



# Alberta Wheat Pool 1979 Annual Report

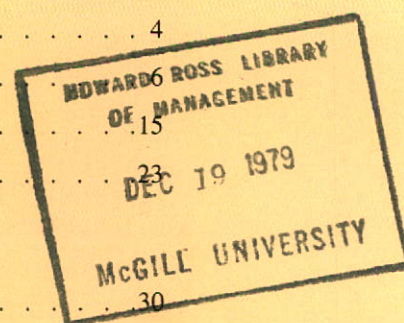






## CONTENTS

Officers and Directors . . . . .	2
Delegates . . . . .	3
1976-77 Report Highlights and Comparisons . . . . .	4
Report of the Directors . . . . .	15
Report of the General Manager . . . . .	23
Financial Statements . . . . .	30
Canadian Co-operative Wheat Producers Limited	
Directors Report . . . . .	37
Statistical Tables . . . . .	37







## 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*

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B. A. FRIESEN, *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*  
T. G. HENDRY, *Director — Administration and Finance*  
J. E. SHERWOOD, *Director — Planning and Management Services*  
B. H. SOMMERVILLE, *Director — Employee Relations*

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





## 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 Van Raay, Cor H.	. Iron Springs
108 Rempel, Henry S.	. Vauxhall
109 Thurston, Clarence F.	. Bow Island
110 O'Neil, James J.	. Claresholm

### CALGARY — District Two

201 Chambers, William E.	. Lomond
202 Williams, S. Evan	. Vulcan
203 Berger, John C.	. Nanton
204 Seney, Elden F.	. Blackie
205 Burne, George W.	. Gleichen
206 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 Volek, Joseph	. Tilley
304 Axelsen, Eric	. Drumheller
305 Johnson, Jim G.	. Drumheller
306 Nelson, Norman E.	. Craigmyle
307 Johnston, Vernon R.	. Oyen
308 Kloberdanz, John	. Kirriemuir
309 Hepp, Melvin F.	. Castor
310 Petersen, Leslie M.	. 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 Trautman, Stanley	. New Norway
410 Banack, William	. Camrose

### RED DEER — District Five

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

### VEGREVILLE — District Six

601 Bober, John R.	. Derwent
602 Pidruchny, Albert L.D.	. Myrnam
603 Farion, Orest	. Vegreville
604 Hennig, Harold H.	. Andrew
605 Galloway, Kenneth D.	. Ft. Saskatchewan
606 Mulligan, Earl	. Bon Accord
607 Barnes, Dave W.	. Thorhild
608 Din, Alexander	. Warspite
609 Lamothe, Armand	. St. Paul
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 Sydnes, Kenneth J.	. Brownvale
709 Kosiorek, Con	. Hotchkiss
710 Morrison, D. James	. Bluesky





## 1978-79 REPORT HIGHLIGHTS AND COMPARISONS

	1979
Handling — Country Elevators, in tonnes . . . . .	4 167 989
— Forage Seed, in kilograms . . . . .	5 913 623
— Cereal Seed, in kilograms . . . . .	13 615 808
Percentage of Alberta Grain Deliveries Handled . . . . .	63.3
Gross Value of Board Deliveries Other Sales and Revenues . . . . .	\$634,670,789
Marketing Division Sales (included above) . . . . .	\$ 72,845,164
Gross Margin . . . . .	\$ 95,069,809
Total Expenses . . . . .	\$ 72,722,945
Depreciation . . . . .	\$ 6,264,236
Earnings before Taxes . . . . .	\$ 22,346,864
Current Assets . . . . .	\$197,888,159
Current Liabilities . . . . .	\$153,162,831
Working Capital before Disposition of Earnings . . . . .	\$ 44,725,328
Capital Expenditures on Properties and Equipment . . . . .	\$ 23,360,174
Total Invested in Capital Assets . . . . .	\$139,971,526
Patronage Refunds Distributed (out of previous year's earnings) . . . . .	\$ 15,179,288
Reserves Held by Members . . . . .	\$ 58,811,946
Percentage of Member Business prior year . . . . .	96.5 Est.
New Members . . . . .	1,808
Total Membership . . . . .	56,705
Number of Country Elevators . . . . .	711
Elevator Capacity — in tonnes — Country . . . . .	1 929 970
— Terminals . . . . .	481 980
Number of Employees July 31 . . . . .	1,878



1978	1977	1976	1975	1974
4 483 130	4 758 639	4 396 102	3 488 697	3 836 988
7 264 818	7 698 852	4 785 377	5 125 736	7 060 061
15 095 193	12 687 619	8 430 643	12 479 345	15 203 816
66.2%	65.5%	65.7%	65.4%	67.3%
\$642,329,306	\$671,537,175	\$637,312,255	\$505,848,961	\$491,279,336
\$ 64,545,177	\$ 52,501,150	\$ 45,967,767	\$ 44,396,388	\$ 34,526,890
\$ 77,610,900	\$ 74,302,981	\$ 75,026,276	\$ 60,331,895	\$ 51,641,448
\$ 61,822,952	\$ 59,247,505	\$ 53,267,755	\$ 46,973,337	\$ 37,156,938
\$ 5,128,396	\$ 4,338,905	\$ 4,065,341	\$ 3,426,873	\$ 3,345,372
\$ 15,787,948	\$ 15,055,476	\$ 21,758,521	\$ 13,774,957	\$ 11,390,101
\$163,385,607	\$146,100,934	\$171,518,425	\$159,917,409	\$210,089,181
\$139,785,804	\$114,259,407	\$137,242,865	\$135,186,796	\$189,701,525
\$ 23,599,803	\$ 31,841,527	\$ 34,275,560	\$ 24,730,613	\$ 20,387,656
\$ 23,758,912	\$ 11,536,831	\$ 8,019,122	\$ 5,629,359	\$ 3,422,518
\$118,439,698	\$ 96,020,615	\$ 86,618,037	\$ 80,838,832	\$ 76,070,557
\$ 14,703,791	\$ 20,834,407	\$ 12,705,372	\$10,478,593	\$ 5,757,469
\$ 52,256,211	\$ 45,927,406	\$ 36,875,466	\$ 31,050,834	\$ 27,797,808
96.5%	96.2%	96.7%	96.4%	97.17%
2,404	2,768	2,855	3,034	2,487
56,375	55,880	56,590	55,963	55,032
735	742	782	819	836
1 958 000	1 962 120	2 041 620	2 107 450	2 119 200
403 580	403 580	432 700	488 710	488 710
1,817	1,752	1,691	1,607	1,576



