved in discussions leading to formal bilateral and multilateral trade negotiations. President Allan Macpherson has been appointed to the federal government's SAGIT (Sectoral Advisory Group on International Trade) for agriculture, food and beverages. This committee will play a key role in preparing Canada's negotiators for ongoing multilateral and bilateral trade talks.

Declining farm income motivated the Pool Board to mount a persuasive campaign to

encourage both provincial and federal governments to reduce farm input costs. The Pool explained to Ottawa that tax-related costs on farm gasoline and diesel fuel were expected to rise by as much as 19 per cent from September 3, 1985 to January 1, 1987. The Pool argued these increases were excessive and it was with pleasure that the Board learned on April 30, 1986 that federal fuel taxes to farmers would be removed for an 18 month period.

Grain transportation continued to require considerable time and attention from the Board. During the year, the Grain Transportation Agency reviewed the Western Grain Transportation Act and Alberta Pool presented a submission and supplementary briefs to the GTA to assist the review process. The Pool's recommendations included amendments to the Act which would benefit all Prairie producers.

Following the release of the GTA report, Alberta Pool presented its assessment of the work to Transport Minister John Crosbie. The Pool urged him to amend the Act so the farmer's ability to pay would govern future grain freight increases. To date the government has been slow to respond to the GTA report or the Pool's assessment. Alberta Pool, in concert with Prairie Pools, an organization formed by the three Prairie Pools, continues to work toward ensuring that any transportation reforms are to the benefit of western grain and oilseed producers.

Domestic wheat pricing was also a major issue during the 1985-86 crop year. During the sitting of a special federal government committee struck to investigate Canada's domestic wheat pricing system, Alberta Pool strongly argued that farmers must receive higher returns for their products. The Pool presented three options to accomplish this and in June the government committee recommended an increase in the domestic wheat price. To date the government has not acted on the recommendation.

A provincial review of the Canada/Alberta Crop Insurance Program prompted the Pool

# BOARD OF DIRECTORS' REPORT

Board to present a submission to the review panel. The Board noted its strong support for the crop insurance program in general and outlined some specific areas that could be changed to strengthen the program, particularly with regard to coverage adjustments. The panel is expected to complete its report and recommendations by year-end.

***"In May, Alberta Pool began to publicly call for a deficiency payment."***

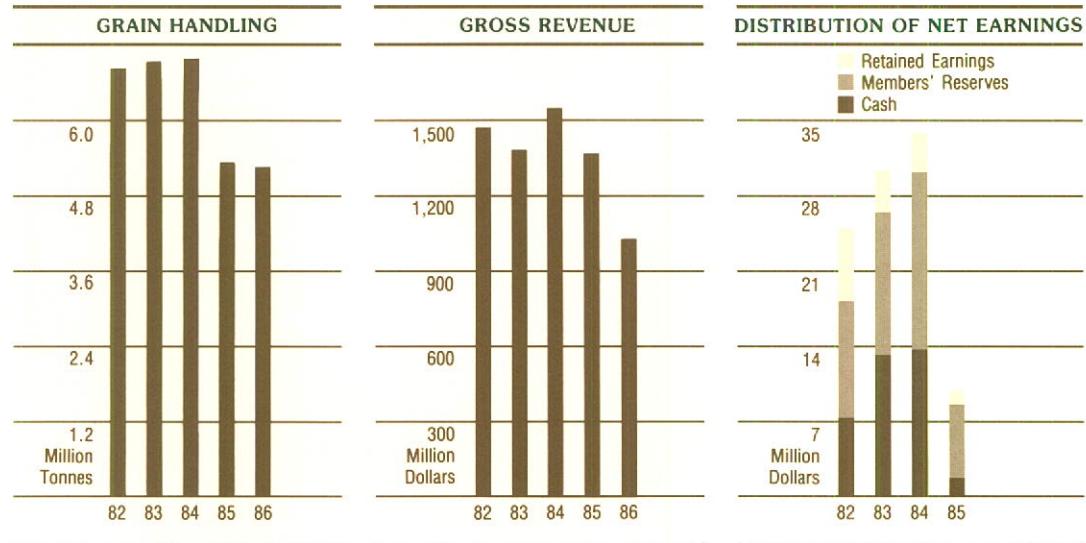
Since early spring the Pool's Board has concentrated its energy on persuading the federal and provincial governments to establish a deficiency payment for Western Canadian grain farmers. The Pool feels it is essential Canadian farmers receive assistance to counterbalance the lucrative production and export subsidies offered to their competitors in the U.S. and the EEC. In May, Alberta Pool, along with Prairie Pools and other farm organizations, began to publicly call for a deficiency payment. On Oct. 6, Prime Minister Brian Mulroney announced the federal government has earmarked \$1 billion to enhance the cash flow of Canadian grain farmers.

Since the announcement, Alberta Pool has worked hard with other groups, including Prairie Pools, to ensure this money is utilized to obtain the quickest and most equitable benefit to Western grain farmers.

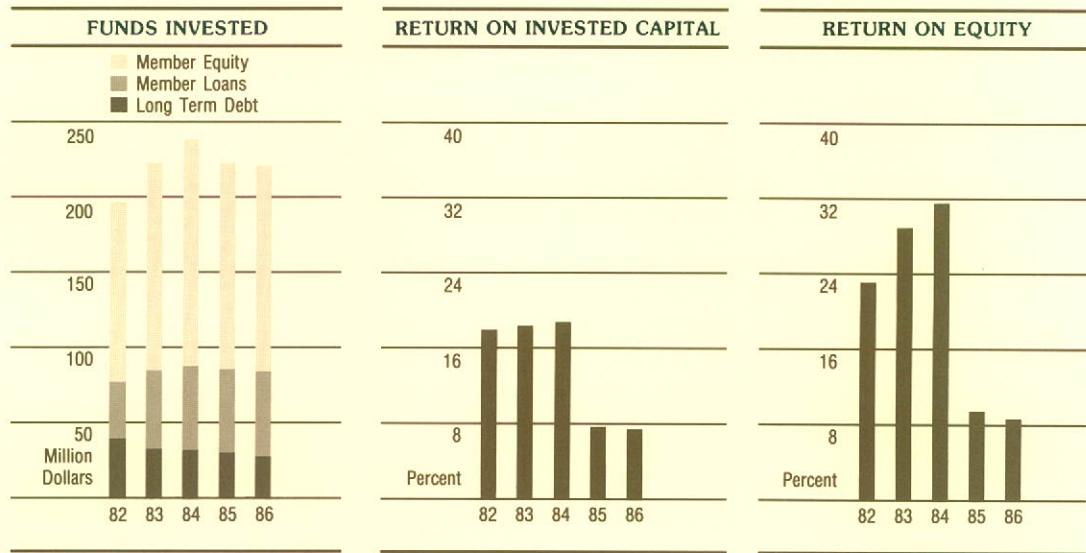
Looking into the future, Alberta Wheat Pool and Prairie Pools will be called upon with increasing frequency by government to provide leadership in grain and agriculture policy discussions. Alberta Pool has an increasing opportunity to shape agriculture's future and we look to our delegates to provide the guidance with which Alberta Pool can move forward with confidence on policy issues.

