

Alberta Wheat Pool



OF M.M. GEMENT

JAN 8 1981

ANNUAL REPORT 1980





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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

D. V. RIDDELL, *Secretary*
A. W. BEATTIE, *Director — Public Relations*

MANAGEMENT EXECUTIVE

J. W. MADILL, *General Manager*
F. E. BALL, *Director — Operations*
G. J. DEWAR, *Director — Terminal Facilities*
B. A. FRIESEN, *Administrative Co-ordinator and Executive Assistant*
T. G. HENDRY, *Director — Administration and Finance*
J. E. SHERWOOD, *Director — Planning and Management Services*
B. H. SOMMERVILLE, *Director — Employee Relations*

J. M. FERGUSON, *Manager — Winnipeg Office*
R. J. CHAMBERLAIN, *General Manager — Alberta Food Products*

LEGAL COUNSEL

MacKIMMIE MATTHEWS

AUDITORS

TOUCHE ROSS & CO.

BANKERS

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

HEAD OFFICE — Alberta Wheat Pool Building, 505 - 2nd Street S.W., Calgary, Alberta T2P 2P5.



DELEGATES

LETHBRIDGE — District One

101 Gogolinski, Barney	Orion
102 Schmitt, Ray C.	Milk River
103 Hutchinson, Howard	Skiff
104 Zaugg, Ferries B.	Stirling
105 Maloff, Peter C.	Cowley
106 Orcutt, Darrell	Coaldale
107 Nemeth, Frank	Picture Butte
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.	High River
205 Burne, George W.	Gleichen
206 Duhn, Robert L.	Delacour
207 Schmaltz, Clarence M.	Beiseker
208 Fowler, Alvin W.	Airdrie
209 Carney, Pat F.	Three Hills
210 Riddle, Jack C.	Carstairs

DRUMHELLER — District Three

301 Bayer, Robert	Schuler
302 Lemare, Carl	Acadia Valley
303 Aasen, Alfred Lawrence	Brooks
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.	Erskine

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 Pearson, John F.	Donalda
408 Pepper, Clifford G.	Ohaton
409 Baker, Donald	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 Rasmussen, Clarence H.	Wetaskiwin
507 Rebus, John A.	Stony Plain
508 Lappenbush, W. F. (Bud)	Mayerthorpe
509 Anderson, Hubert N.	Barrhead
510 Rimmer, Laurence M.	Pibroch

VEGREVILLE — District Six

601 Bober, John R.	Derwent
602 Pidruchney, Albert L. D.	Myrnam
603 Farion, Orest	Vegreville
604 Hennig, Harold H.	Andrew
605 Galloway, Kenneth	Fort Saskatchewan
606 Mulligan, Earl	Bon Accord
607 Barnes, Dave W.	Thorhild
608 Din, Alexander	Warspite
609 Shalka, Kenneth Rudy	Fort Kent
610 Nikipelo, J. Morris	Boyle

PEACE RIVER — District Seven

701 Crone, James B.	High Prairie
702 Lamoureux, Bernard	Girouxville
703 Nikolaychuk, Mike	Woking
704 Bohn, Jack F.	La Glace
705 Erickson, Rae G.	Tangent
706 Graham, T. Alex	Spirit River
707 Vander Linden, M. Dale	Clayhurst
708 Syndes, Kenneth J.	Brownvale
709 Kosiorek, Con	Hotchkiss
710 Morrison, D. James	Bluesky



1979-80

REPORT HIGHLIGHTS AND COMPARISONS

	1980
Handling — Country Elevators, in tonnes	5 582 811
— Forage Seed, in kilograms	6 042 824
— Cereal Seed, in kilograms	19 791 476
Percentage of Alberta Grain Deliveries Handled	67.0%
Gross Value of Board Deliveries Other Sales and Revenues	\$982,420,430
Marketing Division Sales (included above)	\$ 94,283,451
Gross Margin	\$123,823,526
Total Expenses	\$ 95,024,483
Depreciation	\$ 8,581,259
Earnings before Taxes	\$ 29,560,915
Current Assets	\$268,261,256
Current Liabilities	\$207,674,585
Working Capital before Disposition of Earnings	\$ 60,586,671
Capital Expenditures on Properties and Equipment	\$ 15,647,451
Total Invested in Capital Assets	\$152,368,833
Patronage Refunds Distributed (out of previous year's earnings)	\$ 21,001,982
Reserves Held by Members	\$ 65,953,690
Percentage of Member Business prior year	96.6% Est.
New Members	2,130
Total Membership	57,324
Number of Country Elevators	670
Elevator Capacity — in tonnes — Country	1 852 120
— Terminals	481 980
Number of Employees July 31	1,975

1979	1978	1977	1976	1975
4 167 989	4 483 130	4 758 639	4 396 102	3 488 697
5 913 623	7 264 818	7 698 852	4 785 377	5 125 736
13 615 808	15 095 193	12 687 619	8 430 643	12 479 345
64.4%	66.2%	65.5%	65.7%	65.4%
\$629,600,962	\$642,329,306	\$671,537,175	\$637,312,255	\$505,848,961
\$ 72,845,164	\$ 64,545,177	\$ 52,501,150	\$ 45,967,767	\$ 44,396,388
\$ 91,088,196	\$ 77,610,900	\$ 74,302,981	\$ 75,026,276	\$ 60,331,895
\$ 69,571,549	\$ 61,822,952	\$ 59,247,505	\$ 53,267,755	\$ 46,973,337
\$ 6,264,236	\$ 5,128,396	\$ 4,338,905	\$ 4,065,341	\$ 3,426,873
\$ 22,346,864	\$ 15,787,948	\$ 15,055,476	\$ 21,758,521	\$ 13,774,957
\$197,888,159	\$163,385,607	\$146,100,934	\$171,518,425	\$159,917,409
\$153,162,831	\$139,785,804	\$114,259,407	\$137,242,865	\$135,186,796
\$ 44,725,328	\$ 23,599,803	\$ 31,841,527	\$ 34,275,560	\$ 24,730,613
\$ 23,360,174	\$ 23,758,912	\$ 11,536,831	\$ 8,019,122	\$ 5,629,359
\$139,971,526	\$118,439,698	\$ 96,020,615	\$ 86,618,037	\$ 80,838,832
\$ 15,179,288	\$ 14,703,791	\$ 20,834,407	\$ 12,705,372	\$ 10,478,593
\$ 58,811,946	\$ 52,256,211	\$ 45,927,406	\$ 36,875,466	\$ 31,050,834
96.6%	96.5%	96.2%	96.7%	96.4%
1,808	2,404	2,768	2,855	3,034
56,705	56,375	55,880	56,590	55,963
711	735	742	782	819
1 929 970	1 958 000	1 962 120	2 041 620	2 107 450
481 980	403 580	403 580	432 700	488 710
1,878	1,817	1,752	1,691	1,607



REPORT OF THE BOARD OF DIRECTORS

ALBERTA WHEAT POOL TO FIFTY-EIGHTH ANNUAL MEETING OF DELEGATES

Board of Directors — seated l. to r.: William Davidiuk, Grassland; H. R. Patching, Lethbridge — 1st Vice-President; A. J. Macpherson, Delia — President; Parke Dobson, Paradise Valley; Nick M. Lorency, Manning; G. W. Braithwaite, Bowden — 2nd Vice-President; missing from photo; Norman Jacobson, Arrowwood.



Gentlemen:

The 1979-80 crop year was one of great progress and significant achievement for Alberta Wheat Pool in its efforts to improve operating performance and service to the farmer members. Record performances were recorded in almost every major endeavor. The demand for positive action and creative ideas continued, and with the complexity of the grain industry, problem solving was a continual challenge.

Throughout the year, the proposed Prince Rupert Grain Terminal was a constant challenge in the areas of planning, negotiating, and communicating. At Magrath, Alberta Pool opened a revolutionary grain handling structure that attracted international attention; in northern Alberta, Alberta Food Products completed its first year of operation; at the west coast, the Second Narrows Bridge was damaged and, as a result, performance of Pool Terminal #1 and Pacific Terminals was tested more fully than ever before.

The fertilizer manufacturing companies, including W.C.F.L. were found to be clearly not guilty in the fertilizer conspiracy trial. The Federal Government implemented Hours of Work legislation applicable to Pool country managers; a number of fires hampered Alberta Pool's construction program; transportation of grain to market continued to be a bottleneck.

An active lobby was maintained with legislators and special study groups. Alberta Wheat Pool policy was presented and defended at every opportunity, with the best interest of producers in mind.

Summary of Operations

Alberta Wheat Pool's grain handling perfor-

mance has broken records in almost every area. Total handlings were a record 5.6 million tonnes during the 1979-80 crop year, which is an increase of 33.9% over the previous year. Alberta Pool's percentage of provincial deliveries increased to 67.05%, which is up approximately 2.7% from a year ago. This increase reflects the improved space availability, better car allocations and the confidence producers have in their organization.

Record handlings were achieved at Vancouver terminals managed by Alberta Pool. Unloads at Pool Terminal #1 reached a record 2.7 million tonnes, an increase of 10.9% over last year's record handling. At Pacific Elevators Limited unloads totalled a record 2.5 million tonnes, surpassing last year's figure by 12.8%. Jointly the two terminals accounted for 63.7% of west coast handlings. Pool shipments to eastern locations amounted to approximately one million tonnes, and were up 20% from last year.

Alberta Wheat Pool's Marketing Department also set a new record in dollar volume with agri-product sales of \$90.7 million. This is an increase of 29% over last year's record figure. A major portion of this increase came from increased fertilizer and chemical sales. Forage and cereal seed sales increased moderately. Alberta Pool's pricing strategy for agro-products was one of reduced margins and increased volumes, which resulted in overall gross revenue being increased.

The consolidated net earnings from the year's operations are a record \$28,799,000. Farmers have earned this money by working together, and it will enable their Alberta Wheat Pool to continue a major building and upgrading program with the objective of providing better service to active farmers, now and in the future.

Canadian Marketing Summary

Exports of the 6 major grains from Canada during the 1979-80 crop year were 21.7 million tonnes, or 19.2% greater than last year's export level. The percentage change of grain exports, compared to the previous crop year, were as follows: wheat +21.2%, durum +44.3%, oats +650.7%, barley +7.8%, rye +157.5%, rapeseed +1.3%, and flax -9.1%. Canadian domestic use of the 6 major grains was 7 million tonnes, or .7% below the previous year.

Prince Rupert Grain Consortium

Early in the crop year a Site Evaluation Committee was established by the Prince Rupert Consortium and the Federal Government to select the most suitable terminal site. After evaluating the rock slide potential, development costs, port capabilities, and counsel from the Marine Pilots Association, Ridley Island was selected as the site.

The Government of Alberta has agreed to a financing arrangement which calls for the Government to provide \$100 million in first mortgage bonds and to share on a 50:50 basis the remainder of the financing with the Consortium through participating debentures and first mortgage bonds.

In February 1980 Alberta Wheat Pool began managing the existing grain terminal at Prince Rupert. A number of modifications and alterations to the old structure were made, and Alberta Wheat Pool worked to a maximize the terminal's performance in order to increase grain exports from Canada's west coast. In Alberta Wheat Pool's period of management, the terminal handle increased by 20% over the same period in the previous year.

After many months of at times difficult negotiations, a lease agreement between the Consortium and National Harbours Board (N.H.B.) was finally reached in late September 1980. Within a few days site clearing began.

All members of the Consortium have now indicated an interest in continued participation in the terminal.

Your organization's interest in Prince Rupert Grain Ltd. is 34%. Other shareholders include: Saskatchewan Wheat Pool - 30%, United Grain Growers - 15%, Pioneer Grain Limited - 9%, Cargill Grain Limited - 9%, and Manitoba Pool Elevators -3%.

Alberta Food Products

In September 1979 Alberta Food Products began operation. There were the usual start-up problems with equipment and product movement. However, the problem areas were quickly solved enabling

full rated capacity operation. There has been general satisfaction with the selection of equipment and advanced technology employed to process the oil seeds at Alberta Food Products.

Alberta Wheat Pool's venture into rapeseed crushing was undertaken in order to broaden and stabilize farmers' markets and to bring additional benefits of added value industry to Alberta. With the Alberta Food Products plant now in operation, rapeseed or canola can be delivered directly from the farm to the plant, and a trucking incentive is paid over the street price for the seed. The volume of seed delivered directly to the plant has freed the country elevator system for other grains.

The results of the crop year under review were better than expected for Alberta Food Products. The current year's operations are expected to show a satisfactory earning.

Alberta Food Products purchased a 1% share in Neptune Bulk Terminals Ltd. at a cost of \$40,000.

W.C.F.L.

Western Co-operative Fertilizers' presence in the fertilizer market continued to provide a significant number of growers with an assured supply of quality plant nutrients. W.C.F.L. produced 559,066 tons and Alberta Pool received 202,340 tons of product that was produced or secured by W.C.F.L.

Pricing continued to be very competitive reflecting regional advantages and "loss leader" pricing utilized by some parties in the market. There is, nevertheless, good reason to believe that Alberta Pool's presence in the market with W.C.F.L. product had a general moderating influence on prices to grain growers. At the retail level, Alberta Pool did its best to be responsible in pricing. In the end, farmers who bought Pool fertilizer did so at cost.

The research work conducted by W.C.F.L., and paid for in part by farmers who bought Pool fertilizer, has enabled agronomists to make helpful suggestions to producers. For example, the documented advantage of banding fertilizer, as demonstrated in W.C.F.L. research plots, has the potential of significantly increasing crop response per dollar of fertilizer investment. W.C.F.L.'s Research Department has taken a leading role in this area.

In the 15 years of W.C.F.L.'s operation, the financial requirements of the business have changed markedly. Projected maximum capital expenditures for updating and operating W.C.F.L. are cause for concern. These expenditures are basically for increased plant capacity and to meet environmental standards. Return on this investment is largely based

on anticipated future demand and the farmer's ability and willingness to pay for and use fertilizer.

To date, the earnings of W.C.F.L. show total net outflow of cash to the principals of 30.7 million dollars, 5.7 million as patronage refunds and 25 million as interest. Shareholders equity now exceeds 18 million dollars.