## REPORT OF THE BOARD OF DIRECTORS

### ALBERTA WHEAT POOL TO FIFTY-SEVENTH ANNUAL MEETING OF DELEGATES



*Seated l. to r.: William Davidiuk, Grassland; Norman Jacobsen, Arrowwood; H. R. Patching, Lethbridge — 1st Vice-President; A. J. Macpherson, Delia — President; G. W. Braithwaite, Bowden — 2nd Vice-President; Nick M. Lorencz, Manning; Parke Dobson, Paradise Valley.*

#### Gentlemen:

A number of new and exciting developments highlight the past year for Alberta Wheat Pool. The opening of the new 2.8 million bushel addition to the terminal at Vancouver, the construction of a new concrete elevator at Dawson Creek and the new Buffalo Sloping Bin plant at Magrath, the completion of the rapeseed crushing plant at Fort Saskatchewan, and the progress made toward the construction of a new terminal at Prince Rupert are indicative of the changes taking place in and the progress being made by your organization.

Transportation problems continue to plague the grain industry. Export sales opportunities were plentiful, but Canada's inability to move grain to export position forced reduced sales and a consequent lessening of delivery opportunities for many producers.

#### Summary of Operations

For the second year in a row, handlings by your Association were reduced, totalling 4,167,989 tonnes during 1978-79, a decrease of 315,141 tonnes from last year. Alberta Pool's percentage of provincial deliveries at 63.3% was down approximately 2.86% from a year ago. The reduction was caused by congestion and the forced cut-back in non-Board feed grain purchases since they had reached the 10% space limit set by the Canadian Grain Commission.

Unloads at Vancouver Pool Terminal #1 climbed to a record 2,426,694 tonnes, an increase of 2,671 tonnes over 1977-78. At Pacific Elevators Limited, unloads totalled 2,210,055 tonnes — surpassing last year's figure by 153,692 tonnes. Jointly, the two terminals accounted for 56% of West Coast handlings. Pool shipments to Eastern locations amounted to 857,253 tonnes.

Dollar volume records were again set this year with agro-product sales of over \$70 million as com-

pared with \$65 million a year ago. Good fertilizer sales and a strong showing in chemical sales which were up 21% over last year account for the major increases to this year's results. Forage and cereal seed sales, however, decreased.

The consolidated net earnings from the year's operation are a record \$21,516,647. Good earnings from terminal's operations, an improved margin on agro products, and a strong grain sales program overshadowed the reduced handlings at country locations and are largely responsible for these very favorable results.

#### Canadian Marketing Summary

Exports of spring wheat, durum and wheat flour at 13.1 million tonnes is a drop of 18% from 1977-78 but approximates the 10-year average. Total grain, flour and oilseed exports at 19.0 million tonnes represents a decrease of 9% from last year, but is well above the 10-year average due to good barley and record rapeseed clearances. Approximately 46% of total exports were cleared through West Coast ports, with the volumes only 2% below the 1977-78 level. Japan and China were the major importers of Canadian grains, oilseeds and wheat flour.

#### Prince Rupert Terminal

On July 31, 1979 the Consortium and the Federal Government signed a Memorandum of Understanding to prepare for the construction of a new terminal at Prince Rupert. The stalemate which had developed over the user pay principle was relaxed allowing negotiations to be resumed and an understanding reached. The agreement calls for sale of the existing terminal to the Consortium for \$1.00 effective January 1, 1980, provided construction of a new high throughput terminal with storage capacity of at



least 8,000,000 bushels commences within 2 years from the date of transfer. As a condition for the purchase of the terminal, the Consortium agreed to spend at least \$2.5 million to renovate and upgrade the present elevator.

Included in the agreement is a commitment by the Federal Government that an additional 5,000 grain hopper cars will be added to the grain fleet, 2,500 of these to be in service by 1982, and the remaining 2,500 to be in place by 1983. The government also agreed to attempt to have an additional 5,000 grain hopper cars available by the time the new terminal is operating.

A flexible stand by the Minister of Transport regarding the actual site for the terminal has permitted an evaluation of the two potential locations by a joint study team, with the Minister to make the final decision following receipt of the study. The government has agreed to pay for the infra-structure required at the site selected, including the rail embankment, utility services and road access, and to share equally the costs of the site preparation and support structures.

Financial arrangements have as yet not been finalized, but preliminary discussions with the Alberta Government have already taken place and it is expected that satisfactory arrangements will be concluded shortly for the estimated \$100 to \$150 million project.

### **Alberta Food Products**

Official opening ceremonies for Alberta Food Products were held at Fort Saskatchewan on Monday, September 10, 1979. This rapeseed crushing plant, jointly owned with a consortium of Japanese companies, began commercial operations at a fortuitous time as crushing margins have continued favorable. Approved by delegates in 1974, construction was delayed first by poor economic prospects and latterly by labour disputes. The plant, capable of crushing up to 9 million bushels per year, will provide an important additional market for rapeseed growers. A limited number of contracts were let this year to ensure supplies of raw material. A trucking premium has been established which hopefully will encourage producers, located some distance from the plant, to make direct deliveries to the mill.

### **Federal-Provincial Nutritive Processing Agreement**

A year ago your Board noted that government funds were being made available for the expansion of fertilizer, feed and other processing facilities. Since that time Alberta Pool has qualified for such grants, which will be used to build, expand or remodel bulk fertilizer plants which incorporate blending facilities.