The need for longterm national strategies in the agriculture industry has probably never been greater. Declining asset values, rising costs of production and decreasing commodity prices are intensifying the difficulties facing many Canadian farmers. Sound provincial and national policy must be developed to improve the net income position of Alberta and Canadian producers.

Canadian farm debt has reached a crisis level rising from \$6.5 billion in 1974 to \$21.6 billion in 1984. This has limited farmers' ability to be



# BOARD OF DIRECTORS' REPORT



innovative because they can no longer afford to take reasonable risks. Governments must develop mechanisms that will allow for the repayment of this staggering debt if they hope to see young people rejuvenate agriculture.

Alberta Pool will continue to concentrate its efforts in the months and years ahead on the basic imbalance between world grain supply and demand. This imbalance is the primary cause of the international grain trade war and until it is rectified Prairie farmers will continue to be ravaged by its effects.

Within the co-operative, the Alberta Pool Board has been carefully assessing the revenue needs of the organization in the years ahead. Alberta Pool's current financial structure is sound, but future capital requirements will be considerable and the Board is discussing how these needs can be met. Alberta Pool has always retained only a small portion of its earnings, choosing instead to pay out the greatest percentage of its earnings to members as patronage dividends. While many other co-operatives retain 10 per cent of their asset value to provide funds for capital expenditures within the organization, Alberta Pool's retention compared to its asset

value is only five per cent. Consideration needs to be given to building up Alberta Pool's retained earnings to levels that ensure the co-operative's strong financial base is maintained.

The challenges for Alberta farmers are many. Despite a more difficult economic environment, Alberta Pool remains strong. With continued sound policy development and good management, the co-operative is capable of enhancing its stature as a leader in efforts to improve the economic and social position of all producers.

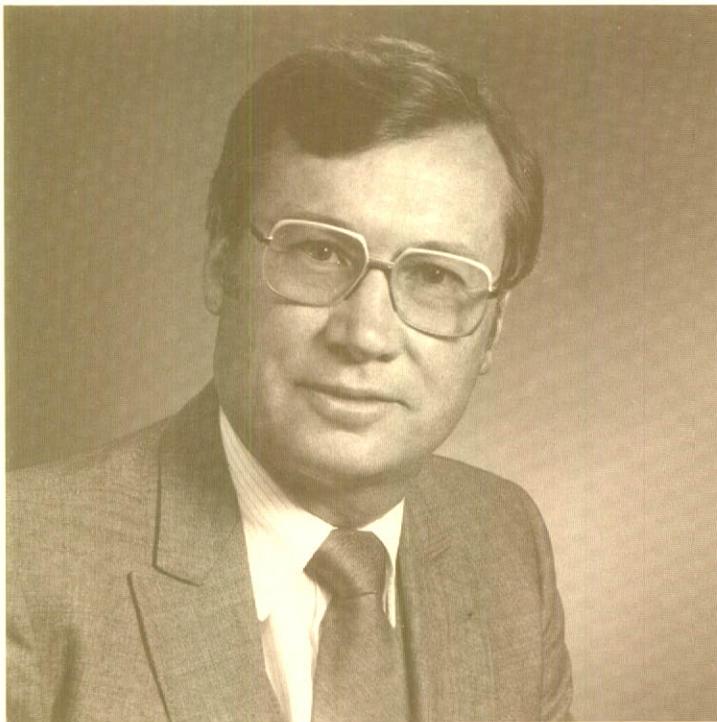
A. J. Macpherson,  
President

D. E. Livingstone  
R. C. Schmitt  
T. A. Graham  
H. H. Hennig  
J. G. Gorr  
A. F. Wagner

# CHIEF EXECUTIVE OFFICER'S REPORT

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Alberta farmers and the Alberta Wheat Pool suffered through the second straight year of low production and steadily deteriorating prices. These hard times had a disastrous effect on farmers holding significant debt and squeezed all producers as they attempted to react to the lowest grain prices (in real terms) since the depression.



**J. W. Madill,**  
Chief Executive  
Officer

On the home front the 1985-86 crop year was fraught with production difficulties. Drought and insect predation during the growing season greatly reduced yields. Again the drought hit Alberta harder than its sister provinces as crop production declines indicate. When the 1985 harvest began, unremitting rains resulted in crop quality deterioration and forced many farmers to combine crops that were in a tough or damp condition. Grain dryers were put into operation at many Pool elevator locations to help members get dry grain to market. The sodden autumn turned to winter too early for many farmers in the central and Peace River areas of Alberta

and several were forced to complete their combining in the spring.

On the international scene, global overproduction, intense competition for market share, and lucrative export programs initiated by the U.S. and the EEC, forced unprotected Canadian farmers to sustain substantial grain price declines.

In addition to unfavorable weather, and a disastrous international situation, Alberta farmers and Alberta Wheat Pool were adversely affected by inadequate grain shipping opportunities, especially for barley. Shipping problems in the Rockies, the inability to have the proper stocks in export position, and producer reluctance to deliver quotas as they were called, hampered Alberta grain shipment. The year-end rush to deliver grain at old crop year prices also caused system congestion.

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***"Alberta Pool's earnings from core operations were up over \$1 million from last year."***

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The small crop and delivery problems forced Alberta Pool to operate considerably below its capability and this cut into the co-operative's revenues. The lower revenues required Alberta Pool to cut costs and staff throughout the organization. The Pool also cut capital expenditures to conserve its working capital. These efforts paid off handsomely as Alberta Pool survived the last two lean years in a strong position to take on the daunting challenges that continue to face the grain industry.

To recap the year's results, Alberta Pool's earning from core operations were up over \$1 million from last year despite the significant drop in country grain shipments and farm supplies sales. After allowing for the results of related companies and adjustments to asset values, Alberta Pool's net earnings for the year total \$8.3 million, down 10 per cent from last year. The Country Operations division lost \$3.3 million,

# CHIEF EXECUTIVE OFFICER'S REPORT

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a minimal loss considering country elevator shipments were 700,000 tonnes less than the year before. Terminal Operations enjoyed a near optimal performance as the West Coast increased its share of Canada's grain exports. The Pool terminal handled 3.3 million tonnes and produced an earning of \$18.5 million. The Pacific Elevators Ltd. terminal, partly owned by Alberta Pool, generated an additional \$3 million for the Pool. Prince Rupert Grain Ltd., an affiliated company of the Pool, produced \$384,000 for the co-operative. Alberta Food Products, Alberta Pool's wholly owned subsidiary, suffered under inadequate crushing margins which caused it to cease operations for the last three months of the year. Overall, AFP lost \$6.3 million.

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***"Alberta Pool will continue to provide the efficient systems necessary to serve the needs of its farmer-members."***

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Such performance, although admirable considering the cruel economic environment of the grain business, is not good enough to generate the needed capital necessary to revitalize Alberta Pool's country elevator and terminal divisions. Our members expect a high level of service and extra income is needed to assure these service standards can be met. Higher utility rates, site rentals, property taxes and insurance costs also create a need for higher revenues. To begin addressing this chronic revenue shortfall problem the Pool applied for and received a three per cent increase in country elevation tariffs, effective in the 1986-87 crop year. This increase alone will not satisfy the Pool's future capital requirements. Members should now reconsider their expectations for continued patronage refunds in light of their co-operative's need for funds to rejuvenate its country and terminal elevator systems.