Conspiracy Trial

Following a 150 day trial of charges that certain fertilizer manufacturers engaged in price-fixing between 1965 and 1976, Mr. Justice W. B. Brennan declared all those accused not guilty. When the trial ended, it had become the longest trial ever held in Alberta. Thousands of documents had been seized from all defendants. In finding the accused not guilty, Mr. Justice Brennan left no shadow of doubt, in fact, he took pain to list a number of precedents for his decision. He summarized the case under four headings: intent to limit competition, price-fixing, conspiracy to fix price and/or limit competition and product trading. The exoneration was most clear and complete.

It is worth noting that W.C.F.L. and other defendants did everything possible to persuade the Crown to withdraw charges before the hearing. However, the Crown Prosecutor elected to proceed. One result is Western Canadian farmers must pay twice (total for defense costs and partially as tax payers for the Crown). It is your Board's contention that there could be no possible motive for conspiracy by W.C.F.L. with its competitors since the total net savings for W.C.F.L. belong to the farmer-member.

B.S.B. Elevator

On June 4, 1980 the revolutionary B.S.B. Elevator at Magrath was officially opened. Approximately 2000 people attended the first day's activities and toured the elevator. On the second day, grain industry officials from Kansas, Chicago, Minneapolis, Saskatchewan, and Alberta were given a detailed tour and review of the elevator.

In March 1980 construction of a second B.S.B. Elevator at Fort Saskatchewan was approved by your Board, and in June the third B.S.B. was approved for Vegreville.

Alberta Pool joined with Buffalo Engineering Ltd. to form the partnership named Alberta Beton. Buffalo Beton Ltd., a wholly owned subsidiary of Alberta Beton, was established as the domestic marketing company and an international marketing company is also being established.

To date, a number of foreign grain handlers, design engineers, and governments have shown an

interest in the concept. A presentation on a terminal design has been made to the Prince Rupert Grain Consortium.

Two-Price Wheat

The Minister responsible for the Canadian Wheat Board announced on May 26, 1980 that the maximum and minimum price for top-grade western spring wheat used domestically for human consumption would be increased. Alberta Wheat Pool's Board had encouraged a move to higher prices.

The price of Red Spring Wheat was raised effective August 1st to a maximum of \$7 and a minimum of \$5 per bushel from the previous levels of \$5 and \$4 per bushel. The minimum price of Durum Wheat was set at \$5 per bushel, and the ceiling price was removed at the end of the crop year.

Canadian Grain Commission

At the beginning of the 1979-80 crop year there was a new development in country protein testing. On August 1, 1979 the Wheat Board began paying grain companies a small allowance for all wheat binned at terminal position as No. 1 C.W.R.S. 13 $\frac{1}{2}$ % protein. The payment was called a protein selection allowance and was to be used by grain companies to buy protein testing equipment and to develop protein testing systems for country elevators. This special one-year allowance gave grain companies an incentive to maximize shipments of No. 1 C.W.R.S. 13 $\frac{1}{2}$ % protein.

The Canadian Grain Commission also announced at the beginning of the 1979-80 crop year that the two new high protein grades (Extra 1 and Extra No. 2 C.W.R.S.) would continue in effect throughout the crop year.

Effective August 1, 1980, the Canadian Grain Commission made provision for the establishment of 13.5% No. 1 C.W. as a separate grade. There will be a higher initial payment at the time of delivery and premiums received from the sale of high protein wheat should be reflected in the final payment.

The Grain Commission also announced a number of other changes in statutory grades for the 1980-81 crop year.

Canadian Wheat Board

When the Canadian Wheat Board announced initial payments for the 1979-80 crop year, there was a price decrease for almost all grains. The lower initial prices reflected world market outlook. However, before the crop year began, grain prices rose sharply. Activity of the U.S.S.R. within the market was a

major factor in the price increase. In reflection of market demand and volatile prices, the Canadian Wheat Board adjusted the initial payments for wheat and barley effective October 15th. The adjustment cheques covered all deliveries of wheat and barley from the beginning of the crop year.

The Wheat Board had negotiated a number of very good sales throughout the crop year. Some of the major ones included 2 million tonnes of wheat to China (September 1979) and a second sale late in the crop year for 1.4 million tonnes of wheat. This latter sale included some winter wheat, which was a first for Canada in sales to the Peoples Republic of China. In February 1980 a sale of 1.3 million tonnes of wheat and 800,000 tonnes of barley was made to Japan.

The first hopper cars ordered by the Canadian Wheat Board were delivered in November 1979. All 2000 cars were in service by March of 1980 for use during the earliest opening navigation in the seaway history. These cars were an important factor in the record grain movement.

Late in the crop year, with Canada's barley supply at a record low, the Canadian Wheat Board reduced deliveries to export markets to assure adequate Canadian feed supplies. At prices which prevailed, every tonne of western barley shipped east to the eastern feed market cost western shippers up to \$40, which was the premium available on the export market. Later in the crop year there was pressure from organizations in Ontario to obtain export permits for Ontario produced barley. The Canadian Wheat Board refused to grant these permits. If the barley was exported from eastern Canada it would be replaced by western barley at lower-than-export price. The Board has supplied about 1.5 million tonnes each year into the eastern feed market. An important question is, should the Canadian Wheat Board be required to supply feed grains if the eastern grown feed grains are going to be marketed outside of Canada at a considerable price advantage over the dictated domestic price?

Grain Transportation Authority

In October 1979 Dr. H. Horner was appointed Grain Transportation Coordinator by Transportation Minister Don Mazankowski. Dr. Horner and the Grain Transportation Authority (G.T.A.) were given responsibility for overall performance to 1985 of Canada's grain handling and transportation system. Once responsibilities were defined by the Federal Government, and objectives set by the G.T.A., Alberta Wheat Pool communicated openly with Dr. Horner and his staff. The Authority was able to propose several desirable procedures. However,

some proposals were resisted when they were not considered to be in the best interests of Alberta Pool or its members.

The fact that the G.T.A. took over the allocation of rail cars, including both Board and non-Board grains, relieved the Board of some undue criticism.

At the time of writing, Dr. Horner had resigned and the future of the G.T.A. was unknown.

Transportation Performance

Transportation, which has been a real bottleneck to grain movement and grain sales, appeared to be turning the corner during the crop year. The grain handling and transportation system went through periods when grain moved faster than ever before.

The purchase and receipt of additional rolling stock was a most important step. When all current orders are in place a 14,000 hopper car fleet will handle western grain. Combined with boxcar rehabilitation, new locomotives, branch line rehabilitation, main line upgrading, and particularly the impressive progress in upgrading country elevators and port terminals, the Canadian grain handling and transportation system is in better shape than ever. But to reach the export goal of 30 million tonnes by 1985, this kind of progress must continue.

Just when it appeared transportation improvements were being made, grain movement from southern Alberta was severely hampered by local labor problems in the B.C. interior. At the end of the crop year elevators were congested waiting for cars on C.P. lines. The car shortfall is penalizing farmers who are unable to deliver grain and it is slowing down the through put of the West Coast Terminals. At the time of writing, this major problem has not been solved. The Wheat Board has diverted some grain to Thunder Bay, but this will not solve the problem of ships waiting at the West Coast. It is clear that if Canada is to improve performance in grain transportation and handling, it will require co-operation from all components of the grain handling and transportation system.

Transportation Studies

Discussion on transportation issues in the grain industry continued throughout the crop year. Your Board worked to consistently present the policy position of Alberta Wheat Pool on transportation issues to the analysts, government representatives, and farm organizations reviewing grain transportation.

On August 3, 1979 a presentation was made to the three Member of Parliament Task Force named to review the Booz-Allen Report. Doug Neil, M.P. prior to writing the Neil Report which basically dealt with rail abandonment issues, also met with Alberta Wheat Pool for consultation. Active participation continued in the Unifarm Transportation Committee, the Western Agriculture Conference Transportation Meeting, and the Peace River Grain Handling and Transportation Study.

The Federal Minister, the Honorable Mr. Pepin, met with Alberta Wheat Pool representatives to discuss transportation issues.

In all cases, the policy formulated by Alberta Wheat Pool Delegates was presented as the official stand of the organization.

Rail Lines

During the crop year an Order-In-Council was issued by the Conservative Federal Government adding the following rail lines to the list to be frozen from abandonment for a five-year period: C. N. Stettler sub (from Ferlow Junction to Dinosaur), C.N., Acadia Valley subdivision (from Eyre Junction to Acadia Valley), C.P. Furness subdivision (from Epping, Saskatchewan to Paradise Valley). At the same time it was announced that the C.P. Langdon subdivision (Acme to Carbon) would be put in the permanent network. There was also an indication that the offline elevator concept would be tested.

Subsequently, the Liberal Government lifted the freeze on the above three lines. The lines are now being examined in hearing by the Canadian Transport Commission, together with nine other lines referred to the C.T.C. previously. These lines are: Benalto, Langdon (Carbon to East Coulee), Bodo, En diang, Strathmore, and Heinsburg.

Alberta Pool intends to appear at all hearings to present our position on each line. It is important that decisions are made on these lines to enable Alberta Pool to proceed with upgrading of facilities.

In January 1980 the C.T.C. held a hearing on the line to Gem that resulted in closure effective August 31, 1980.

With respect to the off-line elevator concept, Mr. Pepin has been quoted as saying "only one elevator company has expressed any interest at all in the off-track elevator concept."

Producer Car Situation

The number of producer grain cars shipped dur-

ing the crop year dropped by more than half. Prairie grain producers shipped a total of 2,078 cars carrying slightly less than 90,000 tonnes of grain. The producer car privilege is one your Board believes should remain with grain producers. However, the same rules that apply to the industry should apply to those utilizing producer cars. The exploitation of the privilege is a restriction on the general movement of farmer's grain. Some shippers and grain traders have utilized the system to accumulate rapeseed stocks in Vancouver where it is held for premiums. The result is terminal congestion and reduced shipments from the country.

Grain Museum

During the crop year an active search for supporting funds and a home for the Alberta Wheat Pool Grain Museum was conducted. An application to the 75th Anniversary Committee for matching funds was approved. Negotiations for space in the Calgary Exhibition and Stampede's new Trade Centre Building were successful. Model construction and planning of the museum continued throughout the year with the objective of opening for public inspection in March of 1981.

Membership

During the 1979-80 season, 2130 new members were accepted by the Board as compared to 1808 during the 1978-79 season. A total of 647 deaths were reported to us, and 864 memberships were cancelled. The net increase in membership totalled 619 members, increasing the membership strength from 56,705 to 57,324.

C.C.W.P.

At the Interprovincial Pool Board Meeting held in Saskatoon, discussion centered around the Western Agricultural Conference's position on transportation and the effect of the Russian grain embargo on Canada. Dr. Horner outlined the interchange agreement under negotiation with C.P. and C.N. Rail for shipments to Churchill. Concern was expressed over transfer of administration charges from the C.W.B. to elevator companies. A detailed report of C.C.W.P. activities has been included in our Annual Report.

Affiliation

Memberships in a number of organizations were maintained including Unifarm, and through it, the Canadian Federation of Agriculture. Other organizations where memberships were maintained were the

B.C. Federation of Agriculture, the Co-operative Union of Canada, the Canola Council of Canada, the Credit Union Central of Alberta, The Co-operators, Northland Bank, The Canadian Co-operative Credit Society, Co-op College, and the Co-operative Future Directions Committee. Your Association purchased 50 shares in Can-Farm Co-operative Service. Can-Farm was formed in 1978 to provide farm management services to Canadian farmers. The program has been transferred from the Federal Government to Can-Farm Co-operative, and is now being marketed across Canada. Alberta Pool also joined Western Transportation Advisory Council (Westac). The goal of Westac is to work toward achieving the efficient movement of goods within, and between the four western provinces and to domestic and world markets.

A corporate membership was established with Canada West Foundation. It is a pro-Canadian, non-partisan and non-profit research organization dedicated to a strong, viable West and North within Confederation.

BOARD OF DIRECTORS

Officers of the Board of Directors elected for the year were as follows: President, A. J. Macpherson; First Vice-President, H. R. Patching; Second Vice-President, G. W. Braithwaite. These three Directors were also elected to the Boards of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies, and Pool Insurance Company. Messrs. Macpherson and Patching served on the Board of W.C.F.L., and the Management Committee of Alberta Food Products.

Mr. Macpherson serves on the Executive Committee of Western Co-operative Fertilizers Limited, as President of Western Pool Terminals Ltd., Ridley Grain Ltd., and Prince Rupert Grain Ltd. and Chairman of Pacific Elevators Limited, the Management Committee of Alberta Food Products, and as a Vice-Chairman of XCAN Grain Ltd.

Mr. Patching was elected to the Unifarm Provincial Council, the Unifarm Board of Directors and Executive, and also elected to the Canola Council of Canada Board. He served as the Chairman of the Alberta Wheat Pool Grain Museum Society.

Director Jacobsen was elected to the Unifarm Provincial Council, as was Delegate Jack Riddle.

Mr. Braithwaite was appointed to the R.E.D.A. Policy Council, was elected a Director of XCAN Grain Limited, and elected a Director of Co-op College of Canada and Vice-Chairman of the Alberta Regional Board for the College.

Mr. Lorenz served on the Western Grains

Standards Committee, as did Delegate Eric Axelsen.

General Manager, J. W. Madill, served on the Boards of Western Co-operative Fertilizers Limited, XCAN Grain Ltd., Western Pool Terminals Ltd., Pacific Elevators Limited, Ridley Grain Ltd., Prince Rupert Grain Ltd., Chairman of Western Grain Elevator Association, as a member of the Management Committee of Alberta Food Products and Chairman of Alberta Beton and Buffalo Beton Ltd.

In April, Bruno Friesen, Secretary, was appointed Administrative Co-ordinator and Executive Assistant and Dale Riddell, Manager of Advertising, was appointed Secretary.

Mr. Friesen, as Secretary, served on the Board of P.O.S. Pilot Plant Corporation, on the Management Committee of Alberta Food Products, and on the Co-operative Future Directions Committee.

Directors and senior staff served on numerous industry associated committees throughout the year.

ELECTION OF DELEGATES

Delegate elections were held in all odd-numbered sub-districts in 1980. Twenty-nine delegates were re-elected by acclamation. Elections were held in six sub-districts where more than one nomination was received.