### **Rail Line Abandonment**

Following receipt of the Prairie Rail Action Committee (P.R.A.C.) report which recommended

abandonment of a number of rail branch lines in Alberta, your Board agreed that it would assist local communities in their attempts to retain such lines, provided the rationale for retention was economically justifiable and that retention efforts be locally initiated. The Liberal government had agreed to allow hearings by the Canadian Transport Commission to precede actual abandonment. With the change in government and the subsequent 90-day freeze on further abandonment announced by the Hon. D. Mazankowski and the appointment of Mr. Doug Neil, M.P. as a one man committee to review abandonment proposals, the procedures put in place by the former government became inoperative. Your Board felt that the procedures which had been developed with the co-operation of industry were satisfactory in giving producers opportunity to be fairly heard. During the 90-day freeze, grain organizations are being asked to consider making a commitment that they will keep their facilities operating to the year 2000 on rail lines on which they favor retention. Given such assurance, it is expected these lines may be recommended for addition to the guaranteed rail network. The result is that responsibility for rail abandonment has been partially shifted from the government to the grain handling companies.

Substantial costs will be incurred in upgrading lines if they are to be made capable of providing acceptable train service. The government's current commitment to upgrade the railway system is set at \$700 million. Adding a number of branch lines to the guaranteed network could increase these costs by \$100 to \$300 million, depending upon the level of improvement. Minimal upgrading, which would not permit hopper car traffic, does not resolve the investment problems for grain handling organizations, nor the service problem for producers on such lines.

### **Grain Movement Study**

The Booz-Allen & Hamilton and I.B.I. study of grain and transportation in Canada commissioned by the federal government contained a number of observations and suggestions for improvements to the system. Some of the major findings were: a) that although terminal capacity at Vancouver has been expanded, more capacity is needed, particularly at Prince Rupert; b) car cycle times can be improved through better communication, information and co-ordination; c) in addition to the cars being provided by the Canadian Wheat Board, 9,300 cars and 125 locomotives will be needed by 1985-86 to cost an estimated \$500-743 million in constant dollars; d) the basic country system is capable of handling the 1985 anticipated increased volumes without large public capital investment, and e) the quota system should be replaced with one through which the Canadian Wheat Board buys all Board grain stored on farm. Recommendations in the report include transfer of the car allocation responsibility from the Board to a neutral Task Force; the payment of incentives to producers for on-farm storage and timely de-



livery; and that elevator companies should consider variable tariffs, decreasing the number of grades, reducing misshipments and improving elevator manager training as a way of increasing the system's performance.

A three-member Task Force headed by Mr. J. Murta, M.P. was subsequently appointed to consider this report and to make recommendations to implement an emergency program for improved grain movement in Western Canada. Your organization was actively involved with the Booz-Allen study and appeared before and made further recommendations to the Murta Task Force, including questioning the value and effectiveness of a grain transportation coordinator; opposing the suggestion of variable elevator tariffs and the removal of the car allocation responsibilities of the Board. Also noted were the advantages and disadvantages of increasing export tolerances, the use of solid grain trains, and reductions in grades and protein segregations. Reportedly one of the Task Force's proposals includes the use of trucks to haul grain to elevators on railroad main lines. The program appears to be geared to the use of farm trucks at no cost to the Federal Government.

The Alberta Government has appointed the Sibbald group to undertake a study of the grain handling and transportation system for grains, oilseeds and forages in the Peace River region of Alberta. It will investigate alternate transportation systems including new rail lines, trucking proposals and off-track elevators. Director N. Lorencz has been approached by the government to serve on the study committee.

### **Two-Price Wheat System**

Effective January 1979, the Federal Government increased the minimum price for wheat used domestically for human consumption to \$4.00 from \$3.25 per bushel. Since that time, export prices have risen sharply and now are well in excess of the \$5.00 maximum permitted under this program. A number of farm organizations have called on the government to increase the maximum or to remove the ceiling altogether. Your Board feels that an increase is justified in view of inflated production costs of nearly 50% in the four years since the program was implemented.

### **Rapeseed Crushing Transportation Assistance**

On February 14, 1979 the Alberta Government announced plans to provide \$400,000 to the rapeseed crushing industry in Alberta to offset costs of leasing oil tank cars. The assistance which is to be made renewable annually for up to five years, will cover up to 90% of the lease costs of the existing tank car fleet. The program is to terminate when freight rates for rapeseed products achieve parity with seed.

### **Canadian Grain Commission**

Problems created by individual producers abusing the user of producer cars led to the appointment of a special study committee by the Canadian Grain Commission. This Committee, after hearing submissions from many organizations, yours included, recommended that a maximum of 5,000 producer cars be allowed each year and that the Commission retain the authority under the Canada Grains Act for processing applications for such cars. One of the most significant recommendations calls for producer car shippers or agents to relinquish ownership of grain within 30 days of unload at the terminal, satisfying in part your organization's request for some change to existing conditions. To further limit abuses, the Committee recommended that no producer receive more than a set maximum number of cars in any week until all remaining requests for that week have been scheduled.

Starting with the 1979-80 crop year and for a 6-month period, the Commission has suggested producer car allocations be limited to 100 per week. With the implementation of quotas on off-Board feed grains, many of the problems encountered last year should not re-occur.

### **Canadian Wheat Board**

Various initiatives have been undertaken by the Canadian Wheat Board over the past number of years to increase grain exports. In addition to the proposed assistance for terminal expansion, which although not used did spur construction of additional terminal space, the Board has proceeded with the purchase of 2,000 hopper cars. To cost between \$82 and \$90 million, these additional cars are capable, with current cycle times, to transport 3 million tonnes of grain to export position annually. On the basis of average producer deliveries to the Board over the last five years, costs to the producer should average 1.75 cents per bushel. The first cars were due for delivery in September 1979 and all should be available by February 1980. All are for the use of the C.N.R.

The Quota Review Committee of the Canadian Wheat Board's Advisory Committee made a number of recommendations which it stressed should encourage increased production and eliminate any elements which might restrict production and/or the movement of grain crops. With this in mind, it recommended that seeded acres only be used in determining the quota base, that a productivity "marketing" bonus be allowed producers who deliver their full quota of grain, and that off-Board feed grains be included in the delivery quota system. The quotas for off-Board feed grains, it suggested, be set similar to rapeseed quotas, but not so high as to allow a single producer to tie up facilities. For 1979-80, the major change is the establishment of quotas on domestic feed grains.