Increased capital alone, however, won't ensure Alberta Pool's continued viability. As adverse economic pressures intensify during the balance of this decade and into the 1990s, Alberta Pool

will be forced to continue consolidation of its country services. In addition to fewer grain elevators, our farm supplies distribution and sales outlets will have to expand their market opportunities. As these adjustments occur, Alberta Pool will continue to strive for affordable and efficient systems necessary to serve the needs of its farmer-members.

In looking at the year ahead, Alberta Pool is encouraged by the record crop but concerned about its quality, marketing prospects and lower value. Country grain shipments are projected to rise to at least 5.5 million, an increase of over 800,000 tonnes from last year. Farm supply sales are forecast to be near the volume achieved in 1985-86. Vancouver terminal operations should continue to be at near peak capacity, and Alberta Pool's crushing subsidiary should experience somewhat better margins than last year. Realignment of the crushing industry, however, continues to be a priority with Alberta Pool.

It promises to be a year with many challenges which will again require the support of Pool members, the leadership of the delegates and Board of Directors, and the hard work and active participation of all staff members.



J. W. Madill  
Chief Executive Officer

# OPERATIONS

## COUNTRY OPERATIONS

A second consecutive year of drought followed by a damp harvest created poor yields, low grades, and high moisture grain handling problems for Alberta producers in 1985. These adverse conditions created frustration and anxiety for everyone involved in the grain trade as they attempted to handle and market this small, poor-quality crop.

Alberta Wheat Pool country handlings in 1985/86 totalled 5,178,000 tonnes, a reduction of only 14,000 tonnes from the previous year. Grain shipment, however, was 4,746,000 tonnes, a reduction of 729,000 tonnes. This latter figure was important to Alberta Pool because the co-operative isn't paid its elevation tariff on Canadian Wheat Board held stocks until it is shipped from the elevator.

The reduced shipments and handlings gave the Country Operations Division a revenue of \$73.3 million, while expenses totalled \$76.6 million, creating a loss of \$3.3 million. Increased revenue from non-Board sales, improved crop product margins, reduced staffing costs, and other revenues prevented the loss from reaching a significantly higher level.

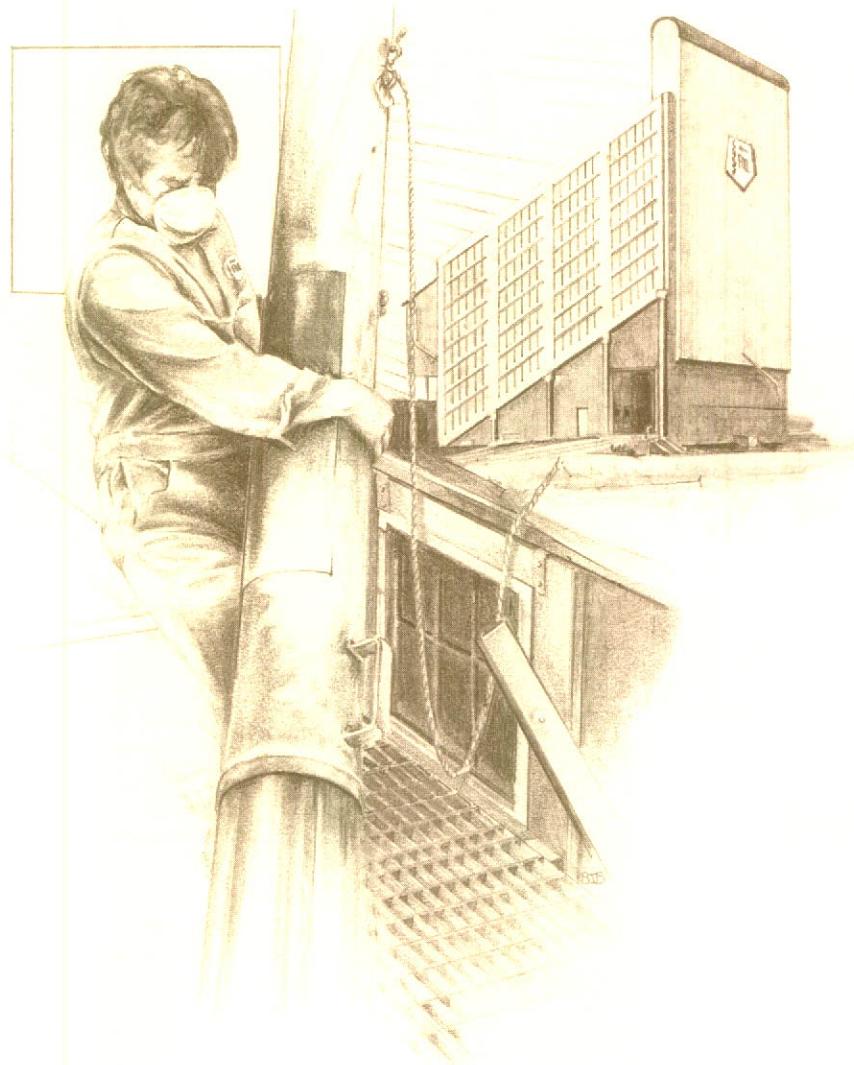
## GRAIN OPERATIONS

The 1985 growing season was a nightmare for most Alberta farmers with drought in June and July and incessant rain throughout August and September. These inclement conditions created stunted growth through the crucial summer months and quality deterioration and harvesting problems during the fall. In short, the trying weather of 1985 produced a small crop which included a wide range of grain and oilseed grades and condition.

This grim harvest set the stage for what would be one of the most difficult years in memory for Alberta Wheat Pool Country Operations.

Throughput was frustrated by the number of grades that had to be handled. Elevators were effectively plugged well before they were filled because each grade commanded a separate bin. Damp and tough grain, of which there was an abundance in 1985/86, demanded the constant attention of elevator managers who had to dry or turn these stocks to prevent spoilage.

Out-of-condition and borderline grain also caused problems for the entire grain trade in Alberta during the 1985/86 crop year.



# OPERATIONS

Adding to the handling difficulties was the unpredictability of Canada's major grain buyers. Shipments to foreign buyers were unevenly scheduled throughout the year and this kept quotas and country elevator handlings low for the first two-thirds of the crop year. Large delivery quotas were opened during the last third of the year and Alberta Pool managers were faced with the daunting task of moving grain quickly with little available working space.



During June and July, Alberta Pool managers handled 1.46 million tonnes or 28 per cent of the co-operative's total deliveries. Grain shipments during the last two months were also

heavy with 11,200 cars, 21 per cent of the crop-year total, being shipped during this period.

Despite the best efforts of Alberta Pool and the Canadian Wheat Board to find a market for the large influx of late arriving grain, stocks did build up at the end of the crop year. Alberta Wheat Pool elevators were filled to 85 per cent of capacity at the end of the crop year and 120 of the 302 operating units were plugged.

Alberta Wheat Pool continued to dominate the Alberta grain trade by handling 64.31 per cent of total provincial handlings, down 2.06 per cent from last year. This decrease is attributed to "loss leader" actions by our competitors and tight space conditions that forced grain to other elevators.