Ken Galloway of Fort Saskatchewan was re-elected in sub-district 605 and Orest Farion of Vegreville in sub-district 603. Don Baker of New Norway was elected in sub-district 409. Delegates elected and serving as delegate for the first time are Frank Nemeth of Picture Butte in sub-district 107, Alfred Aasen of Brooks in sub-district 303, and Ken Shalka of Fort Kent in sub-district 609.

We congratulate all delegates who were elected or re-elected on being successful. Our appreciation is extended to the unsuccessful candidates who demonstrated their interest in the organization by participating in the Pool's democracy.

PROPERTIES

For the crop year 1980-81 your Board authorized construction of new elevators at Bashaw, Bow Island, Drumheller, Penhold, Provost, Stavely, and High Level. The capital budget approved for the 1980-81 crop year totalled \$23,030,573 (with recoveries of \$1,321,575) and a carryover from last year amounting to \$9,440,011. It will provide for 7 elevators, 7 dwellings, 5 annexes, 2 sets of steel storage tanks, 2 bulk fertilizer plants, several elevator conversions to fertilizer plants, 6 warehouses and a major distribution center. The elevator at Acheson was added to a list of closures to

be effective July 31, 1980. Elevator closures effective July 31, 1981 were approved for Egremont, Kirkcaldy and McNab. Closures due to rail line abandonment were Gem and Glenwood.

PUBLIC RELATIONS

The emphasis on member relations continued in 1979-80. Important evidence of member attitude and desires was again obtained through the member opinion survey. The public relations department was involved in first person communication with hundreds of Pool members during the year.

Public functions held during the year reflected favorably on your organization. Relationships with agencies and organizations affiliated with Alberta Pool continued to be cordial, as did contact with the public news media. A closer association with youth groups including 4-H developed. A series of seminars to commemorate fifty years of sponsorship by Alberta Wheat Pool later in 1980 was enthusiastically supported by Alberta Agriculture.

MEMBER COMMUNICATION

In the past crop year your Board detected a renewed interest by members in the affairs of their organization and member participation appeared to be increasing. It is a very encouraging trend for our Co-operative, and one that your Board hopes will continue. Board members spoke frequently on a one-to-one basis and in committee meetings with Delegates and members. Directors met formally on two occasions in the crop year to communicate with their Delegates. These sessions were most beneficial for the purpose of keeping Delegates up-to-date on Board interests, but even more important was the opinions, concerns and guidance Directors received from the Delegates in these meetings.

PRESIDENT'S ACTIVITIES

Your President, Mr. Macpherson, spent literally hundreds of hours in extensive travel and negotiations involving the Prince Rupert grain terminal. Guiding the Consortium as Chairman involved the Pool President in sessions of negotiation and communication with Federal and Provincial Governments, the National Harbors Board, Consortium members and other key players associated with this massive project.

Major industry sessions attended by your President included: Agriculture in the 80's in Saskatoon, International Federation of Agricultural Producers grain meeting held in Regina, and the International Conference of Co-operative Board Chairman in Monterey, California.

GOLD EYE LAKE FOUNDATION

With the Department of National Revenue's recognition of Gold Eye Lake Foundation as a charitable organization, funds have been committed by a number of co-operative organizations to assist in the fund raising campaign for Gold Eye's upgrading program. Engineering studies for an improved sewage and water system have been conducted and plans for facilities are being formulated. Mr. Macpherson is a Board member of this Foundation.

STAFF

The record results achieved this year in grain handling and agro sales reflect the dedication of Alberta Pool employees as well as their hard work and sincere efforts in serving farmers.

The Board extends its gratitude and appreciation to staff members.

IN MEMORIAM

Heart-felt sympathy is extended to the friends and relatives of former elected officials of the Alberta Wheat Pool who passed away. We wish to acknowledge with gratitude the contribution these people have made to the Association.

E. J. Konynenbelt of Nobleford served as a Delegate from 1964-78. He passed away on July 21, 1980 at the age of 68 years.

John Luoma of Trochu served as a Delegate from 1960-68. He passed away on July 23, 1979 at the age of 91 years.

Charles Paterson of Mayerthorpe served as a Delegate from 1948-61. He passed away on February 1, 1980 at the age of 80 years.

W. F. F. Shaw of Vegreville served as a Delegate from 1935-37. He passed away on November 3, 1979 at the age of 84 years.

Ray W. Wood of Carstairs was a Delegate in the early 1950's. He passed away on March 3, 1980 at the age of 87 years.

CHALLENGES FOR THE FUTURE

In inflationary times such as we are now experiencing, a major challenge will be to generate sufficient earnings to enable the organization to perpetuate and improve its services to members. This year's record earnings seem high in dollar terms until it is remembered that the buying power of this capital has been reduced drastically by inflation. Further, Alberta Pool has already committed itself to some major capital investments in the next few years.

Prince Rupert is just one example. Meeting these capital requirements will depend on the grain cycle, the organization's performance and the farmer's support of his own organization.

The effect of inflation on farmers is also a major concern to Alberta Pool. Farm commodity prices must increase to enable producers to continue managing their business in a viable fashion. Only a reasonable return will provide an incentive for farmers to produce. Farm operating costs are rising steadily and commodity prices have not kept pace. If this trend were to continue, serious and far reaching farm ownership changes would follow. In a recent forecast published by the Chase Manhattan Bank, future expected costs of some farm inputs were listed and fertilizer prices according to the report, are expected to increase drastically in the next few years. The forecasters indicate that by 1985 ammonia prices will increase threefold, urea and nitrate fertilizer prices by over two and a half times 1980 prices.

Transportation will remain a key issue in the future as Canada attempts to increase her grain exports and thus maintain that commodity's multi-million dollar stimulus to the Canadian economy. How the transportation issues are handled is of great concern to your Board. If the demand for Canadian grain continues to increase as projected by the Canadian Wheat Board, additional investments in rolling stock will be necessary as early as 1981. Equally important is the cooperation of manpower employed by railways and their willingness to permit increased productivity. As seen this fall, labor disputes have the capability of paralyzing the system. When grain isn't moving, congested elevators and low quotas interfere with farmer's business. A clogged system places a hardship on the producer's financial commitments and industry sales can be lost or placed in jeopardy.

Alberta Wheat Pool must continue emphasizing the need for statutory grain rates, and further, that the Crow-Snavely gap subsidies must be paid by Government directly to the railways. There is a need for a guarantee of performance by carriers. Any future adjustment in the compensatory rate as a result of changes in transportation costs due to inflation should be arrived at through negotiations between the Federal Government, the railroads and producers. Progress has been made in this policy area and the Pool's position has been adopted by a broad base of grain and livestock producers.

The Alberta Government is now in the business of grain handling in areas where service and facilities are already available. Will the Alberta Government be competing with the private grain handling industry? Just how these government terminals will be used has yet to be clearly defined. Hopefully a sys-

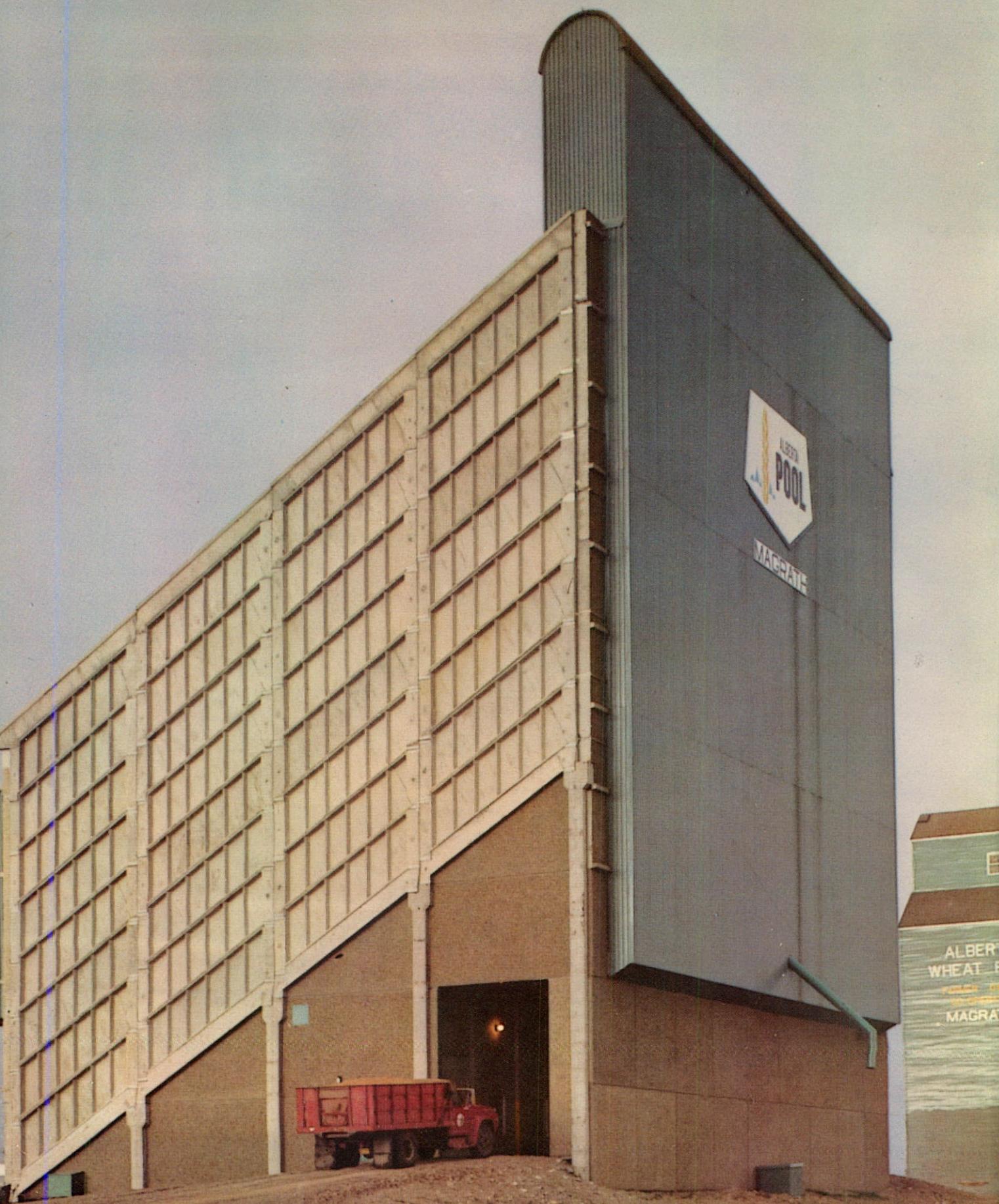
tem of mutual benefit to all concerned can be employed.

The future cost and availability of energy for agriculture is also of particular interest. Your Board believes the public needs to be continually reminded of agriculture's need for energy in order to continue producing food economically. In times of short energy supply and high prices, agriculture should have priority and protection as a matter of policy. An early commitment by the Government of Canada to this effect is very important. Agriculture also has a stake in seeing Canada seek self-sufficiency in energy through early development of the oil sands.

Your Board is most interested in receiving guidance on the issues raised in this report in order to keep the Alberta Wheat Pool responsive to the needs and wishes of its members.

All of which is respectfully submitted.

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



REPORT OF THE GENERAL MANAGER on the 1979-80 Crop Year

*J. W. Madill
General Manager*



To the President and Directors,
Alberta Wheat Pool

Gentlemen:

Alberta Wheat Pool enjoyed one of its most successful years ever during 1979-80. A good crop of high quality, relatively good train service during the early part of the year, the favorable effects of some of the new ventures, the careful stewardship of resources, the competitive stance taken by your organization, and the dedication of employees all contributed to records being established in most areas of operation.

Alberta Food Products, our rapeseed crushing plant at Fort Saskatchewan, came on stream in September 1979 and although a small loss was sustained due to start up and a partial years operation, results were better than had been expected. Operations of the new Buffalo Sloping Bin (B.S.B.) elevator at Magrath commenced in June 1980 and construction began on two additional B.S.B. sites, at Fort Saskatchewan and Vegreville.

The Prince Rupert terminal agreements with the National Harbours Board became reality after months of effort and uncertainty. This terminal should play an important part in making exports of 35 million tonnes by 1990 a possibility.

Grain handlings at country and terminal elevators increased substantially over last year. Member delivery opportunities were generally favorable, except in southern regions of the province. Crop product sales set new records buoyed by good fall sales and competitive pricing strategies.

Earnings were substantially better than a year ago due to record handlings, and good grain and agro products' sales.

Crop & Market Condition

Generally favorable crop conditions prevailed during 1979. By early June, seeding was completed and timely rains in most regions insured good crop growth and development. Adverse weather conditions prevented many farmers from spraying, and consequently, crops were weedy and high dockage resulted. By the end of September, most harvesting was completed. Both yield and quality of the crops were good, and only a small amount was harvested in a tough or damp condition.