Again this year Canadian Wheat Board sales could have been increased substantially had rail service been available. To accommodate sales of non-Board grains, the Canadian Wheat Board made available a significantly larger number of cars to the private trade, yet criticisms of Board activities especially regarding car allocations continues. Some groups have suggested that this activity be removed from the Board altogether and turned over to a "neutral" agency. Grain companies were invited to make such car allocations but the attempt failed miserably. Your Board is very concerned about the proposal to remove this function from the Canadian Wheat Board since it has serious implications for the C.W.B. meeting its sales commitments, which still account for the vast majority of Canada's grain exports.

A recent study by the Canadian Livestock Feed Board (C.L.F.B.), the federal watchdog for feed grain users outside the C.W.B. designated area, warns that some participants engaged in trading Western grains into the Eastern Canada feed grains market appear to have been attempting to "manipulate rail car movement to their own personal advantage." The report further states, "In this period of rail car shortages, inefficient use of rail cars simply for personal gain appears to be a luxury that the country cannot afford." The C.W.B., on the other hand, is said to have "met the test" in the allocation of sufficient grain cars to serve the domestic feed

both producer and user of feed grains. If, as promoted by some politicians, the powers of the C.W.B. are further eroded, manipulation of the feed grains market might well be expected.

Your Board is concerned with suggestions that Canadian Wheat Board decisions be reviewed by Provincial Governments before they are implemented. Such requirements could virtually destroy the effectiveness of the C.W.B. The Canadian Wheat Board was established for the benefit of Prairie grain producers and as such should be accountable to them, and not to any Provincial Government.

Congratulations are extended to Delegate Ken Galloway on his election to the C.W.B. Advisory Committee.

### International Agreements

Negotiators for a new International Wheat Agreement, meeting until February 1979, failed to reach agreement because of differences, primarily with developing countries. The major points of disagreement were the suggested price ranges, the size of the proposed grain reserve, special provisions for least developed countries and the possibility of limits on the use of export subsidies. Following collapse of the talks, U.S. Secretary of Agriculture Bergland warned that his country would not hesitate to subsidize wheat exports if their market share was threatened. Events since that time with wheat prices reaching record or near record levels has drastically reduced this threat.

The Wheat Trade Convention and the Food Aid Convention which were due to expire June 30, 1979 have been extended for two years to 1981. Neither Convention carries any commitment regarding prices, but the Food Aid Convention does call for signatories to commit certain levels of food aid.

Some important concessions for grain producers were agreed to during the recently concluded Multilateral Trade Negotiations. The result is that tariff



grains market, sometimes to the detriment of its own export marketing program. Through attempted manipulation of rail cars and as a result of a thin market in feed grains, a squeeze developed at Thunder Bay with one firm holding virtually all the barley stocks. Removing the C.W.B. role as the sole marketing agent for domestic feed grains permits such conditions to develop to the real or potential detriment of





schedules under G.A.T.T. (General Agreement on Tariffs and Trade) will be revised starting January 1, 1980. In trade with the U.S., the corn tariff is being reduced to 5 cents per bushel, and Canada's will also be reduced to an equal amount. Tariffs on oats, rye, soybeans, mustardseed and sunflower seed are being eliminated, while the tariff on malting barley will be set at 5 cents, the same as the Canadian rate. On flaxseed, the rate will be 23 cents per bushel, on rapeseed 0.4 cents per pound, down from 1.0 cent, and on edible rapeseed oil 9 percent, as compared with current rates of 5 cents per pound.

Exports to Japan should be enhanced with that country agreeing to fix a maximum on its import tariffs and also by allowing rapeseed, mustardseed and rapeseed oilcake duty-free entry. It also agreed to reduce its tariff on rapeseed oil from 20 yen per kg to 17 yen per kg. No concessions were negotiable with the European Economic Community, however.

At the International Federation of Agricultural Producers general conference held in Italy during April and attended by your President, it was noted that, "for the basic farm commodities, especially grains, the world pricing structure is virtually unaffected by the theoretical 'free market' model". Further the conference stated that, "grain reserves in the world, in terms of the percentage of world consumption, are barely higher than in 1972", and that it, "remains as convinced as it ever was of the vital importance to world consumers and producers of international orderly marketing of wheat and, indeed of coarse grains, through international agreement".

### Membership

During the 1978-79 season, 1,808 new members were accepted by the Board as compared to 2,404 during the 1977-78 season.

A total of 597 deaths were reported and 881 memberships were cancelled.

The net increase in membership totalled 330 members, increasing the membership strength from 56,375 to 56,705.

### Canadian Co-Operative Wheat Producers Limited

Transportation and the Pool's continued support of their provincial farm organizations were extensively discussed at this year's Inter-provincial Pool Board meeting held in Banff. The directors expressed their support for the actions taken by the Canadian Wheat Board in placing an order for 2,000 cars and called on the government to implement a purchase or lease program which would provide sufficient hopper cars to service the grain industry for the foreseeable future. A detailed report of C.C.W.P. activities is provided in our Annual Report.

### Affiliations

Memberships in a number of organizations were maintained by your Association including Unifarm, and through it, in the Canadian Federation of Agriculture, also in the B.C. Federation of Agriculture, the Co-operative Union of Canada, the Rapeseed Association of Canada, the Credit Union Central of Alberta, the Co-operators, Northland Bank, the Canadian Co-operative Credit Society, and the Co-operative College of Canada. A new organization called the Co-operative Future Directions Committee, which is supported by the Pool, was organized during the year. Its purpose is to assist Co-operatives to become aware of and to cope with changes which could impact on the viability of the organization.