Despite the reduced handlings, 64 stations or 22 per cent of our total operating units handled over 25,000 tonnes.

The reduced handlings and the ongoing consolidation of Alberta Pool's country elevator system caused the country elevator staff to shrink from 712 to 618, a drop of 94 staff. Fire destroyed elevators at Ohaton, Retlaw and Grassy Lake and at year-end Clairmont, Herronton, Parkland, Travers, Chancellor, Gwynne, Manyberries, Roundhill, and Midnapore stations were closed (Cranford was closed Dec. 31, 1985). Some of these stations will be opened on an irregular basis as the need arises.

## GRAIN SALES

Grain marketing during the 1985/86 crop year was difficult because the drought and late harvest created supply and quality problems. Competition in the feed grain market was intense as stocks from Manitoba and Saskatchewan vied for markets in southern Alberta and the B.C. interior market. This movement increased when the Alberta government expanded the \$21 a tonne Alberta Feed Grain Market Adjustment program beyond Alberta borders.

A direct farm-to-feeder sales program was started in December and the service generated

## OPERATIONS

72,695 tonnes of feed grain sales.

Total non-board sales during 1985/86 totalled 800,000 tonnes, a reduction of 300,000 tonnes from the previous year.

## FARM SUPPLIES

Sales of farm supplies declined to \$146 million, a seven per cent decrease from last year. This decline was mainly due to reduced farm net income and was an industry-wide problem.

In an effort to reduce input costs, Alberta farmers reduced their fertilizer consumption by 11 per cent to 872,000 tonnes. Fall fertilizer

application was reduced because farmers were concerned about the expectation of poor prices and declining sales. Many farmers held onto their money and delayed fertilizer purchases until spring.

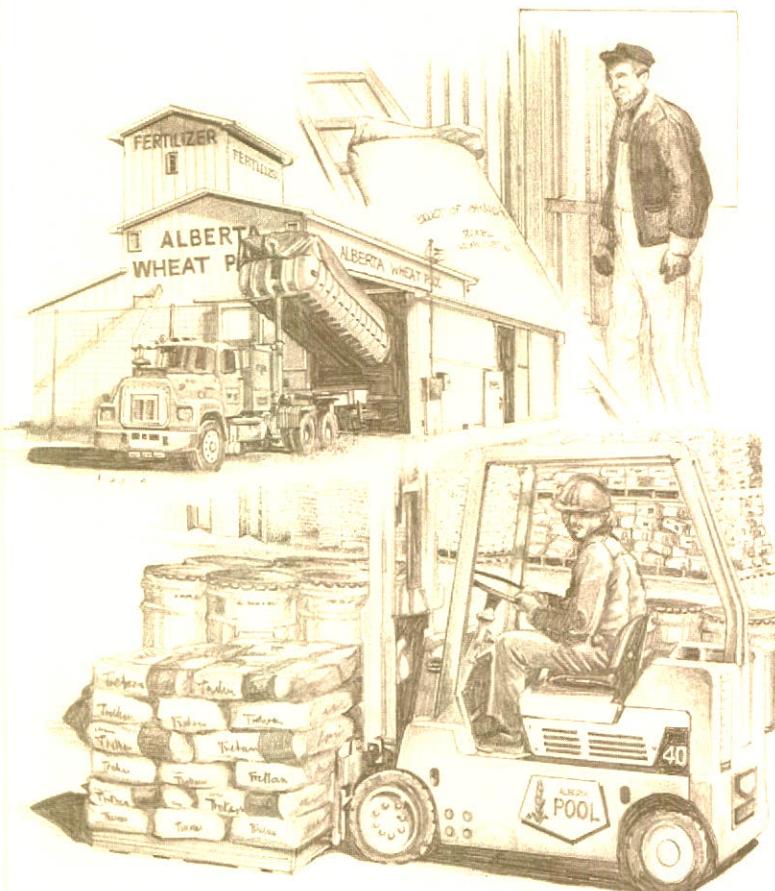
Fertilizer prices were generally lower than 1984-85 price levels with 11-51-0, 46-0-0, and anhydrous ammonia prices falling about \$10 a tonne while the price of 34-0-0 remained stable. Alberta Wheat Pool fertilizer sales decreased to 180,200 tonnes, a 13 per cent drop from the previous year. Lower sales caused a drop in \$1 million stations from 37 in 1984-85 to 32 in 1985-86.

The co-operative's chemical sales declined by 12 per cent to \$61.5 million which was similar to the 1983-84 sales level. Farmers switched to lower priced products because they were willing to sacrifice some performance to save costs.

In the seed sales department, a strong export demand for forage seeds and the poor quality of cereal seed harvested in Alberta in 1985 created strong sales and increased earnings. Domestic sales were \$12 million, up \$800,000 from a year ago. Export sales were \$7 million, up a remarkable 84 per cent increase from the 1984-85 crop year.

Sales of edible beans from the Bow Island Bean Plant increased by 11 per cent to 109,000 hundredweight.

All segments of the research program continued to develop and improve in the past year. In the 1985-86 crop year Alberta Pool's first grain variety - Winchester, a semi-dwarf feed barley, - was licensed. Winchester should be available for general distribution in 1988. Alberta Pool was also able to obtain the marketing rights to the new hard red spring wheat variety Conway. In the 1986-87 crop year licensing decisions will be made on two wheat and two barley cultivars. Continued progress was made on improving canola lines, but no varieties are currently included in licensing trials.



## OPERATIONS

## ENGINEERING CONSTRUCTION AND MAINTENANCE

Alberta Pool spent \$6.4 million to construct and upgrade its country facilities in 1985/86.

Three new high throughput elevators were constructed at Burdett, Dapp and Willingdon. A Buffalo B2000 pre-cast concrete elevator was erected at Boyle. Major elevator upgrades were in progress at three locations and three storage annexes were constructed in 1985/86.



The handling capacity of our existing elevators is continually upgraded with the installation of replacement steel elevation and shipping legs and second track loading spouts.

A total of \$5.1 million was spent on repair and maintenance to ensure the efficient operation

of the Pool's existing country elevator system. This was an increase of 18.6 per cent over the previous year.

## TERMINAL OPERATIONS

Alberta Wheat Pool terminals continued to dominate the Vancouver grain export business by moving 51 per cent of all grain shipped through the port in 1985/86.

The Alberta Wheat Pool terminal handled 31 per cent of Vancouver's grain traffic and Pacific Elevators Ltd., terminal which is 60 per cent owned by the Pool, moved an additional 20 per cent. In tonnage, the Pool terminal handled 3.3 million tonnes, an increase of 400,000 tonnes from the 1984/85 crop year. Pacific Elevators posted a 16 per cent increase in handlings in 1985/86.

Increased grain revenue and astute cost control produced increased earnings at both terminals. Earnings from the Alberta Pool terminal rose to \$18.5 million up from \$15.5 million recorded last year. Pacific Elevators earned \$10.8 million, nearly double the \$5.5 million posted in 1984/85.

These earnings are remarkable because of the wide array of grades and inconsistent shipping schedules that plagued terminal staff. Up to 65 different grades were handled by the terminals throughout the year.