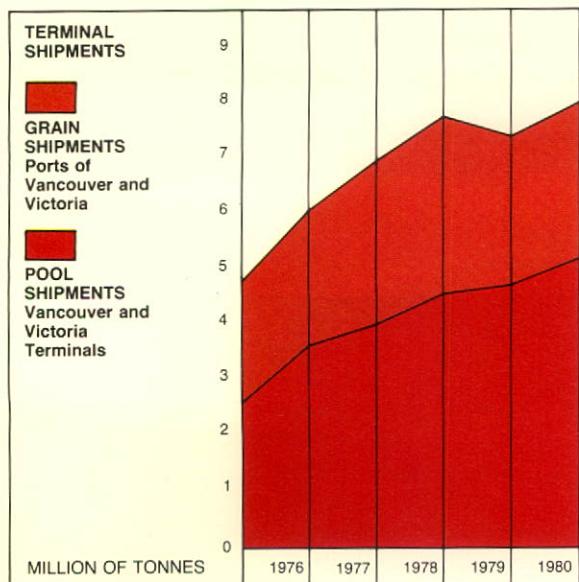
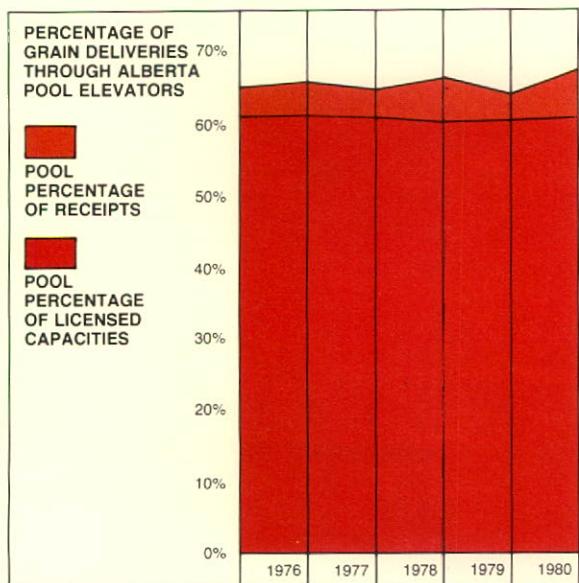
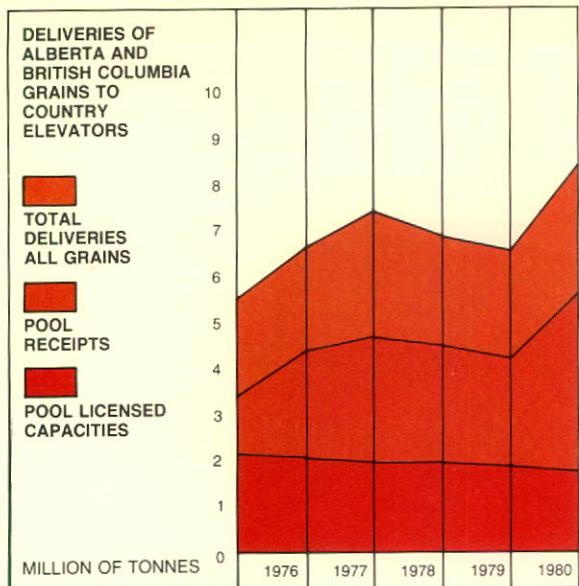
In 1979 Canadian grain production of the six principal grains totalled 33.4 million tonnes, compared to 39.8 million tonnes the year before. Grain production in Alberta reached 11.4 million tonnes, of which 4.0 million tonnes were wheat, 4.55 million tonnes were barley, and 1.44 million tonnes were rapeseed.

Country elevator receipts during 1979-80 totalled 27.2 million tonnes, compared with 22.6 million tonnes a year earlier. Wheat and wheat flour exports at 15.8 million tonnes were up 2.7 million tonnes from the year previous.

Canadian farm stocks of the six major crops at year end stood at 6.6 million tonnes, down from 13.9 million tonnes in 1979. In Alberta, farm stocks of all grains, except rapeseed and flaxseed, were reduced; the biggest decrease occurring in barley, which dropped from 1.4 million tonnes in 1979 to 0.5 million tonnes in 1980.

Country Operations

The crop year began with Alberta Wheat Pool having 1,034,869 tonnes of grain in store and some 61 elevators congested — well down from the 249 congested at the same time a year earlier. Congestion became a more serious problem during October but



then eased for much of the remainder of the year, resurfacing in July. An average of 89 elevators were congested during the year. The Pool's year-end stocks rose to 1,145,816 tonnes, utilizing 59% of our total elevator space.

Elevator congestion continues to be a problem as it has for many years, as it limits members in using the elevator of their choice. Added to this is the now seemingly ever-present problem of railway shortfalls in car spottings. These shortfalls cause your organization to lose out on car allocations and consequently handling percentages, since the railways, once the situation becomes serious enough, seem to prefer spotting cars on a one-for-one basis with the opposition. During the past year car shortfalls were particularly troublesome on C.P. lines.

Country handlings suffered a slight setback late in the year due to reduced rail service in Southern Alberta. Nevertheless, handlings reached an all-time high of 5,582,811 tonnes, surpassing 1978-79 handlings by 1,414,822 tonnes and the previous record by 824,172 tonnes. Your organization's percentage of grain deliveries increased to 67.05% from 64.39% a year ago. The average handling per elevator manager at 14,059 tonnes was up appreciably from 10,102 tonnes in 1978-79.

Alberta Pool's shipping allocation increased from 57,358 cars in 1978-79 to 75,291 in 1979-80. This, however, represents only 3.94 cars per week per manager, and is well below the capability of our country system. Larger points are particularly disadvantaged by the absence of regular weekly spotting of cars.

High quotas established by the Canadian Wheat Board caused some problems during the year. C.N.R. lines were at times hard-pressed to generate enough grain to fully utilize rolling stock, while performance on C.P.R. lines from January 1, 1980 until the end of the crop year was most inadequate to handle the grain on existing quotas. Operating problems and dissatisfied members resulted, with the Canadian Wheat Board eventually having to defer existing year-end quotas into the new crop year.

The Pool's feed grain sales rose to 812,000 tonnes, up from 682,000 tonnes in 1978-79. Sales opportunities developed early in the crop year, and by taking advantage of this market and as a result of the aggressive stance taken by the Pool, further penetration of all markets served by your organization was possible.

Alberta Wheat Pool shipments to Eastern Cana-

dian destinations totalled 1,029,728 tonnes, as compared with 857,253 tonnes last year. Shipments to Thunder Bay increased to 873,447 tonnes, of which 529,711 tonnes was unloaded at the Saskatchewan Wheat Pool's terminal. All rail shipments to Eastern Canada increased to 96,139 tonnes from 56,740 tonnes a year ago. Pool shipments to Canadian Government Elevators, Churchill, Prince Rupert and Alberta Terminals Limited decreased to 134,957 tonnes from 184,524 tonnes a year earlier. Shipments to Churchill were 77,760 tonnes, an increase of 9,760 tonnes over last year, while unloads at Prince Rupert decreased substantially from 78,772 tonnes in 1978-79 to a low 15,967 tonnes this year.

Occasioned by the establishment of the special grades of wheat based on protein content, 21 protein testers were installed at various elevators throughout the province in an effort to provide this added service to our members; but also to assist in trying to ascertain what problems might be encountered. Generally the program worked well and much useful experience was gleaned.

The Grading and Selection Department encountered a slight reduction in the total number of samples tested. Individual samples graded totalled 35,413 as compared with 39,332 in 1978-79 when a poorer quality crop was experienced. Protein testing of wheat samples, however, increased to 10,064 from 5,873 last year.

Sales of selected barley to export and domestic markets increased to 221,300 tonnes as compared with 164,000 in 1978-79. Both markets showed improvement and the Pool's share of the provincial over-quota selected barley permits increased favorably over a year ago.

Audits completed at 134 stations reflected a slight gross overage of 0.133%. This is well within the 0.25% tolerance established by the Canadian Grain Commission, and demonstrates the care taken by your elevator managers in weighing members' grain deliveries.

On April 14th, 1980 the Canada Labour Code regulating hours of work for Elevator Managers came into effect. Steps were taken to comply with the law while maintaining that Elevator Managers and Assistant Elevator Managers should continue to be exempt. Action has been initiated to request a court decision on the status of Elevator Managers relative to these regulations.

Four elevators were lost to fire during 1979-80. These fires occurred at Drumheller, Penhold, High Level and Wayne.

Terminal Operations

Port of Vancouver terminal receipts reached 8,135,124 tonnes in 1979-80, well above the 7,272,609 tonnes handled a year earlier. Alberta Wheat Pool and Pacific Elevators Limited terminals, at 2,690,949 and 2,494,206 tonnes respectively, together handled 63.74% of port receipts. Terminal receipts and shipments increased substantially a year ago with record handlings in excess of 100 million bushels recorded at each terminal. The major contributing factor was increased handlings of wheat at both terminals, more than compensating for the reduction in receipts of rapeseed.

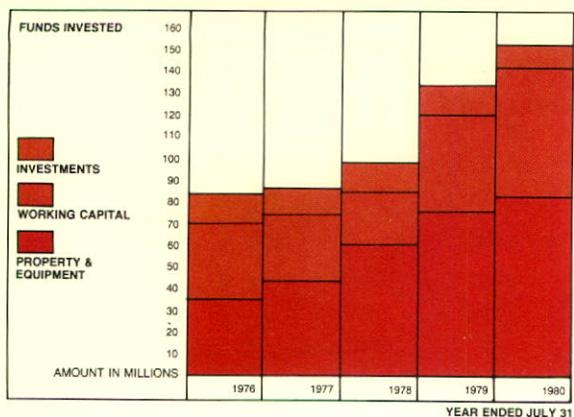
On February 9, 1980 Alberta Wheat Pool began managing the terminal at Prince Rupert on behalf of the Consortium. Receipts to the end of the year totalled 694,216 tonnes, which is 70% of the 1978-79 and 96.3% of the 1977-78 handlings when the terminal was operated by the Federal Government.

Grain movement in and out of the terminals was somewhat less sporadic this year than a year earlier. Record handlings were achieved with the assistance of terminal staff working many weekends, commencing in October when the Second Narrows railway bridge was disabled. Between October and February, with the bridge out and the B.C. Railway strike-bound, a very heavy workload was placed on your terminals. During this period the Alberta Wheat Pool terminal unloaded a number of Durum cars which were trucked to the Saskatchewan Wheat Pool terminal located on the North Shore.

Shipping was affected by continuous shortages of longshore gangs to load ships. The buildup of "free" rapeseed stocks at Pacific Elevators also affected operations and eventually forced a reduction in car unloading at Pacific #3. Although the Grain Transportation Authority set a limit of 100,000 tonnes of rapeseed stocks at the port, volumes at times rose to 140,000 tonnes, of which 50,000 to 60,000 tonnes were "free" stocks; that is, without an export commitment. As a consequence of this development, Alberta Wheat Pool suffered substantial demurrage costs because it was unable to move rapeseed forward to meet its export commitments.

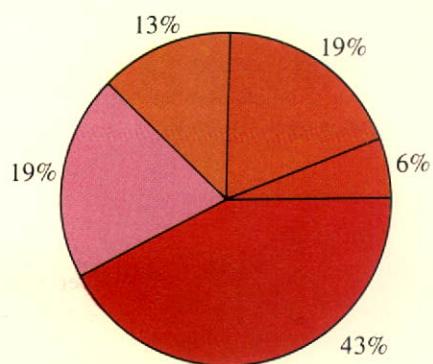
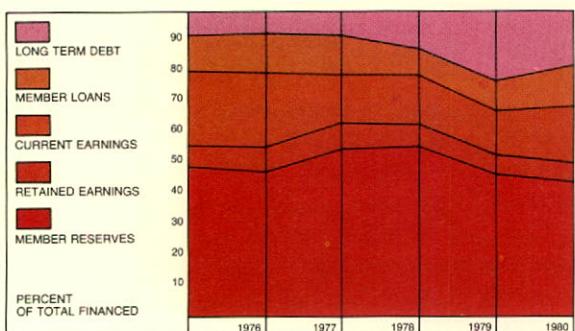
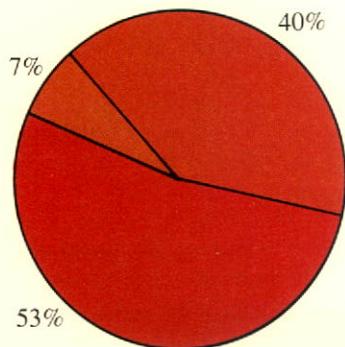
This year, in contrast to the trend of previous years, a smaller percentage of the total grain movement was represented by hopper cars. Although car unloads increased to 147,354, some 19,000 higher than last year, only 45.7% were hopper cars, as compared with 49.0% of the total a year ago.

For the second year in a row, the number of vessels waiting for berths decreased. Seven vessels



were waiting at the start of the year and this number increased to 17 at the end of August, but then dropped to zero by the end of the crop year.

Labor relations continued very stable during the past year. Safety Committees established at Vancouver have had a positive effect on accident reduction. With the takeover of the Prince Rupert terminal, considerable time and effort was devoted to working out an agreement with the local Union, which now is a part of the Grain Workers Union, Local 333, C.L.C.



Marketing Division

The sustained high level of crop production Alberta farmers are now achieving requires the use of increasing amounts of inputs, a technology Alberta farmers have quickly adopted, and the 1979-80 year was no exception. Alberta farmers have clearly indicated their willingness to increase crop production with fertilizer and chemicals and other crop inputs when provided with sufficient incentive. While fertilizer use in Alberta declined by 2.7%, due mainly to the dry conditions in the spring, the use of chemicals and other inputs increased.

Total sales of farm supplies by Alberta Wheat Pool were \$90,654,000, a 29% increase over the year previous, which established a new record for your organization. After adjusting for inflation, it is estimated that real growth increased by 20% over the year previous.

Forage seed growers were paid \$5.8 million for seed delivered in 1979-80, a 29% increase over the previous year for approximately 2% more seed.

The amount of cereal seed marketed to members remained relatively constant but a highlight of the year was the sale of 32,000 bushels of export rapeseed to Russia for seeding purposes.

A new distribution centre was opened in Vermilion in February 1980 to serve members' needs in Northeastern Alberta, bringing the total number of such centres to seven. The Marketing Department has decentralized some of its activities by increasing the responsibility assigned to the distribution centres.

The Bow Island bean plant completed a successful year in its first full year of operation under Alberta Wheat Pool ownership. The average price per cwt. paid to the grower for dry edible beans was 73.5% greater in 1979-80 than one year ago due to improved world markets and volumes handled.

Your organization continued its search for new

markets for Canadian seed with a seed mission to Poland, Romania, Hungary, Sweden and Finland.

Continued emphasis was given to the development of new crops and varieties, with increased activity in testing foreign-bred varieties of cereals and oilseeds for their suitability to Western Canadian conditions.

Engineering, Construction and Maintenance

Improvements to facilities in line with members' needs and expectations continues to be the major emphasis of the Construction Department. The increase in handlings of both grain and agro products this year placed growing demands on this Department and has seen repair costs rise 24% over the previous year. Hiring of suitable employees is becoming increasingly difficult. Keeping the repair program up to date is receiving careful continuing attention.

During the year six new elevators were constructed, including one 3,640-tonne composite at Hythe and four 4,760-tonne composites at Legal, Nampa, St. Paul and Schuler. The first "Buffalo Sloping" bin 5,480-tonne precast concrete elevator was completed and officially opened June 4, 1980.