### 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 same three directors were elected to the Boards of Canadian Co-operative Wheat Producers Limited, Canadian Pool Agencies Limited, and Pool Insurance Company. Messrs. Macpherson and Patching were appointed to the Board of Western Co-operative Fertilizers Limited and to 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., as Chairman of the Board of Pacific Elevators Limited, of Prince Rupert Grain Terminal Consortium Ltd. and of the Management Committee of Alberta Food Products and is a Vice-Chairman of XCAN Grain Limited.

Mr. Patching was elected to the Unifarm Board of Directors and Executive. Mr. Jacobsen served as a director of Unifarm and of the Rapeseed Association of Canada.

Mr. Braithwaite was appointed to the R.E.D.A. Policy Council and continued to serve on the Council of Rural Development Canada; was elected a director of XCAN Grain Limited, and appointed a director of the Co-op College of Canada and the Alberta Regional Board.

Mr. Lorencz served on the Western Grains Standards Committee.

General Manager, J. W. Madill served on the Boards of Western Co-operative Fertilizers Limited; XCAN Grain Limited; Western Pool Terminals Ltd., Pacific Elevators Limited; Prince Rupert Grain Terminal Consortium Ltd., the Management Committee of Alberta Food Products and of Agritec Engineering Systems.



The 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 continued to serve on numerous industry associated committees throughout the year.

### ELECTION OF DELEGATES

In 1979 elections were held in all even-numbered sub-districts, resulting in the re-election by acclamation of twenty-seven delegates. Four new delegates were elected in sub-districts where more than one nominee was received with Mr. Darrell Orcutt of Coaldale victorious in sub-district 106; Mr. Robert Duhn of Delacour in sub-district 206; Mr. Earl Mulligan of Bon Accord in sub-district 606; and Mr. Ken Sydnies of Brownvale in sub-district 708. Delegates re-elected were Mr. Jack Riddle of Carstairs in sub-district 210; Mr. Norman Nelson of Craigmyle in sub-district 306; Mr. Kris Johnson of Red Deer in sub-district 502; and Mr. Laurence Rimmer of Pibroch in sub-district 510.

Resignations by two delegates, Mr. Harold van Gaalen of Foremost in sub-district 103 and Mr. Peter Heck of Manning in sub-district 709 necessitated the calling of by-elections. Elected by acclamation to complete the term of office were Mr. Howard Hutchison of Skiff in sub-district 103 and Mr. Con Kosiorek of Hotchkiss in sub-district 709.

Our appreciation is extended to all unsuccessful candidates who demonstrated their interest in the organization by letting their names stand for the office of delegate.

### PROPERTIES

For 1979-80, your Board authorized the construction of new elevators at Blackfoot, Legal, Brooks, Forestburg, Waskatenau and one other to be named at a later date. Also authorized was a replacement for the fire loss at Nampa.

Elevator closures effective July 31, 1980 were approved for Delacour, Duagh, Fleet, Gem, Lanfine, Shouldice, St. Michael, and Welling.

Closures due to rail line abandonment include Esther, Sedalia and New Brigden effective July 31, 1979, and Glenwood effective December 31, 1979.

Capital budget approvals totalling \$23,867,576 (after recoveries of \$157,900) including carry-over from last year, provide for six elevators, seven dwellings, five annexes, two bulk fertilizer plants, four anhydrous ammonia installations and three major warehouses.

### PUBLIC RELATIONS

The Public Relations Department continues to perform a vital function for your organization in its relationship with the media and the farming public. One of its major thrusts has been to provide factual information through the media to explain agriculture's role to an increasingly urbanized society.

Alberta Pool undertook major sponsorship of the play "Paper Wheat" which was seen in many communities throughout the province. The enthusiastic response would indicate good acceptance of the play not only in rural areas but also in the major cities of Calgary and Edmonton.





The model elevator built as part of the proposed grain museum was displayed at a number of major shows and fairs during the summer. It was well received and spurred good interest in grain handling methods generally. Plans are now underway for the construction of a new facility by the Calgary Exhibition and Stampede Board which should accommodate the museum by next summer.

### **GOLDEYE LAKE FOUNDATION**

Continuing rejection by the Department of National Revenue to classify the Goldeye Lake Foundation as a charitable organization has delayed the formal takeover of the Centre by the Foundation. Only very recently did the Foundation receive its charitable organization classification. Funds have been committed by a number of co-operative organizations and the change in status will now allow the fund-raising program to get underway.

Courses offered by Goldeye Lake Centre have been very well received as reports by participants would indicate.

### **STAFF**

The excellent results of this past year are due to the dedication and hard work of our employees, justifying the continued confidence and loyalty of Pool members. Sincere gratitude and appreciation is extended to all who were responsible for this achievement.

### **IN MEMORIAM**

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

#### **W. H. McAuley**

A delegate of 18 years beginning in 1938, Mr. W. H. McAuley, originally of Fairview, passed away on May 20th, 1978 at the age of 86 years. Mr. McAuley served as delegate in sub-district 710.

#### **Robert V. Bamber**

Mr. Robert V. Bamber of Esther who served as a delegate from 1925 to 1929 passed away on October 21st, 1978 at the age of 91 years.

#### **Edwin N. Davidson**

Mr. Edwin N. Davidson of Coaldale who served as a delegate from 1949 to 1958 passed away on June 28th, 1979 at the age of 66 years.

### **CHALLENGES FOR THE FUTURE**

Probably the most challenging issue facing the grain producer is his ability to take advantage of expanding markets at favourable prices. Many studies and recommendations later, the problem seems to be ever more acute.

A shortage of rolling stock and motive power has now been identified as the major culprit. The announcement by the federal government that it will make 2,000 more hopper cars available and assist in the repair of boxcars will certainly help, but more is needed.

The present emergency is the result of the railway companies' reluctance to supply the necessary equipment. To blame, in their view, is the demonstrated shortfall in revenue for grain transportation by rail governed by the Crows Nest freight rates on export grain and modified by branchline subsidies. Some solution to the grain transportation problem needs to be found quickly.

Your Board has given much consideration to the development of a transportation policy, including a statement on Crow rates, and will be presenting a revised policy for your consideration. It is the Board's hope that with the adoption of a policy position, some effective negotiation with the federal government based on your guidelines may be possible.