Both Pacific Elevators Ltd. and Alberta Wheat Pool terminals conducted Canadian Grain Commission supervised audits, the results of which were included in 1985/86 crop year revenues. The audits produced allowable overages that generating additional income for both terminals.

The overages found in the audits can be attributed primarily to a reclaiming process that separates grains that were formerly lost during the cleaning operation.

All revenue derived from the process is accounted for in the terminal's operating

# OPERATIONS

statement and is returned to Alberta Wheat Pool members as registered revenue.

Labor relations remained stable throughout the crop year.



## FINANCE AND SUBSIDIARIES

Continued low grain handling and reduced farm supply sales created a tough operating environment for Alberta Pool during the 1985/86 crop year. For 10 months of the year operating conditions and market prospects indicated a net loss for the co-operative. Only a late surge in grain movement, stringent expense controls, and an exceptional performance by the terminals division produced what turned out to be a very acceptable year-end operating result.

Total revenues after allowing for cost of sales were \$145.6 million, a reduction of 4.2 per cent from the 1984/85 crop year. Total consolidated expenses decreased \$5.8 million or 4.1 per cent from the last crop year to \$134.6 million.

During the last fiscal year, Alberta Pool changed to an equity basis of accounting for its investment in affiliated organizations. As a result of this change, an amount of \$113,000 was added to retained earnings at the end of the 1984/85 crop year. The Pool's share of the losses of these affiliates for the 1985/86 crop year amounted to \$1.1 million.

Working capital funds obtained from operations during the year totalled \$24 million, almost the same as last year. Other sources, primarily the disposal of assets and investments added \$6.2 million to the Pool's funds. These funds together with much reduced expenditures resulted in a \$7.3 million increase in working capital. Working capital at year-end stood at \$53.7 million compared to \$46.4 million at July 31, 1985.

The increase in working capital and a slight improvement in other financial measures allowed Alberta Pool to maintain its sturdy financial foundation in spite of its second consecutive low earning year.

Total assets held by the organization increased during the year by \$29 million to \$474 million. Most of the increase in assets was in inventories.

In spite of the reduced earnings, the debt-to-equity ratio was maintained at slightly less than the same ratio produced in 1984/85.

This year's earnings provided a return on invested capital of eight per cent, the same return generated last year. This performance compares with returns in the 15-20 per cent range that was experienced in recent years when grain handling was at more normal levels.

Alberta Wheat Pool has taken steps during the 1985-86 crop year to insure its ability to preserve the liquidity of member loan funds.

# OPERATIONS

To ensure any withdrawal can be quickly executed Alberta Pool has created a special funds backup term loan. This program allows the co-operative to replace any substantial funds withdrawn from member loans with special term loans. During the 1985-86 crop year \$5 million

poor margins the plant was shut down for the last three months of the crop year. Costs were cut and 46 staff were laid off during the plant stoppage. This action reduced the potential loss to the company significantly.

The poor crushing margins were caused by high stocks of low-priced palm oil. The sagging palm oil market depressed all other edible oil markets and caused several third world buyers to shift from canola oil to palm oil. The domestic market has been adversely affected by the dominance of one major buyer in the edible oil refining market.

In addition to poor margins, AFP was plagued by poor quality seed. High moisture levels caused crushing problems and a high percentage of green seeds affected oil quality.

(in \$,000's)	1986	1985
Country Grain Operations	(5,112)	(5,901)
Farm Supplies	1,851	2,388
Terminal Operations	18,496	15,494
	15,235	11,981
Alberta Food Products	(6,327)	(2,652)
Pacific Elevators Ltd.	2,952	1,457
Western Pool Terminals Ltd.	227	292
Prince Rupert Grain Ltd.	384	456
	(2,764)	(447)
Share of results of affiliated companies	(1,080)	530
Extraordinary items and tax	(3,096)	(2,640)
Net earnings	8,295	9,424

was borrowed from this funding source. This program ensures that Alberta Pool can meet whatever calls that members might make on the co-operative without affecting its financial condition.

## SUBSIDIARIES

### ALBERTA FOOD PRODUCTS

The 1985-86 crop year was one of the worst in the seven year history of Alberta Food Products. The company lost \$6.3 million on 133,000 tonnes of sales. Gross margins produced were the second lowest in the organization's history. Because of increasingly

## PACIFIC ELEVATORS LTD. AND WESTERN POOL TERMINALS LTD.

The Pacific Elevators terminal located at Vancouver is owned by Western Pool Terminals Ltd. and operated by Pacific Elevators Ltd. Both companies are owned 60 per cent by Alberta Wheat Pool, 30 per cent by Saskatchewan Wheat Pool, and 10 per cent by Manitoba Pool Elevators.

The Pacific Elevator terminal handled 20 per cent of Vancouver's grain traffic in 1985-86 and earned \$10.8 million, nearly double the \$5.5 million generated in 1984/85.

## AFFILIATED COMPANIES

### XCAN GRAIN LTD.

XCAN Grain Ltd. experienced a decline in grain and byproduct sales during 1985/86. The trading company which is jointly owned by the

# OPERATIONS

three Prairie Pools handled 2.3 million tonnes down from 2.9 million tonnes the previous year. The primary reasons for the decline was the extremely competitive market XCAN had to do business in during the year and the inferior quality of much of the 1985 harvest.

In spite of the competitive actions of rival firms, XCAN managed to make inroads in several key markets with innovative sales programs. XCAN launched a feed ingredient sales program in Japan which is beginning to show results. It has made its first sales in the Soviet Union and

has worked closely with the Canadian Wheat Board to establish stronger ties with Soviet grain buyers. Progress is also being made in the Pacific North West area of the United States where increasing sales of canola meal, wheat bran pellets, screenings, milled feed oats, malt sprout and distillers dried grain have been made.

## CO-ENERCO

Co-enerco is an intermediate sized oil and gas company that is 85 per cent owned by Co-operative Energy Corporation and 15 per cent by the Canadian public. The Co-operative Energy Corporation is owned equally by the federal government and a group of 20 co-operatives, of which Alberta Pool is a member.

The trading value of the Co-enerco stock fluctuated from a high of \$6.50 a share during the first quarter of 1985 to \$5.75 during the final quarter. This compares favorably with stock values in 1984 which peaked at \$5.25.

During the first six months of 1986, the collapse of oil prices adversely affected Co-enerco's financial picture but record production allowed the company to generate \$506,000 of net earnings.

## ABL ENGINEERING LTD.

ABL Engineering Ltd. activities during 1985-86 were financed from royalties paid from completed projects in Brazil. Other revenues originated from fees paid by Alberta Pool for the Boyle Buffalo B2000 elevator and interest income. Total income was \$350,000.

The company was actively marketing its unique grain handling facility design in 20 countries during 1985-86. Primary emphasis was on bids or proposals in Egypt, Brazil, USSR and China. The only Canadian construction project that ABL participated in was as a consultant to Alberta Pool during the construction of its Boyle elevator.



# OPERATIONS

## WESTERN CO-OPERATIVE FERTILIZERS LTD.

Western Co-operative Fertilizers Ltd. recorded a relatively small operating loss in 1985-86 because of lost market share and falling fertilizer prices.