Cribbed annexes were constructed at Alliance, Castor and Rycroft. Three steel annexes were added to facilities at Youngstown. Six annexes were transferred, in most instances from one elevator to another at the same point, at which time a number of other improvements were also made to the facility.

Seven 400-tonne bulk fertilizer plants at Coronation, Fort Saskatchewan, High Level, High Prairie, Westlock and Willingdon were constructed during the year. All of these plants are equipped with hopper scales and blenders. Three elevators, at Cluny, Grassy Lake and Magrath, were converted to fertilizer storage. A number of additional elevators have been emptied and readied for conversion which will follow shortly. An additional 9 warehouses and bag fertilizer sheds were constructed, with major installations located at Dawson Creek, Falher, Vermilion and Westlock.

Anhydrous ammonia tanks were installed at Boyle, Iron Springs, Legal, Milk River, Vegreville and Westlock.

The modernization program included the dismantling of 33 elevators and associated buildings, installation of 22 larger receiving scales, 2 shipping legs, 13 dust collectors, 12 car pullers, 2 new offices, 4 additions for private office use, and conver-

sion of receiving scales to metric. Eleven new dwellings were built or purchased.

As at July 31, 1980 country construction personnel totalled 1980, including foremen. All dwelling and elevator painting was contracted.

Operating Results

Consolidated earnings of the organization and its subsidiaries after provisions for income taxes were \$28,799,000 compared to the previous year of \$21,516,000. This earning will provide a record return to our members in the form of patronage refunds both in volume and in rate per tonne of grain delivered to their own facilities. It will also provide a sound base for the replacement of facilities whose costs are increasing rapidly as a result of continued high inflation.

Increases in grain revenues reflected the record volumes of grain handled both at the country and terminal locations.

Contribution to earnings by the Marketing Division exceeded the previous year; but due to extreme competition, particularly in fertilizer pricing, the margins continue to be unsatisfactory to adequately provide facilities and service to the member.

Working capital increased to over \$60 million due to good earnings, increased lending to the organization in the form of member loans reflecting high interest rates, and a lower-than-expected expenditure on authorized capital projects.

Disposition of the previous year's earnings as authorized by the Delegate body caused an increase in member reserves of \$7,141,700. The reserve total is now \$65,953,700. Included in the disposition was a cash refund of \$8,223,900 and purchases of reserves of \$5,630,800. Cash returned to the member from the previous year's net earning was 64% of the total available.

Member reserves were purchased from retired members, the estate of deceased members, members age 66 who had not received a previous purchase, and reserves on a member number basis to provide a revolving of the reserve structure.

Subsidiary Companies

Pacific Elevators Limited operates the Vancouver Terminal facilities owned by Western Pool Terminals Ltd. These two companies are owned by: Alberta Pool - 60%, Saskatchewan Pool - 30%, and Manitoba Pool - 10%. Earnings of the operating

company are distributed in accordance with the Pacific Shippers' agreement in proportion to grain consigned to the terminal.

The oilseed crushing plant that operated for ten months after start-up in September 1979 is owned by Alberta Food Products, a partnership with Alberta Pool owning 60% and Japan Alberta Oil Mill Co. Limited 40%. The accounts of the partnership are consolidated on a line-by-line basis in proportion to ownership.

Alberta Beton (formerly Agritec Engineering Systems) is a 50%-owned partnership with Buffalo Engineering Ltd. The partnership owns Buffalo Beton Ltd., which contracts to construct the Buffalo Sloping Bin grain elevators. The accounts of the partnership are not consolidated.

Interior Feeds Limited remains a dormant company. During the year Pool Feeds Alberta Limited was incorporated, but was inactive at year end.

Administration

Rapid timely information transmission is becoming increasingly important. Your management, aware of this need, is moving ahead with the Country Managers' Information System, which will see 12 mini-computers installed at country points by March 1981. It is expected that following the test period, 20 country installations will be occurring monthly until all selected points are serviced.

The ever-changing nature of our environment strengthens the need for continued forward planning. It is necessary for your Organization to continually monitor and assess the sphere in which it must function. To this end, an Environmental Impact Study was completed during the year.

It has provided a useful profile of members and given some indication of their vision of and needs in the future.

Your Organization continues to play a significant role in the evaluation of the grain handling and transportation system through its activities in many industry committees, groups and task forces. Our

leadership in the Prince Rupert Consortium is finally seeing results.

During 1979-80, Alberta Wheat Pool maintained employee policies and procedures to assure provision of human resources of the highest quality and quantity required for the achievement of member service objectives. Staff increases from 1,878 to 1,965 during the crop year were carefully related to the organization's growth and expansion.

Continued attention to employee training and development, health and safety programs for all personnel, competitive wage and salary levels with favorable working conditions in general, greater attention to "quality of life" in the workplace make Alberta Wheat Pool a preferred employer.

In its third year of operation the Elevator and Warehouse Managers' Training Program at Olds graduated 40 trainees. Since inception of this program, 82 potential elevator managers have attended. An advanced training course attended by 62 managers, assistant managers and marketing personnel emphasized technical information, human relations and sales training.

As a leading co-operative, Alberta Wheat Pool has unique "people responsibilities". Recognition of those responsibilities — social and economic — by your organization, is reflected in the performance of its employees. The outstanding year just completed is evidence of your employees' dedication and we wish to express our appreciation to them for this effort.

Respectfully submitted,



J. W. Madill,
General Manager



ALBERTA WHEAT POOL
and Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
July 31, 1980

	1980	1979
Current assets		
Cash	\$ 2,054,066	\$ 702,199
Inventories (Note 2)	192,898,640	146,434,113
Accounts and accrued items receivable	69,104,799	46,132,724
Prepaid expenses	4,203,751	4,619,123
	<hr/> 268,261,256	<hr/> 197,888,159
Deduct		
Current liabilities		
Cheques and cash tickets outstanding	50,655,118	33,595,007
Bank loans (Note 3)	96,455,981	73,930,000
Call and short-term loans	22,536,700	18,683,200
Accounts payable and accrued charges	28,959,820	20,726,734
Staff savings	6,882,143	4,750,163
Current maturities of long-term debt	2,184,823	1,477,727
	<hr/> 207,674,585	<hr/> 153,162,831
Working capital	60,586,671	44,725,328
Property and equipment (Note 4)	80,798,477	75,606,948
Investments and memberships (Note 5)	9,769,062	8,746,112
Development and preoperating costs	1,792,711	1,538,074
Goodwill	361,033	541,549
Funds Invested	<hr/> \$153,307,954	<hr/> \$131,158,011
Financed by		
Term loans from members and co-operatives (Note 6)	\$ 20,229,707	\$ 12,895,476
Long-term debt (Note 7)	29,669,872	29,798,498
Members' equity		
Reserves (Note 8)		
Authorized: \$80,000,000		
Issued to members	65,953,690	58,811,946
Earnings retained from prior years	8,655,642	8,135,444
Net earnings for the year	28,799,043	21,516,647
Total members' equity	<hr/> 103,408,375	<hr/> 88,464,037
	<hr/> \$153,307,954	<hr/> \$131,158,011

Approved on behalf of the Board

A. J. MACPHERSON, Director

H. R. PATCHING, Director

See accompanying notes to the financial statements.

ALBERTA WHEAT POOL
and Subsidiary Companies

CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended **July 31, 1980**

	1980	1979
Sales and other operating revenue	\$982,420,430	\$629,600,962
Cost of sales	858,596,904	538,512,766
Gross margin	123,823,526	91,088,196
Deduct Expenses		
Country facilities	28,132,403	24,044,455
Terminal operations	19,387,385	15,408,473
Administration and supervisory (Note 1)	17,039,720	14,560,780
Interest	21,883,716	9,293,605
Depreciation	8,581,259	6,264,236
	<u>95,024,483</u>	<u>69,571,549</u>
Net earnings for the year	<u><u>\$ 28,799,043</u></u>	<u><u>\$ 21,516,647</u></u>

CONSOLIDATED STATEMENT OF EARNINGS
RETAINED FROM PRIOR YEARS
For the year ended **July 31, 1980**

	1980	1979
Balance at beginning of year	\$ 8,135,444	\$ 7,767,505
Net earnings for previous year	21,516,647	15,555,375
 Less patronage refunds distributed		
In cash	8,223,887	4,528,843
In member reserves	12,772,562	10,658,593
	<u>20,996,449</u>	<u>15,187,436</u>
 Increase in Retained Earnings	520,198	367,939
Balance at end of year	<u><u>\$ 8,655,642</u></u>	<u><u>\$ 8,135,444</u></u>

**ALBERTA WHEAT POOL
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF CHANGES IN
WORKING CAPITAL**
For the year ended July 31, 1980

	1980	1979
Source of Working Capital		
Net earnings for the year	\$28,799,043	\$21,516,647
Add items not requiring a current outlay of funds		
Depreciation	8,581,259	6,264,236
Amortization of goodwill	180,516	42,895
Amortization of development and preoperating costs	127,709	—
	<u>37,688,527</u>	<u>27,823,778</u>
Increase in long-term debt	578,470	19,178,279
Proceeds from disposal of property and equipment	1,874,663	975,300
Increase in term loans from members and co-operatives	7,334,231	2,257,385
Redemption of mortgage bonds	—	5,000,000
Investment tax credits	670,446	2,843,489
	<u>48,146,337</u>	<u>58,078,231</u>
Application of Working Capital		
Additions to property and equipment	16,317,897	26,203,664
Patronage refunds paid in cash	8,223,887	4,528,843
Members' reserves purchased	5,630,818	4,102,858
Increase in investments	1,022,950	334,641
Increase in development and preoperating costs	382,346	549,034
Increase in current maturities of long-term debt	707,096	1,233,666
	<u>32,284,994</u>	<u>36,952,706</u>
Increase in working capital during the year	15,861,343	21,125,525
Working capital at beginning of year	<u>44,725,328</u>	<u>23,599,803</u>
Working capital at end of year	<u>\$60,586,671</u>	<u>\$44,725,328</u>

AUDITORS' REPORT

The Members
Alberta Wheat Pool

We have examined the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1980 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 and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Alberta Wheat Pool as at July 31, 1980 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 15, 1980

TOUCHE ROSS & CO.
Chartered Accountants

**ALBERTA WHEAT POOL
and Subsidiary Companies**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 1980

1. ACCOUNTING POLICIES

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

a) Principles of Consolidation

The consolidated financial statement include the accounts of Alberta Wheat Pool, its subsidiaries and partnership interest.

Subsidiaries	Percentage ownership
Western Pool Terminals Ltd.	60%
Pacific Elevators Limited	60%
Partnership Interest	
Alberta Food Products	60%

The partnership interest is included in the consolidated financial statements on the "line by line" basis to the extent of the Association's interest therein. All significant inter-company transactions have been eliminated.

b) Property and Equipment

Property and equipment is recorded at cost less investment tax credits earned. Depreciation is charged using the declining balance method at rates of 4% to 30%, designed to amortize the cost of the assets over their useful lives.

c) Investments and Memberships

Investments and memberships are carried on the cost basis. The Association's investments primarily consist of investments in and advances to two co-operative joint ventures, Western Co-operative Fertilizers Limited and XCAN Grain Limited. Revenue from these and other co-operative joint ventures is recognized in the accounts when patronage dividends are declared.

d) Development and Preoperating Costs

Development and preoperating costs represent the Association's 60% share in such costs recorded in the accounts of Alberta Food Products, which include all costs, other than those incurred to acquire property and equipment. These costs are being amortized on a unit of production basis over the first 1,500,000 tonnes of commercial production.

e) Goodwill

The Association is amortizing purchased goodwill over a ten year period ending 1982.

f) 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.

g) Foreign Currency Translation

Foreign currency long-term debt financing has been recorded at the rate of exchange in effect at the transaction date. Exchange gains and losses are recognized on the current portion of long-term debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

h) Net Earnings for the Year

Net earnings for the year, after providing for income taxes, will be distributed by way of patronage refunds according to the decisions of the delegates at the annual meeting. Income taxes of \$761,872 (1979 - \$830,217) are included in administration expenses.

2. INVENTORIES

Inventories are comprised of:

	1980	1979
Grain purchased for delivery to Canadian Wheat Board, valued at established delivery prices, after allowance for handling revenues yet to be earned	\$ 88,695,388	\$ 69,851,859
Grain valued on the basis of open sales contract and future contract prices, after allowance for margins yet to be earned	63,913,234	52,878,498
Other inventories, including seed and agro supplies, valued at the lower of cost and net realizable value	40,290,018	23,703,756
	<hr/> <u>\$192,898,640</u>	<hr/> <u>\$146,434,113</u>

3. BANK LOANS

Bank loans are secured by stocks of grain, seed and agro supplies and by a general assignment of book debts.

4. PROPERTY AND EQUIPMENT

Property and equipment is classified by operating divisions as follows:

	1980	1979
Country operations	\$ 70,387,497	\$ 64,225,025
Terminal operations	49,697,581	47,377,769
Marketing and administration	18,090,773	15,033,702
Processing plant	14,192,982	13,335,030
	<hr/> <u>152,368,833</u>	<hr/> <u>139,971,526</u>
Less accumulated depreciation	71,570,356	64,364,578
	<hr/> <u>\$ 80,798,477</u>	<hr/> <u>\$ 75,606,948</u>

5. INVESTMENTS AND MEMBERSHIPS

- Investments and memberships include the Association's investment of \$1,000,000 in preference shares of a company with operating losses which may reduce the value of this investment. As at July 31, 1980, no provision has been made in the accounts for any losses which may be incurred upon realization.
- During the year, the Association approved in principle a 34% participation in the construction and operation of a major grain handling facility at Prince Rupert, British Columbia. This venture is to be financed by the participating joint venturers and the Government of Alberta. Should the construction proceed as planned, the Association is committed to contribute significant capital which could be in excess of \$15,000,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	1980	1979
Alberta Wheat Pool		
Income debenture	\$ 9,900,000	\$11,100,000
Western Pool Terminals Ltd.		
6 5/8% mortgage	4,639,354	4,785,250
Advances from minority shareholders	3,189,737	3,227,278
Alberta Food Products		
8 1/2% term bills of exchange	175,604	263,357
Bridge financing contract	—	11,900,340
9 1/4% notes payable — U.S. \$12,000,000	13,950,000	—
	31,854,695	31,276,225
Less current maturities	2,184,823	1,477,727
	<u>\$29,669,872</u>	<u>\$29,798,498</u>

- a) The income debenture is secured by a first mortgage on land and 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.
- b) The 6 5/8% mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual installments of \$462,918, including interest.
- c) The 8 1/2% term bills of exchange are repayable in semi-annual installments ending in 1982.
- d) The 9 1/4% notes payable to the Prudential Assurance Company of America are secured by a first fixed mortgage on the land, a first floating charge upon the Partnership interests of Alberta Wheat Pool and Japan Alberta Oil Mill Co. Ltd. in Alberta Food Products and upon all of the property and assets of the Partnership, and by guarantees from the partners. This long-term debt is repayable in annual installments to 1994.