Your Board believes it is important to recognize that all modes of transport in Canada depend upon government for support. In 1975, annual infrastructure costs for air, marine and road transport were \$6 billion, yet only slightly over \$3 billion was recovered from users. Percentage recovery for air was 37%, marine 17% and road 59%. These costs or subsidies are not paid directly to users but have the effect of reducing costs to the particular transport mode involved.

There is growing concern about the Alberta government's motives in becoming directly involved in the ownership of grain handling facilities. Less, not more, government involvement would seem appropriate where adequate services and facilities are available, as they are in Alberta. According to some reports, in the planning for the purchase for these terminals, it seems to have been accepted that the Crow Rate would soon be abandoned and owning these facilities would then make it possible for the owners to negotiate special rates for unit or solid trains.

When the terminals were offered for sale by the federal government, all grain companies considered the costs involved, including the upgrading which will be required and the potential earnings which might be possible within the present system. Significantly, none of these organizations expressed much interest after the results had been carefully studied.



The appointment of the grain transportation co-ordinator will almost certainly add further government involvement and regulation to the industry. To be effective, the co-ordinator will need to use much diplomacy. It is hoped that in the performance of his duties he will let the Canadian Wheat Board continue to be more than a "residual recipient of rail cars" for its export program.

One of the more intriguing challenges for your Board has been the close involvement with non-co-operative organizations. The two partnerships, Agritec Engineering Systems and Alberta Food Products, as well as the Prince Rupert Grain Terminal Consortium Ltd., have presented some unique situations when considering such matters as how an organization is to be managed, in whose interest should the organization be operated and how any earnings should be handled. These questions are particularly evident in organizations in which the Pool does not have a majority ownership position.

A related but slightly different issue is the control and financial independence of second and even third-tier co-operatives. Your Board has for some time been considering the pros and cons of keeping assets and working capital of such organizations low and in this way ensuring continuing control, or alternatively, allowing these organizations to build up their capital, reduce their vulnerability, but also give up some influence over the way these co-operatives operate.

This past summer a number of delegates participated in a seminar on vertical integration. Since that time we have seen a large multi-national company here in Canada make a further move in this direction. Alberta Wheat Pool has tended, generally, to move slowly into different areas, but has become involved in fertilizer manufacturing and rapeseed crushing — both directly related to grain production. The Annual Meeting will be considering the degree of diversification this organization should permit.

Another challenge to the Pool's competitiveness relates to the level of service members expect of their organization. Providing fertilizer facilities at many delivery points as compared with operating through fewer, larger warehouses should, the Board feels, be carefully considered. Equally important is the question of responsive pricing.

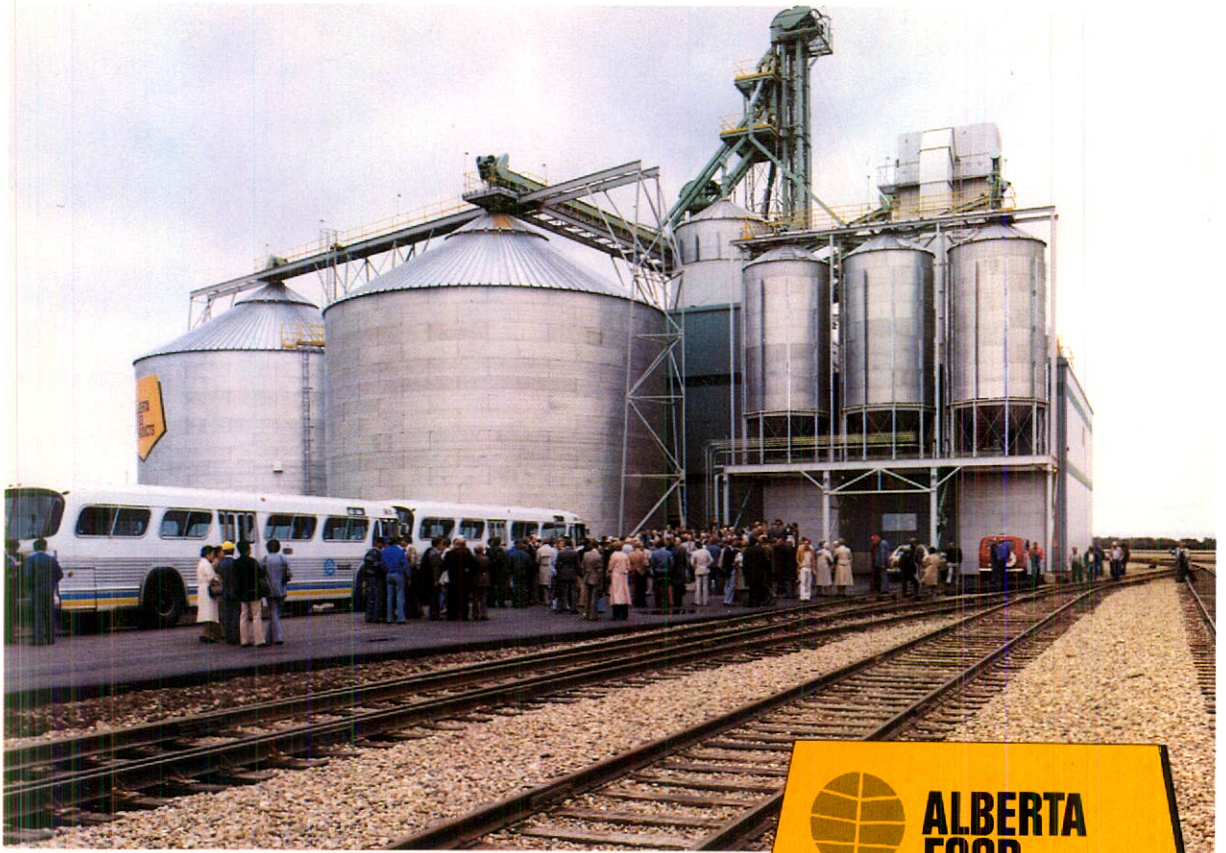
The members' wishes and needs on these and other concerns are vital. Your guidance is appreciated.