The entire Western Canadian fertilizer industry suffered from:

- Significant production overcapacity in the U.S. and Canada.
- The loss of export markets and the influx of imported fertilizer into the U.S.
- The depressed farm economy, particularly in Western Canada.

- A substantial loss of the fall fertilizer market in Canada.

These industry-wide problems caused WCFL to lose a marginal percentage of its market share in 1985-86. The stresses of continuing heavy competition, with consequent falling product prices, combined with somewhat high manufacturing costs, caused one fact to stand out very clearly. The joint fertilizer marketing efforts of WCFL and its three Wheat Pool owners were simply not good enough to meet the tough economic realities of 1985-86. If WCFL, through its Wheat Pool marketing agents, had maintained its market share, selling under fully competitive prices, it would have created a modest saving for its owners. Vigorous steps have to be made to correct the market loss trend. This means real adjustments by WCFL and its owners.

No-one in the fertilizer business expects a quick turnaround in the industry's fortunes. Thus, WCFL's future continues to rest on continued cost cutting, improved marketing efforts, and increased production efficiencies.

## PRINCE RUPERT GRAIN LTD.

During its first complete year of operation Prince Rupert Grain received 1.477 million tonnes of grain. These receipts represented 12.4 per cent of West Coast shipments. As a hint of the terminal's capability, Prince Rupert Grain set West Coast records with a loading of 34,119 tonnes in one shift and the completion of a cargo loading of 31,500 tonnes in one shift.

For most of the year the plant was operated with an overtime ban which hampered additional throughput. The ban was imposed by the union because of difficulties encountered in settling a dispute over staffing of the Grain Centre, severance pay, and job classification. At year-end the dispute had not been settled.

PRG was successful in reducing its property tax by one-third during the crop year.



# OPERATIONS

## CORPORATE AFFAIRS

During the year the Corporate Affairs Division underwent a number of changes including the retirement of some key individuals. The division was renamed Corporate Affairs and was made responsible to the Chief Executive Officer rather than to the Board of Directors.



The major focus of the division continues to be communications with members, employees, government and the media. Difficult economic conditions facing grain producers have created considerable government and media attention. Our response throughout the year was to request

government to provide additional assistance to ensure producers remained viable. Advertising, extension work, in-house publications, and considerable media contact were used to enhance the image of the co-operative and agriculture.

## ADMINISTRATION AND HUMAN RESOURCES DIVISION

Restraint, tight cost control, and increased productivity were the watchwords of the past year. Human Resources provided restraint and cost control to the co-operative by reducing Alberta Pool's staff complement to 1,621 employees, a drop of 241 employees from the 1984-85 workforce.

Labor relations at the Pool and its affiliates and subsidiaries were positive and productive throughout the 1985-86 crop year. The only collective bargaining activity was at Prince Rupert Grain where issues raised by the closure of the Prince Rupert Grain Terminal #1 and the start up of the new terminal were discussed throughout the year without resolution.

## CORPORATE DEVELOPMENT

This division was organized early in the current crop year. It provides information, economic, analytical, research and development services and oversees facilities and transportation administration. Poor economic results in the grain industry, deteriorating world grain prices, the rapidly changing railway system, and the regeneration of our country elevator system are some of the challenges being addressed by the division. With economic projections and analysis the division hopes to come up with the innovative and decisive action needed to meet the challenges facing Alberta Pool.

# AUDITOR'S REPORT

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**The Members  
Alberta Wheat Pool**

We have examined the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1986 and the consolidated statements of operations, earnings retained from prior years and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests as other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the consolidated financial position of Alberta Wheat Pool as at July 31, 1986 and the results of its consolidated operations and changes in its consolidated working capital for the year then ended in accordance with generally accepted accounting principles, applied, after giving retroactive effect to the change in the method of accounting for certain investments as explained in Note 1(b) to the financial statements, on a basis consistent with that of the preceding year.

Calgary, Alberta  
October 15, 1986

Touche Ross & Co.  
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ALBERTA WHEAT POOL and subsidiary companies  
AS AT JULY 31, 1986

	1986	1985
<b>Current Assets</b>		
Cash	\$ 2,857,094	\$ 1,963,358
Inventories (Note 2)	206,413,271	159,152,912
Accounts and accrued items receivable	90,915,355	102,875,458
Prepaid expenses	9,188,185	8,760,399
	<b>309,373,905</b>	<b>272,752,127</b>
<b>Current Liabilities</b>		
Cheques and cash tickets outstanding	51,935,358	51,720,739
Bank loans	128,825,122	68,873,456
Call and short-term loans	24,672,400	57,108,900
Accounts payable and accrued charges	31,915,686	28,914,092
Staff savings	12,271,198	13,266,582
Current maturity of long-term debt	6,012,753	6,418,572
	<b>255,632,517</b>	<b>226,302,341</b>
Working capital	53,741,388	46,449,786
Property and equipment (Note 3)	126,804,253	131,347,003
Investments and memberships (Note 4)	33,170,115	36,496,504
Other assets (Note 5)	5,122,342	5,542,024
<b>Funds Invested</b>	<b>\$218,838,098</b>	<b>\$219,835,317</b>
<b>Financed By</b>		
Term loans from members and co-operatives (Note 6)	\$ 52,272,087	\$ 52,336,130
Long-term debt (Note 7)	29,902,420	30,949,086
Members' equity		
Reserves (Note 8)		
Authorized: \$120,000,000		
Issued to members	103,585,351	103,560,328
Earnings retained from prior years	24,783,483	23,566,364
Net earnings for the year	8,294,757	9,423,409
	<b>136,663,591</b>	<b>136,550,101</b>
	<b>\$218,838,098</b>	<b>\$219,835,317</b>

Approved on behalf of the Board:



A. J. Macpherson, Director



D. E. Livingstone, Director

# CONSOLIDATED STATEMENT OF OPERATIONS

ALBERTA WHEAT POOL and subsidiary companies  
FOR THE YEAR ENDED JULY 31, 1986

	1986	1985
<b>Revenue</b>		
Sales and other operating revenue	\$1,032,195,144	\$1,337,759,876
Costs of sales	886,640,230	1,185,730,421
	<b>145,554,914</b>	<b>152,029,455</b>
<b>Expenses</b>		
Country facilities	49,598,027	52,233,547
Terminal operations	27,170,875	25,457,811
Administration	22,298,202	23,933,628
Interest	21,210,365	24,417,607
Depreciation and amortization	14,306,334	14,405,662
	<b>134,583,803</b>	<b>140,448,255</b>
Net earnings before the following	10,971,111	11,581,200
Other charges and extraordinary income (Note 9)	(1,596,662)	(2,687,790)
Share of results of affiliated companies (Note 1(b))	(1,079,692)	529,999
Net earnings for the year	<b>\$ 8,294,757</b>	<b>\$ 9,423,409</b>