Repayment of long-term debt for the next five years ending July 31 are as follows:

1981 — \$2,184,823
1982 — \$2,129,367
1983 — \$2,074,355
1984 — \$2,086,072
1985 — \$2,098,565

8. RESERVES

Details of reserves issued to members are as follows:

	1980	1979
Balance at beginning of year	\$58,811,946	\$52,256,211
Deduct members' reserves purchased	5,630,818	4,102,858
	<u>53,181,128</u>	<u>48,153,353</u>
Add patronage refunds allocated as members' reserves	12,772,562	10,658,593
Balance at end of year	<u>\$65,953,690</u>	<u>\$58,811,946</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. RELATED PARTY TRANSACTIONS

The Association conducts a significant portion of its business activities with related parties consisting of corporations, partnerships and co-operative joint ventures owned in concert with other organizations.

The following summary indicates the Association's transactions with related parties during the year:

Sales and other revenues	\$150,251,000
Purchases and expenses	\$ 67,091,000

Amounts due from and payable to related parties are included in the Association's assets and liabilities at July 31, 1980.

10. COMMITMENTS

- a) 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 \$27,910,000 at July 31, 1980. (\$24,890,000 at July 31, 1979).
- b) Western Co-operative Fertilizers Limited, 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, 1980, the balance of the debt instruments amounted to U.S. \$45,375,000 (Canadian \$53,864,413) 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 Western Co-operative Fertilizers Limited for the acquisition of raw materials in its normal course of business.

11. CONTINGENCIES

- a) The Association has agreed with Canadian Co-operative Implements Limited to provide a maximum of \$285,750 in working capital loans should such loans be required by that company.
- b) In the ordinary course of its business, the Association is contingently liable to producers for the custody of grain delivered to country elevators on storage tickets.

12. SUBSEQUENT EVENT

Subsequent to July 31, 1980, a consortium, of which the Association is a member, entered into agreements with the Government of Canada providing for the acquisition of the existing terminal facility at Prince Rupert, British Columbia and the lease of property on which the new facility is to be constructed.

In addition, the Association is committed under the lease agreement to pay amounts up to \$1,020,000 should the project to construct the new major terminal facility be discontinued.

13. RESTATEMENT OF COMPARATIVE FIGURES

Certain 1979 figures provided for the purpose of comparison have been restated to conform to the presentation used in the current year. These changes have no effect on the earnings of that year.



CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED
DIRECTORS' REPORT
1979-80

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 1979-80 will review international and domestic economic and trade policies and factors which have had an effect on farmers in Western Canada; will highlight policies and programs which during the year had a significant influence on the well-being of agricultural producers in the provinces of Alberta, Saskatchewan and Manitoba; and will outline actions taken by your organization in its attempts to influence those policies in a manner beneficial to farmer members.

During the past year most of the economies of the developed countries continued to experience high inflation, slow economic growth and serious unemployment. Interest rates reached a very high level in most countries and it was evident that the North American economy was entering a deep recession.

At the same time, serious political disruptions occurred in several areas of the world, some of which resulted in trade disruptions and insecurity in commodity markets.

During the year the major grain importers and exporters met within the International Wheat Council to review the possibility of re-entering negotiations for a future international grains agreement. A sub-committee was actively developing a proposal which would be more flexible but still retain the principle of negotiation and management of reserve stocks to keep prices within an acceptable range. As well, representatives of the major exporting countries continued to meet in an effort to co-ordinate national production and marketing policies.

Of particular significance during the year under review to grain markets and prices was the action of the U.S.A. in placing an export embargo in excess of their long-term commitments on the export of 4 million tonnes of wheat and 10 million tonnes of corn destined to the U.S.S.R. The Government of Canada agreed to support this action by the U.S.A. and limit its sales to 3.8 million tonnes to the U.S.S.R. in the 1979-80 crop year, reflecting the normal trade and indicating that Canada would not take advantage of market opportunities created by the U.S. embargo. Australia made a somewhat similar commitment while the Argentine refused to participate by way of export limitations.

When trading on the Chicago Wheat Market commenced after the announcement of the embargo, prices dropped significantly. In an effort to

protect its producers the Government of the U.S.A. raised the loan rate and the Commodity Credit Corporation purchased additional wheat to strengthen prices.

Farm organizations including the Prairie Pools generally supported the action taken by the Government of Canada but warned that producers of grain should not alone carry the impact of such a national political decision. The Government of Canada agreed that it would reimburse producers for any losses incurred as a result of this action. By year-end no announcement had been made by the Government indicating its expected action in this regard. It was also evident that the embargo did not prevent the U.S.S.R. from importing substantial quantities of cereal grains, and that the main beneficiaries of this action were the consumers of North America and of other importing countries, since the partial embargo had reduced the international and domestic price of grains.

World trade in wheat reached record levels at approximately 83 million tonnes with current International Wheat Council estimates for trade in wheat and wheat flour for crop year 1980-81 in the range of 82 to 86 million tonnes. It is of interest to note that the U.S.S.R. and China account for approximately one-quarter of the world trade in wheat and wheat flour at this time. This level of trade, coupled with lower than normal production in some areas due to weather factors, has resulted in some decline in the carry-over position with supply and price more dependent on the 1980 harvest.

Canadian exports of grain and grain products for the crop year ending July 31st reached a record level of 23.2 million tonnes, an increase of 3.4 million tonnes over the previous crop year and about 1.5 million tonnes more than the previous record set two years ago. Canadian Wheat Board and industry spokesmen credited this record achievement to improved co-ordination and bringing into service additional grain hopper cars. Of influence as well was the extremely mild prairie winter, and an early opening of navigation on the St. Lawrence Seaway, all of which permitted improved grain handling and transportation operations during the year. These record sales and exports have reduced total year-end farm stocks of all grains from 13.9 million tonnes to 6.6 million tonnes and total stocks from 23.3 million tonnes to 16 million tonnes.

Livestock producers in the prairie region may well have even less cause for optimism than grain producers. Firstly, the early drought of 1980 led to poor pasture conditions, an extremely poor hay crop in major areas, and could result in an increase in the cost of feed grains. At the same time, producers are faced with relatively depressed

market prices for animals they market. Record supplies of both pork and poultry served to increase the total amount of meat and poultry produced, even though cattle available for slaughter in North America were at or near the lowest level in recent years. Price improvements will depend upon the reduction of the surplus in pork and a continued tight supply of slaughter cattle.

Prairie producers' gross income increased modestly over the previous year while operating and depreciation charges increased by some ten percent to bring the realized net income below the 1978 and 1979 levels. World grain prices have only recently reached the levels of the mid-1970's when production costs were much lower, once again placing many producers in the familiar cost-price squeeze.

Your Board would note that the depreciated Canadian dollar has helped to price Canadian grain into many export markets at bargain levels and further, that trading agencies of many countries buy at world prices but resell at much higher prices to their domestic consumers. At the same time, prairie producers are being challenged to produce ever-increasing quantities for export. It seems clear that increased production, which can only be achieved with increased cash costs, can only occur with improved returns for grain production.

MAJOR CURRENT POLICY ISSUES

Your Board, in this annual report, wishes to comment on five major issues currently relevant to members of the three Pools; namely, grain production, marketing, transportation, freight rates for grain and related products, and energy for agriculture.

Grain Production

Considerable attention has been focused in recent years on Canada's grain export and production potential by 1985 and beyond. Significant measures have been taken by the federal and provincial governments, producers through The Canadian Wheat Board, grain companies, and the railways, to ensure that the grain handling and transportation system is equipped to handle anticipated volumes. The Canadian Wheat Board has projected that future grain exports from Canada could reach 30 million tonnes by 1985 and 35 million tonnes by 1990. This is in sharp contrast to the record export volume of 23 million tonnes experienced this past crop year and an average of 18.8 million tonnes over the past five years.

World trade statistics for recent years and projections for the current year illustrate the dramatic growth in international grain trade:

TOTAL WORLD EXPORTS
(million metric tonnes)

	1976-77	1977-78	1978-79	1979-80	1980-81 (Est.)*
Wheat	63.1	72.9	71.4	83.4	85.7
Coarse Grains	82.5	83.5	90.1	100.0	101.6
Total	145.6	156.4	161.5	183.4	187.3

*Source: USDA

The trade figures indicate world exports of wheat and coarse grains have grown by 10 million tonnes annually over the past four years. Total grain utilization because of continuous population growth is increasing at a rate of over 30 million tonnes per year or about equal to the entire prairie grain crop in most years.

If this phenomenal export growth continues at the same rate to 1985, world wheat exports will reach 100 million tonnes and coarse grain exports will exceed 125 million tonnes. If Canada is able to maintain her international share of the export market, it implies total annual wheat trade of 20 million tonnes and feed grain exports of 5 million tonnes. Projected export sales for oilseeds are also expected to grow although export availability of seed will be influenced significantly by domestic processing activity. In any event, market factors suggest potential yearly export trade of 28 to 30 million tonnes within the next five years.

Against this background of relative buoyancy in the world grain market and Canada's potential share is the cyclical nature of prairie grain production. Export volumes approaching 30 million tonnes would require prairie grain production to reach 48 to 50 million tonnes on a sustained basis. Prairie grain production over the last ten years has averaged 32.4 million tonnes with a record high of 38.4 million tonnes in 1976 and a low of 24.6 million tonnes in 1970 (the year of the LIFT program). Despite early indications of a greatly reduced prairie crop in 1980, the Statistics Canada September estimate is for production of 33 million tonnes, or slightly above the ten-year average.

A number of factors appear to be interrelated to the question of future production capability, including the extent to which:

- 1) additional arable land can be developed for cereal grain and oilseed production;
- 2) summerfallow acreage is reduced in crop rotations and other improvements in cultural methods are adopted;
- 3) soil testing and fertilizer application are optimized;
- 4) adequate price stabilization measures are initiated through formal international agreements or other co-operative efforts;
- 5) higher yielding grain varieties are licensed with appropriate and identifiable quality standards;
- 6) the grain marketing and transportation system adapts to both market and producer requirements.

Your Board is convinced that your organizations will have a major role to play in creating the conditions which will assure increased production to meet these opportunities.

Grain Marketing

Your Board would note that the Pools have been consistent and strong supporters of the concept of orderly marketing for not only grain but also other agricultural commodities. A system of orderly marketing for prairie grains was long

sought by producers, and their efforts culminated in the establishment of The Canadian Wheat Board in 1935. In 1949 Wheat Board powers were extended to include the marketing of oats and barley as well as wheat. In 1974 the Board's exclusive jurisdiction as the sole marketer of prairie feed grains was removed and the open market system was permitted to operate in a dual capacity with the Wheat Board. Instead of expanding the Board's jurisdiction to include other major grains such as rye, flax and rapeseed there appears to be a concerted effort by some elements within the private grain trade and within government circles to minimize the Board's legitimate role as the designated selling agency acting on behalf of prairie grain producers.

The Canadian Wheat Board as a marketing institution plays a very significant role in Canada's grain industry. Overseas customers may deal directly with the Wheat Board or, if they prefer, may deal with grain export firms who act as agents of the Board. In recent years an increasing proportion of export transactions for Board grains have been handled directly by the Board itself, and now more than 80 percent of Canadian exports of these grains are handled in this way. This illustrates the confidence of grain import buyers in The Canadian Wheat Board.

Officials of The Canadian Wheat Board predict a very substantial increase in the volume of grain that can be exported by 1985 and beyond. Even if production makes these targets potentially achievable, much will depend on the efficiency of the marketing system itself and the confidence displayed by producers in the system. Your Board believes that a system which allows shared marketing jurisdiction for the same grains is not the kind of grain marketing system which exemplifies optimum efficiency or one that will lead to an enhancement of producer confidence in the future. Your organizations have consistently maintained that the principle of orderly marketing should be extended to include the six major grains grown in Western Canada.

Your Board believes that the present domestic feed grains policy interferes with the logistics of grain movement through the system and with future sales planning by The Canadian Wheat Board. It is important that both grain producers and feed grain users develop a better understanding of the deficiencies in the present policy and work together within a provincial and national framework which will lead to desired improvements that can be collectively supported.

Grain producers must continue to strongly express their views with regard to the future role of The Canadian Wheat Board as it applies to the marketing of Western Canadian grain.

Transportation

The development of a national transportation policy which reflects regional considerations and is functional to the public interest remains an important policy issue for the agricultural com-

munity. Grain transportation policy still remains a principal concern to prairie farmers and a number of interrelated elements have a significant bearing on the future grain transportation system. These elements include:

- 1) the structure and level of freight rates under which grain and grain products are moved;
- 2) the grain car fleet and power units required;
- 3) the basic rail network to be kept in service and the level of upgrading and maintenance on branch lines;
- 4) the main line capacity leading to port position;
- 5) the terminal elevator facilities and their ability to clean, store and ship grain to meet sales;
- 6) the capability of the St. Lawrence Seaway and the Lake fleet to move increased tonnage of grains from both Canada and the United States;
- 7) the role and responsibility of the sales agencies (Canadian Wheat Board and private) which make sales commitments and plan inventory and transportation to meet these needs;
- 8) the degree of co-ordination and control within the total system and the interface between the various sectors as grain is moved from the producer's farm to the ocean vessel.