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







*Official Opening September 10th '79 Fort Saskatchewan crushing facility.*



*Aerial view at plant and site.*



## REPORT OF THE GENERAL MANAGER

on the 1978-79 CROP YEAR



*J. W. Madill, General Manager*

To the President & Directors  
Alberta Wheat Pool

Gentlemen:

It is gratifying to report that in many respects 1978-79 was a successful year for Alberta Wheat Pool. Your organization continued to be actively involved in many new developments and despite problems with the movement of grain, a sizable improvement in earnings was recorded.

A 78,400-tonne automated storage addition at the Vancouver terminal was opened in January 1979, and a modern 10,640-tonne concrete high-throughput elevator came on stream in April 1979 at Dawson Creek, B.C. Construction commenced on the experimental design Buffalo Sloped Bin pre-cast concrete elevator at Magrath in March 1979. Good progress was made on planning for the installation of a computer information system at major marketing and elevator centers.

The new country manager training program at Olds College has proven successful and continues as an important part of the Pool's human resource development program. In addition, your organization has a major interest in the Prince Rupert Terminal Consortium made up of six grain handling organizations, which experienced significant progress during the year.

Weather conditions reduced crop quality in Alberta and northeastern British Columbia. Elevator receipts paralleled the experience of a year earlier. Shipments from elevators increased nominally; however, delivery opportunity was not evenly available throughout the season.

Transportation shortages plagued the grain industry through 1978-79 and affected Alberta Wheat Pool's ability to fully serve its members.

In spite of reduced grain handlings in country elevators, your West Coast terminals set record and near-record handlings. Sales of crop products again surpassed levels of the previous year. Expanded elevator maintenance programs continued to provide adequate facilities for member-owners.

Financially, Alberta Wheat Pool recorded a substantially better year than in 1977-78. Lower elevator receipts were offset by increased forward shipments. Combined earnings from grain sales, terminal and agro products operations allowed your co-operative to achieve results which provide an excellent return to its member-owners.

### **Crop and Market Conditions**

Adverse weather prevailed throughout the 1978 crop season. Seeding, delayed by wet, cool weather, was not completed until mid-June. In early August a severe general frost lowered wheat and barley quality in nearly all areas of Alberta and the Peace River block of British Columbia. Rain and cool weather resulted in a delayed harvest of lower than average quality. A large portion of the crop was threshed out of condition. Only the rapeseed harvest was favourable with generally top grade, strong yields from record acreages.

Grain production (six principal grains) in Canada in 1978 totalled 39.17 million tonnes, compared to 39 million a year earlier. Alberta production reached 11.95 million tonnes, of which 4.14 million were wheat, 4.96 million tonnes were barley, and 1.4 million tonnes were rapeseed.



Grain deliveries to country elevators in 1978-79 were 22.9 million tonnes, compared to a record 26.7 million tonnes the year previous. Exports of grain and wheat flour were also down 1.9 million tonnes during the year, totalling 19 million tonnes.

At crop year-end prairie farm stocks stood at 13.5 million tonnes (9.044 million tonnes in 1978). Alberta's wheat, barley and rapeseed stocks on farms were 1.38 million, 1.39 million and 91,000 tonnes respectively. These figures were 599,000 tonnes, 1.35 million tonnes and 14,000 tonnes respectively, a year earlier.

### Country Operations

Alberta Wheat pool began the 1978-79 crop year with 1,224,006 tonnes of grain in store, utilizing 62.5 percent of our capacity. Some 249 of our elevators were congested, compared to 50 a year earlier.

Deferred Canadian Wheat Board delivery permits, the negative influence of low quality wheat and barley on export shipping opportunity, and transportation problems, kept our facilities under heavy pressure well into the crop year. Shortfalls in railway car spottings plagued your organization throughout the entire year. Outstanding shipping orders are considered as available space by the Canadian Wheat Board when allocating new orders, even though old orders may be outstanding several weeks due to inadequate rail service. This position reduced the number of subsequent orders allocated to us, and directly curtailed Alberta Pool's ability to relieve elevator congestion and accept deliveries offered by member-patrons. This was a serious problem which interfered with the member's opportunity to deliver to the elevator of his choice and was the major factor forcing a decline in handling percentage.

Available space in our elevator system was again unevenly distributed in 1978-79. The average number of congested elevators each month was 128, while average utilization of facilities was limited to 55.1%. The kinds and grades of grain held by farmers, at points where space was available, were not called for by the Canadian Wheat Board, thus precluding quotas on which producers could deliver. The root problem was railway shortfalls in car spotting. At one point, shortfalls (both railroads) reached approximately 1,500 cars, for which Alberta Wheat Pool held almost all outstanding orders. Stocks in store by July 31, 1979 were 1,034,869 tonnes, compared to 1,224,006 tonnes a year earlier.

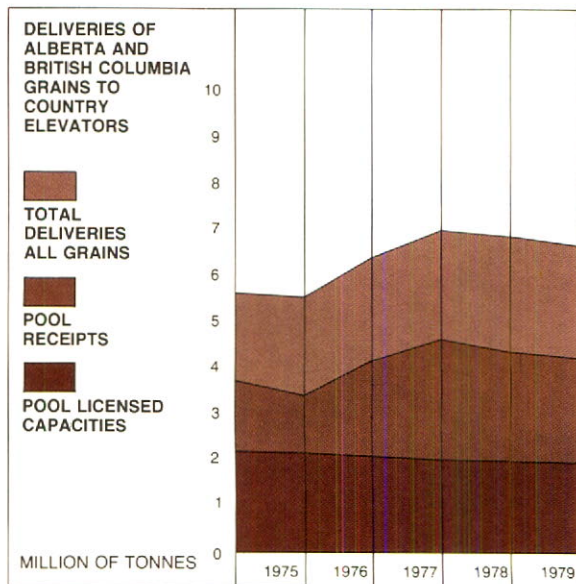
Congested elevators and the transportation system's inability to move feed grain in the volumes required, reduced Alberta Wheat Pool's handlings to 4,167,989 tonnes (173,399,483 bushels) compared

to 4,483,130 tonnes (184,958,267 bushels) in 1977-78. Your organization's percentage of grain deliveries declined to 63.31% from 66.17% a year earlier. The average handling per elevator manager at 10,102 tonnes, was down slightly from 10,270 tonnes in 1977-78.