# CONSOLIDATED STATEMENT OF EARNINGS RETAINED FROM PRIOR YEARS

ALBERTA WHEAT POOL and subsidiary companies  
FOR THE YEAR ENDED JULY 31, 1986

	1986	1985
Net earnings for previous year	\$ 9,423,409	\$33,196,198
Less patronage refunds distributed		
In cash	1,634,460	13,612,094
In member reserves	6,571,830	15,617,540
	<b>8,206,290</b>	<b>29,229,634</b>
	<b>1,217,119</b>	<b>3,966,564</b>
Earnings retained at beginning of year	23,566,364	19,599,800
Earnings retained at end of year	<b>\$24,783,483</b>	<b>\$23,566,364</b>

# CONSOLIDATED STATEMENT OF CHANGES IN WORKING CAPITAL

ALBERTA WHEAT POOL and subsidiary companies  
FOR THE YEAR ENDED JULY 31, 1986

	1986	1985
<b>Source of Working Capital</b>		
Net earnings for the year	\$ 8,294,757	\$ 9,423,409
Add items not affecting funds		
Depreciation and amortization	14,306,334	14,405,662
Other charges	1,368,500	700,000
	<b>23,969,591</b>	<b>24,529,071</b>
Increase in term loans from members and co-operatives	-	3,038,780
Investment tax credits	507,909	3,472,261
Proceeds from disposal of property and equipment	2,936,437	1,497,059
Decrease in current maturity of long-term debt	405,819	-
Decrease in investments and memberships	2,468,809	-
	<b>30,288,565</b>	<b>32,537,171</b>
<b>Application of Working Capital</b>		
Additions to property and equipment	13,211,416	22,132,196
Patronage refunds paid in cash	1,634,460	13,612,094
Members' reserves purchased	6,546,807	8,172,312
Increase in investments and memberships	-	6,416,926
Decrease in long-term debt	1,452,487	5,064,002
Deferred foreign exchange loss	87,750	387,668
Increase in current maturity of long-term debt	-	558,447
Decrease in term loans from members and co-operatives	64,043	-
	<b>22,996,963</b>	<b>56,343,645</b>
Increase (decrease) in working capital during the year	<b>7,291,602</b>	<b>(23,806,474)</b>
Working capital at beginning of year	46,449,786	70,256,260
Working capital at end of year	<b>\$53,741,388</b>	<b>\$ 46,449,786</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ALBERTA WHEAT POOL and subsidiary companies  
JULY 31, 1986

## 1. ACCOUNTING POLICIES

Alberta Wheat Pool ("the Association") is incorporated by a special Act of the Alberta Legislature. In preparing its financial statements, the Association follows generally accepted accounting principles. The following is a summary of the significant accounting policies adopted by the Association:

### a) Principles of consolidation

These consolidated financial statements include the accounts of Alberta Wheat Pool and its subsidiaries: Percentage Ownership:  
Alberta Food Products 100%, Western Pool Terminals Ltd. 60%, Pacific Elevators Limited 60%.  
All significant inter company transactions have been eliminated.

### b) Change in accounting policy

The Association has adopted the equity accounting method for recording the carrying value of its investments in certain affiliated corporations over which it has significant influence (see Note 4). In retroactively applying this methodology, the carrying value of these investments was increased by \$113,364 at July 31, 1985. Portfolio investments are stated at cost less write-downs for permanent decline in value when appropriate.

### c) Property and equipment

Property and equipment are recorded at cost less investment tax credits earned. Depreciation is charged on a declining balance basis at annual rates varying from 4% to 30%, designed to amortize the cost of the assets over their useful lives.

### d) Other assets

Development and preoperating costs represent those recorded in the accounts of Alberta Food Products and are being amortized on a unit-of production basis.  
Goodwill and patent rights are being amortized on a straight-line basis over ten years.

### e) 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.

Revenues from grain overages registered in advance at the terminal elevators are deferred until a weighover occurs.

### f) Foreign currency translation

Foreign currency long-term debt financing has been recorded at the rate of exchange in effect at July 31, 1986. Exchange gains and losses on this long-term debt are deferred and included in other assets. The deferred balance is amortized over the term of the debt.

### g) Net earnings for the year

Net earnings for the year are distributed by way of patronage refunds according to the decisions of the delegates at the Association's annual meeting.

## 2. INVENTORIES

	1986	1985
Grain purchased for delivery to the Canadian Wheat Board, valued at established delivery prices, after deferral of unearned handling revenues	\$155,418,101	\$110,446,879
Grain valued on the basis of open sales contracts and future contract prices, after deferral of unearned margins	7,016,546	6,199,558
Other inventories, including seed and agro supplies, valued at the lower of cost or net realizable value	43,978,624	42,506,475
	<b>\$206,413,271</b>	<b>\$159,152,912</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 3. PROPERTY AND EQUIPMENT

Property and equipment are classified by operating division as follows:

	1986	1985
Country facilities	\$163,658,883	\$158,117,306
Terminal operations	71,183,924	68,848,499
Processing plant	27,701,940	27,528,011
Administration	23,868,044	22,364,289
	<b>286,412,791</b>	<b>276,858,105</b>
Less		
Accumulated depreciation	150,759,373	137,169,844
Investment tax credits	8,849,165	8,341,258
	<b>\$126,804,253</b>	<b>\$131,347,003</b>

The construction or acquisition of additional property and equipment in the amount of \$5,000,000 (1985-\$13,000,000) has been authorized by the Directors of the Association.

### 4. INVESTMENTS AND MEMBERSHIPS

	1986	1985
Equity investments		
Western Co-operative Fertilizers Limited (Note 10)	\$ 6,061,399	\$ 7,228,072
XCAN Grain Ltd.	2,722,592	3,616,341
Other	655,045	629,887
	<b>9,439,036</b>	<b>11,474,300</b>
Portfolio investments		
Ridley Grain Ltd. net of investment tax credits	14,815,215	15,672,795
Co-enerco	8,000,000	8,000,000
Other portfolio investments and memberships	915,864	1,349,409
	<b>23,731,079</b>	<b>25,022,204</b>
	<b>\$33,170,115</b>	<b>\$36,496,504</b>

### 5. OTHER ASSETS

	1986	1985
Goodwill	\$ 601,010	\$ 676,136
Patent rights	842,917	967,890
Deferred foreign exchange loss	2,613,600	2,525,850
Development and preoperating costs	1,064,815	1,372,148
	<b>\$5,122,342</b>	<b>\$5,542,024</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6. 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.