Railway Rolling Stock Devoted to Grain Movement — Over the past several years the focus of attention has been on the grain transportation system and more particularly on the inadequate railway rolling stock available for grain shipment. A number of measures were taken initially by the federal government and more recently by The Canadian Wheat Board, the three prairie provincial governments and the two major railways to rectify the serious shortfall that had occurred in rail shipping capacity.

In 1969 there were approximately 34,000 boxcars in use for grain movement. By May, 1980 this number had diminished to slightly over 15,000 which included 3,930 cars rehabilitated by the railways and the federal government under a cost sharing program. Fortunately a significant number of hopper cars have been added since 1972. The Canadian Wheat Board identified the total grain car fleet in service as of May, 1980 as follows:

	Hopper Cars					
	Boxcars	Federal Govt.	CWB	Manitoba Govt.*	Rlyws.	Total
CN Rail.....	8,630	3,810	2,000	340	54	14,834
CP Rail.....	6,795	4,190	—	313	1,258	12,556
Total.....	15,425	8,000	2,000	653	1,312	27,390

*Short term lease to the end of 1980

It should be noted that an additional 2,000

hopper cars leased by the federal government and 1,000 cars from each of the governments of Saskatchewan and Alberta are currently on order and scheduled for delivery by the end of 1981.

Projections indicate the continued retirement of older boxcars from now until 1985 could reduce the overall grain fleet to about 21,000 units. This could be seriously inadequate if export volumes approaching 30 million tonnes are realized. This points to the need for continued future investment in rolling stock which will bring a further 5,000 hopper cars into service over the next five-year period.

Of equal importance to the question of grain shipping capacity and the size of the car fleet is the related issue of railway operating efficiency including improvement in the car cycle. Studies have revealed that significant increases in grain movement capability can be achieved with relatively small improvements in car turnaround time. Substantial savings in future capital investment could result from improved car cycle performance. Such improvements appear feasible over the longer term as hopper cars replace conventional boxcars, elevator rationalization with increased car spotting capacity continues, greater efficiency in car switching and handling at port locations is achieved, and as other technological innovations are introduced in railway operations.

Branch Line Configuration and Rehabilitation — For a number of years there has been active study and discussion of the railway branch line network required to adequately service the grain industry in Western Canada. At the start of the last decade the prairie rail network consisted of nearly 20,000 miles of track. Much of it was in poor condition and its long-term future was uncertain. A number of events have occurred since December, 1974 which have placed 82 per cent of the lines in the permanent network and are now guaranteed to the year 2000. Approximately 10 per cent of the lines or 1,952 miles of track have been abandoned and the remaining 1,407 miles are awaiting decision based on hearings to be conducted by the Canadian Transport Commission.

It is important that an early decision be made on the remaining lines so that the final configuration will be known to producers, elevator companies, local communities and the railways.

A program of rehabilitation and upgrading of the permanent prairie rail network was announced by the federal government in July, 1977. This program allows the railways to catch up on many years of deferred maintenance and is expected to take a minimum of ten years to complete. With this year's investment, the federal government has authorized \$240 million to this ongoing program which is expected to cost in excess of one billion dollars in total. Your Board would urge that the rehabilitation program proceed as rapidly as possible with increased annual funding to ensure all branch lines placed in the permanent network are restored to optimum operating condition.

Freight Rates for Grain and Related Products

The freight rate structure under which railways are paid for the movement of grain from Western Canada remains unchanged; however, there is support for a revised compensatory rate structure that will provide required revenue to the railways. According to the Snavely Commission study in 1974 grain shippers were paying about 38.9 per cent of the railway variable costs associated with grain movement. By 1977 the percentage paid by producers had dropped to 32.4 per cent.

Evidence clearly indicates that the railways are not prepared to make any significant investment in the branch line system or in grain-related equipment except when government subsidy is involved. Your Board has taken the position that the railway companies must be adequately compensated for moving grain, but that adequate safeguards or guarantees are needed to protect the legitimate interests of producers.

The basic issue presently before the federal government, the railways and farm organizations is not only the level of compensatory rate but the question of how rate adjustments will be paid.

In an attempt to arrive at a possible solution a number of alternative proposals have been suggested by other organizations. One proposal suggests that it is entirely a federal government responsibility to compensate the railways for any revenue shortfall that does not cover costs. Another suggestion is that rail rates should be set at compensatory levels and a transportation subsidy paid by the government to farmers. A third alternative calls for the establishment of a compensatory rate which recognizes public capital already invested in the rail plant and would require grain shippers to pay a share of future rate adjustments in return for assurances of adequate service for grain movement.

Over the course of the past year members of the Western Agricultural Conference of the Canadian Federation of Agriculture, which includes fifty-two major farm organizations in the prairie region, have held a series of meetings in an attempt to develop a consensus position on several transportation-related issues. The following identifies the present position of Western Agricultural Conference on transportation policy:

- 1) Rail service to the prairie grain industry continue to be improved to a desirable level by
 - (a) the federal government honouring its previous commitment to providing funds for branch line rehabilitation; and
 - (b) until a compensatory rate policy comes into effect, the federal and provincial governments share in the cost of maintaining an adequate supply of grain cars.
- 2) The federal government continue to be responsible for all fixed costs associated with branch lines not in the permanent network.
- 3) To retain the existing Crow benefit for grain producers it is recommended that the government

establish a compensatory rate* to the railroads for moving grain, with the difference between the statutory rate and the compensatory rate paid directly by the federal government to the railroads; and that any future adjustment in the compensatory rate as a result of changes in transportation costs due to inflation be arrived at through negotiation between the federal government, railroads and producers.

4) To minimize the effect of statutory freight rates for purchases of western feed grains and oilseeds it is recommended that:

(a) The Canadian Wheat Board apply compensatory rates* in place of statutory rates in arriving at its corn-competitive price for feed grains on the prairies, provided that the price so established is not lower than the local Canadian Wheat Board initial buying price (the compensatory rates would be applied using the lowest rate at each shipping point as is done now for Canadian Wheat Board grains in order to take into account grain flows to both Thunder Bay and the West Coast); and

(b) freight rates on raw rapeseed and raw flaxseed and their processed products be equalized.

5) To protect prairie grain producers from extremely low feed grain prices, it is recommended that:

(a) feed grain for export or Eastern Canadian markets be taken from surplus producing areas in order to minimize price spreads at points within the prairie region; and

(b) the Prairie Grain Advance Payments Act be amended to allow for larger cash advances in relation to farm-stored stocks.

6) To correct anomalies in the existing statutory rate structure it is recommended that:

(a) the statutory rate list be expanded to include rapeseed oil and flaxseed oil; and

(b) commodities which are covered by statutory rates to Thunder Bay should be added to the list of exports out of West Coast terminals.

7) To obtain government guarantees and to encourage efficient use of grain handling and transportation facilities it is recommended that:

(a) assurance of railway performance and government commitment be guaranteed by statute; and

(b) the concept of variable freight rates for grain that would be detrimental to individual producers, be opposed.

A related issue in the development of compensatory freight rate structure is the current review

and proposed revision of the Uniform Classification of Accounts for Railways as prescribed under Section 328 of the Railway Act. The Railway Act empowers the Canadian Transportation Commission to prescribe a UCA (Unifarm Classification of Accounts) for railways under its jurisdiction and provides that "the Commission shall review and revise as necessary the uniform classification of accounts, at intervals not longer than every two years"

In response to the apparent need for a full-fledged revision to the UCA, the Railway Transport Committee of the CTC prepared the terms of reference for a study which was undertaken by Peat Marwick and Partners and completed in July, 1979.

The three prairie Wheat Pools participated in the costing review and submitted counter-recommendations where appropriate. The interest of the three Pools was to ensure that any alteration in procedures will facilitate development of a railway costing system which will equitably determine the variable cost associated with the movement of grain and grain products in Western Canada. It is important that your organization provide continuing input into this review in light of the longer-term implications for compensatory rate levels which may be established for grain and related products.

Your Board will continue to represent Pool members in dialogue with governments and other farm organization representatives on this important issue.

Energy for Agriculture

Farmers are highly dependent on petroleum-based fuels for most of their operations, and the rapid increase in energy prices since 1973 has significantly increased producers' overall costs of production. In 1973 farm diesel fuel could be purchased for 27.1 cents per gallon; today diesel fuel costs 81.1 cents per gallon, representing an increase of 200 per cent over the past seven years. This increase has occurred despite the fact that Canadian domestic oil prices are under 50 per cent of international levels.

Canadian Energy Overview — Canada is a net importer of oil, although in terms of total energy Canada's considerable export of natural gas makes her an overall net exporter of energy. Agriculture's oil requirements are supplied almost entirely from domestic production in Western Canada. Quebec and the Maritime Provinces receive imported oil, much of it from Venezuela. Canada relies on imported oil for about 35 per cent of total domestic consumption. These imports are only partly, and to a decreasing extent, compensated for by exports of Canadian oil to the United States. In the total energy perspective, Canada relies on imported oil for 15 per cent of total energy requirements.

Energy and Agriculture — The matching of energy supplies to energy demand may well be one of the most important issues for agriculture in the

*The compensatory rate would include the cost of branch line maintenance, a capital depreciation allowance (including the hopper cars purchased prior to the compensatory rate coming into effect), and a return on investment. It would not include the present expenditures to upgrade the system, and rolling stock (purchase of hopper cars); nor the fixed costs associated with branch lines not in the permanent network.

current decade and it is one that will dictate major changes in farm operations and management. Agricultural production, including the manufacture of farm inputs such as fertilizers and machinery, absorbs three per cent of total Canadian energy consumption, while the total food production and distribution chain requires about 15 per cent of total energy use.

Total farm expenditures on energy in 1978 were estimated to be \$780 million, representing 11 per cent of total operating expenses. Both the absolute level of expenditures and the proportion of total farm costs represented by energy are significantly higher today.

The dominating importance of the direct use of petroleum, diesel fuel and lubricants in farm vehicles, tractors and other equipment must be recognized. The maintenance of a sufficient supply of these fuels is probably the most critical agricultural requirement of all and underlies the importance that agriculture must have in terms of priority in the event of petroleum allocation.

In order to facilitate the continued expansion of food production in Canada a comprehensive national energy policy must be developed. A national energy policy must give adequate recognition to the energy needs of agriculture with emphasis on the following:

(i) recognition that field operations in agriculture do not lend themselves to the use of energy supplies other than petroleum-based fuels, and therefore agriculture, particularly during certain times of the year, requires priority for available supply of such fuels;

(ii) assurance of availability of energy for manufacture of fertilizers and chemicals for agricultural use;

(iii) increased attention to research into the practical and economic development of alternative energy sources;

(iv) increased attention to cultural practices which would minimize the amount of energy required per unit of output;

(v) improvements in fuel efficiency of farm equipment, both motorized vehicles and field implements; and

(vi) utilization of transportation methods which minimize fuel consumption in the movement of agricultural commodities.

The future development of energy supplies from renewable and non-renewable sources may require greater attention and possible participation by farmers through the co-operatives they own.

STRUCTURE AND ACTIVITIES

Structure

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

The Board consists of the president and vice-

presidents or an executive member from each of the three organizations. Secretarial services are provided by the Secretary of Saskatchewan Wheat Pool. The Board meets two or three times a year and the executive, consisting of the three presidents, meets as the need arises.

Executive

E. K. Turner — Chairman

J. D. Deveson — Vice-Chairman

A. J. MacPherson — Third Executive Member

Directors

J. D. Deveson E. K. Turner

W. W. Fraser D. M. Lockwood

W. H. Corbett J. W. Marshall

A. J. Macpherson

H. R. Patching

G. W. Braithwaite

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 of which J. O. Wright, Secretary, is a member-representative.
2. Continued membership in the Great Lakes Waterways Development Association, with W. W. Fraser and J. O. Wright as representatives.
3. Continued support for the Canadian Hunger Foundation.
4. Maintained membership in the Canadian 4-H Council, with R. D. Bristow of Saskatchewan Wheat Pool representing the Pools in this regard.
5. Continued support for 4-H activities in farm safety by providing a grant towards projects in Manitoba, Saskatchewan and Alberta.
6. Maintained a corporate membership in the Canadian Water Resources Association and in the Canadian Institute of International Affairs.
7. Provided grants to assist in publication of the Wheat Newsletter (an annual joint project of the Canadian Department of Agriculture and the National Wheat Improvement Committee in the United States) and of the Canadian Journal of Plant Pathology by the Canadian Phytopathological Society.
8. Maintained membership in the Canada-China Trade Council, and with other members sponsored the opening of an office in Peking.
9. Continued support, through an annual grant, of the Nuffield Scholarship program.
10. Provided a trophy for the World Flax Champion at the Royal Agricultural Fair in Toronto.

11. Published a grain variety survey covering the three provinces during the current crop year.
12. Discussed policy issues being presented at the provincial, national and international levels of the Federation of Agriculture.
13. The Secretary attended meetings of the International Federation of Agricultural Producers Standing Committee on Agricultural Co-operatives and Grain Policy Group, held in London and Rome in May, 1980.
14. Sponsored two full joint board meetings of the three Pools, where policies and operations of the provincial organizations were discussed.
15. Prepared and presented a brief to a Canadian Transport Commission hearing on the establishment of a Uniform Classification of Accounts for the Railways.

CONCLUSION

Attached to and forming part of this report is a series of statistical tables which will assist the reader to understand trends and significant factors affecting production and grain marketing and farm income levels in Western Canada.

Western Canadian agriculture continues to be characterized by wide fluctuations in production, markets and prices, while production costs rise

steadily in concert with the rest of the Canadian economy.

Your Board will advocate policies which will bring adequate and more stable returns while providing marketing and production input services which will support the goals of our many individual farmer members. It appears that the challenge of the 1980's will be to produce to meet market requirements, while maintaining the productivity of our land for future generations.

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 the primary producers who are members of these three organizations. Your Board continues to pledge itself to co-operation and co-ordination of activities of the three Pools where this can be demonstrated to be in the interests of the members.