## 7. LONG-TERM DEBT

	1986	1985
Alberta Wheat Pool		
Income debenture	\$ 2,700,000	\$ 3,900,000
Promissory note	-	1,500,000
Capital lease	497,322	777,109
Term loan	5,000,000	-
Agreement to purchase land	2,300,000	3,500,000
Western Pool Terminals Ltd.		
6% mortgage	3,537,050	3,751,433
Advances from minority shareholders	3,246,750	3,695,116
Alberta Food Products		
9 1/4% notes payable-U.S. \$13,500,000	18,634,050	20,244,000
	35,915,172	37,367,658
Less current maturity	6,012,752	6,418,572
	\$29,902,420	\$30,949,086

- a) The income debenture is secured by a first mortgage on land, a first floating charge on all the Association's undertakings, property and assets. The debenture carries interest at half of prime rate plus three quarters of a percent, and is repayable in quarterly installments of \$300,000, to 1988.
- b) The capital lease expires in 1988 and carries interest at 14%.
- c) The term loan is repayable in equal quarterly installments over a five year period. Interest is payable at 1 1/2% less than prime rate.
- d) The agreement to purchase land is secured by an irrevocable bank letter of guarantee. The agreement carries interest at 9 1/2% and is payable monthly. Principal is repayable in monthly installments of \$100,000 to 1988.
- e) The 6% mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual installments of \$462,918, including interest.
- f) The 9 1/4% notes payable are secured by a first fixed mortgage on the land, a first floating charge upon the property and assets of Alberta Food Products, a first floating charge upon the interests of the Association in Alberta Food Products and by guarantees of the Association. The notes are repayable in annual installments to 1994.
- g) Interest on long-term debt was \$7,595,390 in 1986 (1985 - \$7,771,821). Repayments of long-term debt for the next five years ending July 31 are as follows: 1987 - \$6,012,752; 1988 - \$4,797,790; 1989 - \$2,630,330; 1990 - \$2,365,904; 1991 -\$2,365,904

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. RESERVES

	1986	1985
Balance at beginning of year	\$103,560,328	\$ 96,115,100
Deduct members' reserves purchased	6,546,807	8,172,312
	97,013,521	87,942,788
Add patronage refunds allocated as members' reserves	6,571,830	15,617,540
Balance at end of year	<u>\$103,585,351</u>	<u>\$103,560,328</u>

## 9. OTHER CHARGES AND EXTRAORDINARY INCOME

	1986	1985
Write-down of advances to affiliate	\$1,728,162	\$1,987,790
Amortization of land costs	1,368,500	700,000
	3,096,662	2,687,790
Deduct extraordinary income		
Transfer of portion of pension fund surplus	1,500,000	-
	<u>\$1,596,662</u>	<u>\$2,687,790</u>

The pension fund surplus represents only a portion of the surplus existing at July 31, 1986. This refund will be used to fund future employer contributions to a retirement plan.

## 10. COMMITMENTS

Western Co-operative Fertilizers Limited (WCFL), in which the Association has a 25% interest, has, through a U.S. subsidiary acquired a 50% interest in a phosphate mining and processing operation. As of July 31, 1986, the balance of the debt instruments amounted to \$41,967,489 U.S. (\$58,011,660 Canadian) repayable in annual installments until 1996. Up to one third of the annual payments of principal and interest on these loan agreements are guaranteed by the Association, until the acquisition financing has been discharged, through a contract to purchase specified annual quantities of phosphate rock. This take or pay contract has been assigned to WCFL for the acquisition of raw materials in its normal course of business.

Under the terms of the 1984 refinancing of WCFL long-term debt, the Association is committed to purchasing jointly with other organizations, certain specified minimum quantities of fertilizer, until 1992.

WCF (U.S.) Inc.'s partner in the phosphate mining and processing operation has failed to meet certain financial obligations and filed for protection under Chapter 11 of the United States Federal Bankruptcy Act on October 21, 1985. This action has caused the suspension of mining operations and WCFL is obtaining its supply of phosphate rock from other sources.

WCFL and WCF (U.S.) Inc. intend to continue to meet all of their obligations with respect to the financing of the Conda operation during the shutdown period.

## 11. CONTINGENCIES

The Association is contingently liable for any deficiency in the security pledged against an associated company's loan of \$16,000,000 due in 1988. The estimated current market value of the security is \$6,000,000.

## 12. RELATED PARTY TRANSACTIONS

The Association conducts its business activities as a co-operative and consequently, a significant portion of its transactions including grain purchases, sale of farm supplies and financing transactions, are with members of the Association. Amounts due from related parties of \$2,222,115 and amounts due to related parties of \$410,868 are included in the Association's assets and liabilities at July 31, 1986.

# DELEGATES 1986-87

## District One

101 Gogolinski, Barney	Orion
102 Lindeman, Brian	Milk River
103 Zobell, John W.	Raymond
104 McGlynn, Dallis H.	Twin Butte
105 Hanzel, Ron A.	Lethbridge
106 Simanton, Vernon	Foremost
107 Koenen, John	Iron Springs
108 Rempel, Henry S.	Vauxhall

## District Two

201 Brown, Gary G.	Stavely
202 Williams, S. Evan	Vulcan
203 McMorris, Gary	Milo
204 Sutherland, Wilson	High River
205 McWilliam, Bernie	Blackie
206 Moulton, Gordon	Hussar
207 Bird, Lionel M.	Carstairs
208 Durnin, Patrick	Kathym

## District Three

301 Hagel, Robert J.	Schuler
302 Bamber, Robert D.	Esther
303 Aasen, Alfred L.	Brooks
304 Bothi, Steven C.	Bassano
305 Kettenbach, Alfred	Drumheller
306 Moe, Daniel L.	Morrin
307 DeGiano, Wayne R.	Craigmyle
308 Kloberdanz, John	Kirriemuir

## District Four

401 Degenhardt, Keith	Hughenden
402 Redmond, Donald R.	Edgerton
403 Harbin, Clifford T.	Rivercourse
404 Kelly, John D.	Lloydminster
405 Thompson, William C.	Mannville
406 Ash, Robert W.	Viking
407 Oberg, Allen L.	Forestburg
408 Hepp, Melvin F.	Castor

## District Five

501 Schmaltz, Clarence M.	Beiseker
502 Carney, Pat F.	Three Hills
503 Schaefer, Vernon F.	Innisfail
504 Silver, Neil D.	Huxley

## District Five (cont'd)

505 Petersen, Leslie M.	Erskine
506 Northey, Robert E.	Red Deer
507 Hilman, Perry	Red Deer
508 Nelson, Glen R.	Bentley

## District Six

601 Pidruchney, Albert L.D.	Myrnam
602 Hess, Roland	Two Hills
603 Farion, Orest	Vegreville
604 Fedun, David	Andrew
605 Galloway, Kenneth D.	Fort Saskatchewan
606 Mulligan, Earl	Bon Accord
607 Vidiuk, Fred	St. Paul
608 Shalka, Kenneth R.	Fort Kent

## District Seven

701 Pearson, John F.	Donald
702 Holmberg, James S.	Rosalind
703 Jacobsen, Norman	New Norway
704 Loov, C.W. (Bill)	Bluffton
705 Rude, Lars E.	Tofield
706 Appleby, Kenneth	Tofield
707 Rebus, John A.	Stony Plain
708 Hagman, Earl	Mayerthorpe

## District Eight

801 Carson, W.D.	Waskatenau
802 Ewaskow, Russel F.	Thorhild
803 Zachkewich, Emil	Boyle
804 Stanley, Kenneth	Westlock
805 Anderson, Hubert N.	Barhead
806 Crone, James B.	Falher
807 Galigan, Douglas	Falher
808 Lapointe, Daniel	Donnelly

## District Nine

901 Erickson, Rae G.	Tangent
902 Nikolaychuk, Mike	Woking
903 Homme, Dreng	Hythe
904 Watson, Allen B.	Dawson Creek
905 Vander Linden, Dale	Clayhurst
906 Wieben, Donald O.	Fairview
907 Sydnes, Kenneth J.	Brownvale
908 Fedeyko, William S.	High Level