Respectfully submitted,

<i>E. K. Turner</i>)	
<i>J. D. Deveson</i>)	<i>Executive</i>
<i>A. J. Macpherson</i>)	
<i>D. M. Lockwood</i>		
<i>J. W. Marshall</i>		
<i>W. W. Fraser</i>		
<i>W. H. Corbett</i>		
<i>H. R. Patching</i>		
<i>G. W. Braithwaite</i>		

STATISTICAL TABLES AND ANALYSES

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2. World Exports of Wheat and Wheat Flour
3. World Wheat: Carryover Stocks of Wheat
4. Grain: Acreage, Yield, Production — Canada
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TABLE 1
WORLD WHEAT: HECTARES, YIELD, PRODUCTION
SELECTED YEARS

Year	Area (Million Hectares)	Yield *(Quintals per Hectare)	Production (Million Metric Tonnes)
1970-71.....	211.7	15.1	318.9
1971-72.....	217.9	16.3	354.3
1972-73.....	215.6	16.1	346.9
1973-74.....	225.0	16.8	378.7
1974-75.....	227.3	16.0	363.4
1975-76.....	231.5	15.7	360.4
1976-77.....	239.9	17.7	424.6
1977-78.....	235.3	16.6	390.2
1978-79.....	236.6	19.0	450.1
1979-80 (provisional)....	239.8	17.7	424.4

Source: International Wheat Council
World Wheat Statistics

* 1 Quintal = 100 kilograms
10 Quintals = 1 tonne

Table 1 — World wheat production in 1979-80 was somewhat lower than the record of the previous year, because of a lower average yield. The area seeded was about the same as the record level of 1976-77.

TABLE 2
WORLD EXPORTS OF WHEAT AND WHEAT FLOUR

Year	Amount (Million Metric Tonnes)
1970-71.....	54.3
1971-72.....	52.5
1972-73.....	68.3
1973-74.....	63.1
1974-75.....	63.4
1975-76.....	66.5
1976-77.....	61.8
1977-78.....	72.4
1978-79.....	71.2
1979-80 (provisional).....	81.0

Source: International Wheat Council
World Wheat Statistics

Table 2 — World exports of wheat and flour reached a record 81 million tonnes in 1979-80, substantially exceeding the previous record of 72.4 million tonnes set in 1977-78.

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

Year	Stocks (Million Metric Tonnes)
1970-71.....	51.5
1971-72.....	51.2
1972-73.....	29.2
1973-74.....	26.9
1974-75.....	30.0
1975-76.....	37.3
1976-77.....	54.4
1977-78.....	52.2
1978-79.....	55.1
1979-80 (provisional).....	49.6

(1) includes Argentina, Australia, Canada, United States, Spain, Sweden and nine members of EEC.

Source: International Wheat Council
World Wheat Statistics

Table 3 — Carryover stocks held by the major wheat exporters declined to 49.6 million tonnes at the end of 1979-80, compared with 55.1 million tonnes the previous year.

TABLE 4
GRAIN: ACREAGE, YIELD, PRODUCTION — CANADA
1979 (Revised) and 1980 (September Forecast)

	1979 (Revised)		1980 (September Forecast)			
	Acre- age (Mil- lions)	Yield (Kilo. per Acre)	Prod. (Mil- lion Tonnes)	Acre- age (Mil- lions)	Yield (Kilo. per Acre)	
Wheat.....	25.9	664	17.2	27.8	670	18.6
Oats for Grain.....	3.8	782	3.0	3.8	817	3.1
Barley for Grain.....	9.2	919	8.5	11.3	965	10.9
Rye.....	0.8	643	0.5	0.8	577	0.4
Flaxseed..	2.3	356	0.8	1.6	325	0.5
Rape- seed/ Canola...	8.4	406	3.4	5.2	472	2.4

Source: Statistics Canada, 22-002

TABLE 5
GRAIN: ACREAGE, YIELD, PRODUCTION
— PRAIRIE PROVINCES
1979 (Revised) and 1980 (September Forecast)

	Wheat.....	645	16.2	27.0	650	17.5
Oats for Grain.....	2.7	765	2.1	2.8	805	2.2
Barley for Grain.....	8.6	904	7.8	10.5	947	10.0
Rye.....	0.7	625	0.5	0.7	533	0.4
Flaxseed..	2.3	356	0.8	1.6	325	0.5
Rape- seed/ Canola...	8.2	404	3.3	5.0	472	2.4

Source: Statistics Canada, 22-002

Tables 4 & 5 — show revised production figures for 1979 and September estimates for 1980. Production of wheat, oats and barley is expected to be higher in 1980 than in 1979. Production of rye, flaxseed and rapeseed will be lower in 1980 due to lower seeded acreage and lower yields for rye.

TABLE 6
PRODUCER MARKETINGS — PRAIRIE PROVINCES
AUGUST 1 TO JULY 31, 1975-80
(Millions of Tonnes)

	1975-76	1976-77	1977-78	1978-79	1979-80 (1)
Wheat.....	14.3	14.9	19.1	14.5	18.2
Oats.....	0.8	0.9	0.8	0.4	0.3
Barley.....	4.7	5.8	5.2	5.4	5.3
Rye.....	0.3	0.3	0.2	0.2	0.4
Flaxseed..	0.4	0.3	0.5	0.4	0.6
Rapeseed.	1.4	1.0	1.8	2.9	2.8
TOTAL.	21.9	23.2	27.6	23.8	27.6

(1) Preliminary

Source: Canadian Grain Commission
Grain Statistics Weekly

Table 6 — Prairie producers marketed 27.6 million tonnes of grains and oilseeds during 1979-80, equivalent to the record amount in 1977-78. Wheat marketings were significantly above the previous year.

TABLE 7
EXPORTS OF ALL GRAINS AND WHEAT FLOUR
(Millions of Tonnes)

	1978-79	1979-80 (1)	10-Year Average 1969-70 to 1978-79
Wheat (except Durum).....	10.9	13.3	10.6
Durum Wheat	1.3	1.9	1.5
Flour	0.8	0.6	0.5
Total Wheat and Flour	13.0	15.8	12.6
Oats.....	*-	0.1	0.1
Barley.....	3.6	3.8	3.4
Rye.....	0.2	0.4	0.2
Flaxseed.....	0.5	0.5	0.4
Rapeseed.....	1.7	1.7	1.0
TOTAL.....	19.0	22.3	17.7

(1) Preliminary

*Less than 50 thousand tonnes

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

Table 7 — Exports of all grains and wheat flour were a record 22.3 million tonnes during 1979-80, some 17 per cent greater than the previous year and 26 per cent above the average for the last 10 years.

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

	1978-79	1979-80	10-Year Average 1969-70 to 1978-79
People's Republic of China.....	3.1	2.5	2.3
United Kingdom.....	1.3	1.4	1.4
Japan.....	1.2	1.3	1.3
U.S.S.R.....	1.2	2.3	1.6
Brazil.....	0.9	1.3	0.7
Others	3.2	4.5	3.3
TOTAL.....	10.9	13.3	10.6

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

Table 8 — The People's Republic of China remained the major importer of wheat (except Durum) during 1979-80 while the U.S.S.R. became the second most important buyer. The United Kingdom, Japan and Brazil remained as important markets.

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

	1977-78	1978-79	1979-80
U.S.S.R.....	2.4	1.6	3.8
Japan.....	3.2	3.3	3.4
People's Republic of China.....	3.5	3.1	2.5
Poland.....	1.3	1.2	1.9
United Kingdom.....	1.6	1.4	1.4
Others	9.0	8.4	9.3
TOTAL.....	21.0	19.0	22.3

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

Table 9 — During 1979-80 the U.S.S.R. purchased the largest amount of grains, oilseeds and wheat flour. Japan and the People's Republic of China remained as significant, steady customers.

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

Port	1977-78	1978-79	1979-80
Pacific	8.4	8.3	9.1
St. Lawrence.....	9.2	7.9	9.9
Atlantic.....	0.8	0.6	0.8
Churchill.....	0.7	0.5	0.5
Thunder Bay (direct).....	0.9	0.7	1.2

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

Table 10 — The St. Lawrence ports remained the most important export outlet for Canadian grains and oilseeds, while significant quantities were also exported through Pacific ports.

TABLE 11
CARRYOVER STOCKS OF GRAIN IN CANADA (1)
At July 31, 1978-80 and 1970-79 Average
(Millions of Tonnes)

	1978	1979	1980 (2)	Average 1970-1979
Wheat.....	12.1	14.9	10.6	14.1
Oats.....	1.7	1.5	0.9	1.5
Barley.....	5.2	4.9	2.0	4.1
Rye.....	0.3	0.5	0.4	0.3
Flaxseed.....	0.5	0.4	0.6	0.3
Rapeseed.....	0.3	1.1	1.5	0.5
TOTAL.....	20.1	23.3	16.0	20.8

(1) Excluding Newfoundland

(2) Preliminary

Source: Statistics Canada
Stocks of Canadian Grain at July 31, 1980

Table 11 — Carryover stocks of Canadian grains at July 31, 1980 declined significantly to 16 million tonnes compared with 23.3 million tonnes the previous year. Stocks of wheat and barley declined significantly while rapeseed stocks increased.

TABLE 12
FARM STOCKS OF ALL GRAINS IN CANADA
AT JULY 31, 1978-80
(Million of Tonnes)

	1978	1979	1980
Wheat	5.0	9.0	4.2
Oats	1.2	1.1	0.7
Barley	3.1	3.2	1.1
Rye	0.1	0.3	0.1
Flaxseed	0.1	0.1	0.2
Rapeseed	*—	0.2	0.3

* Less than 50 thousand tonnes

Source: Statistics Canada
Stocks of Grain at July 31, 1980

TABLE 13
CARRYOVER STOCKS OF GRAIN ON FARMS
RAIRIE PROVINCES
AT JULY 31, 1978-80
(Millions of Tonnes)

	1978	1979	1980
Wheat	4.9	8.8	4.1
Oats	1.0	0.9	0.5
Barley	3.0	3.0	1.0
Rye	0.1	0.3	0.1
Flaxseed	0.1	0.1	0.2
Rapeseed	*—	0.2	0.3

* Less than 50 thousand tonnes

Source: Statistics Canada
Stocks of Grain at July 31, 1980

Tables 12 & 13 — Farm stocks of wheat, oats, barley and rye decreased significantly at July 31, 1980 compared with the previous year, while flax and rapeseed stocks increased.

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

	1977	1978	1979
Wheat	\$ 1,602,070	\$ 1,648,973	\$ 1,856,083
Wheat, CWB Payments	105,532	118,719	427,862
Oats	52,338	41,388	28,510
Oats, CWB Payments	13,422	4,997	—
Barley	315,705	386,084	481,958
Barley, CWB Payments	100,385	83,397	47,112
Western Grain Stabilization Payments	—	113,900	251,400
CWB Cash Advances	125,697	136,820	130,664
CWB Cash Advance Repayments	(120,026)	(119,154)	(172,252)
Deferred Grain Receipts	(434,034)	(351,921)	(433,131)
Liquidation of Deferred Grain Receipts	546,270	434,034	351,921
Rye	21,589	22,446	38,234
Flaxseed	90,226	102,118	143,418
Rapeseed	443,083	576,972	775,044
Other Crops	180,037	206,349	224,837
Total Crops	\$ 3,042,294	\$ 3,405,122	\$ 4,151,660
Cattle and Calves	\$ 1,212,154	\$ 1,658,876	\$ 1,999,787
Hogs	247,700	327,349	366,235
Sheep and Lambs	4,817	5,355	6,249
Other Livestock and Products	388,425	422,943	490,186
Total Livestock and Products	\$ 1,853,096	\$ 2,414,523	\$ 2,862,457
Other Sources(1)	\$ 130,658	\$ 58,700	\$ 34,934
TOTAL CASH RECEIPTS	\$ 5,026,048	\$ 5,878,345	\$ 7,049,051
TOTAL CANADA(2)	\$10,136,563	\$11,898,954	\$13,947,466

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

(2) Except Newfoundland

Source: Statistics Canada, Farm Cash Receipts

Table 14 — Farm cash receipts in the three Prairie Provinces during 1979 were just over \$7.0 billion, or 20 per cent greater than in 1978, due to an increase in receipts from both grains and livestock.

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

Year	Three Prairie Provinces	Canada except Newfoundland
1971	\$ 660.8	\$ 1,250.0
1972	1,078.7	1,898.1
1973	1,449.9	2,650.3
1974	2,234.7	3,651.3
1975	2,439.6	3,874.5
1976	1,682.0	3,049.7
1977	1,426.4	2,702.4
1978	1,724.8	3,125.1
1979	2,290.6	3,848.0
1980(2)	1,952.2	3,290.0

(1) Does not take account of changes in inventory

(2) Estimate

Source: Statistics Canada, Farm Net Income

Table 15 — Realized farm net income for the prairies in 1979 was \$2.3 billion or 33 per cent greater than in 1978. Current estimates are for 1980 net income to decline by 15 per cent from the 1979 level.

TABLE 16
PRAIRIE GRAIN CASH ADVANCES
(Millions of Dollars)

Year	Number of Loans	Amount Advanced
1970-71	51,332	\$ 91.1
1971-72	34,303	68.1
1972-73	9,092	20.7
1973-74	12,510	35.3
1974-75	14,136	46.6
1975-76	7,981	20.2
1976-77	22,801	130.6
1977-78	24,909	119.1
1978-79	28,998	151.3
1979-80(1)	28,550	99.1

(1) Preliminary

Source: Canadian Wheat Board

Table 16 — There were 28,550 loans under the Prairie Grain Advance Payments Act in 1979-80, or slightly less than the previous year. The amount advanced declined substantially, however, from \$151.3 million to \$99.1 million.

TABLE 17
FARM CREDIT ACT, LOANS APPROVED
PRAIRIE PROVINCES AND CANADA
(Thousands of Dollars)

Province	Fiscal Year 1978-79 Number	Fiscal Year 1979-80 Number	Fiscal Year 1978-79 Amount	Fiscal Year 1979-80 Amount
Alberta	824	948	\$ 75,134	\$ 99,782
Saskatchewan	1,330	1,570	111,584	149,632
Manitoba	647	567	52,570	57,952
Total Prairie Provinces.....	2,801	3,085	\$239,288	\$307,366
Total Canada.....	5,423	5,698	\$514,798	\$628,480

Source: Farm Credit Corporation Annual Report

Table 17 — The total number of loans approved under the Farm Credit Act in 1979-80 was 5,698, up from 5,423 the previous year. The amount of the loans in 1979-80 was \$628.5 million, up from \$514.8 million the previous year.



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