Grain car loadings during the crop year at 59,124 were up from 54,824 a year ago; this increase occurred in the latter part of the crop year as delivery quotas were opened. Average shipments per station through the year were 143.4 cars, or 12 per month. Weekly average shipping per station was 2.8 cars, compared to 2.5 in the previous crop year. Crop year shipments totalled 4,354,801 tonnes, 4.5% above Pool elevator receipts.

Alberta Wheat Pool shipments to Thunder Bay and other eastern destinations rose to 857,253 tonnes, up 73,215 from a year earlier. Shipments to the Lakehead totalled 782,434 tonnes, of which 454,897 were unloaded in Saskatchewan Wheat Pool's terminals. Comparative figures a year ago were 723,389 tonnes and 471,195 tonnes, respectively. All rail shipments of wheat, oats and barley to Eastern Canada increased to 56,740 tonnes from 37,213 tonnes a year ago, and of these shipments only 1,497 tonnes were Canadian Wheat Board stocks. Pool shipments to Canadian Government Elevators and Churchill increased to 184,524 tonnes from last year's figure of 111,638. Shipments to Churchill rose to around 68,000 tonnes from 18,000 a year earlier, while Prince Rupert shipments fell from 92,800 tonnes a year ago to 78,772 tonnes in 1978-79.

Protein became a grading factor in 1978-79 as X1CW and X2CW wheat grades were established. Protein selection, in addition to a generally lower





quality harvest in 1978, increased the activity of the Grading and Selection Department. Individual samples graded totalled 39,332 during the season, compared to 35,547 samples a year earlier. Protein tests were done on 5,873 wheat samples, up 2,880 over last year. Barley protein tests completed were 1,106, down 1,461 samples from a year earlier, reflecting reduced production of quality barley in 1978.

Some protein tests were completed at Lethbridge with a loan machine from the Canadian Grain Commission. Your organization placed leased protein testing equipment at eleven designated elevator points.

Alberta Wheat Pool sales of selected barley to export and domestic markets declined to 164,000 tonnes in 1978-79 from 189,500 tonnes a year earlier. While domestic sales increased over the previous year, our provincial share of over-quota selected barley permits declined slightly from a year ago.

Alberta Wheat Pool feed grain sales rose to 682,050 tonnes in 1978-79, up from 435,946 tonnes in 1977-78. While sales in Alberta declined somewhat this year because of the large quantity of stocks on farms directly available to feeders, penetration in British Columbia and Eastern markets increased significantly. Your organization's marketing of flax, rye and rapeseed rose to 400,000 tonnes from 286,300 tonnes sold in 1977-78.

Alberta Wheat Pool elevator managers again demonstrated their adherence to accurate and honest weighing of member grain deliveries. Audits completed at 127 stations reflected gross overages of 0.072%, well within the 0.25% tolerance established by the Canadian Grain Commission.

During 1978-79, four elevators, three crib annexes and an agro warehouse were destroyed by fire. Losses occurred at Olds #1, Nampa, Beauvallon and Lanfine #2.

On July 31, 1979 Alberta Wheat Pool country storage capacity stood at 1,929,970 tonnes, down 28,030 tonnes from the same date a year earlier.

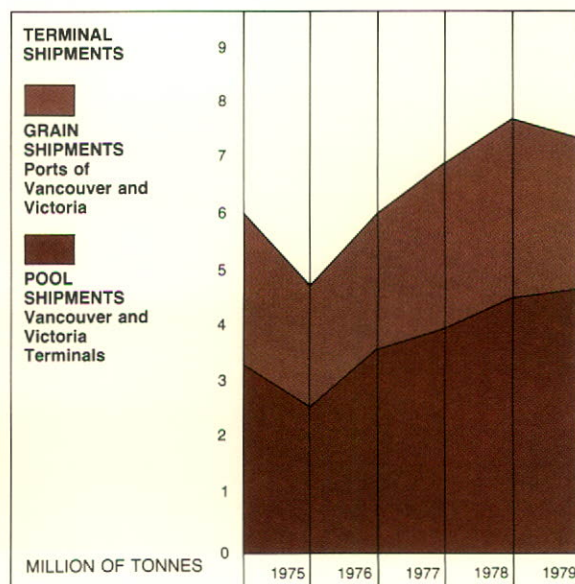
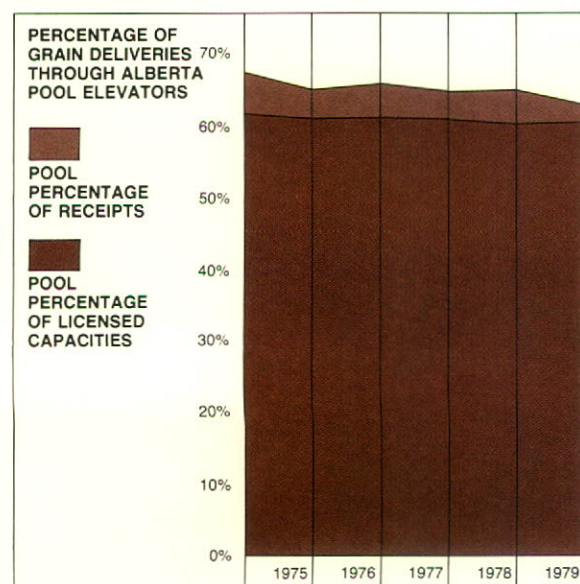
## Terminal Operations

Port of Vancouver grain handlings for the 1978-79 crop year reached 7,272,609 tonnes, of which Alberta Wheat Pool and Pacific Elevators combined handled 63.76%, an increase of 4.37% over 1977-78.

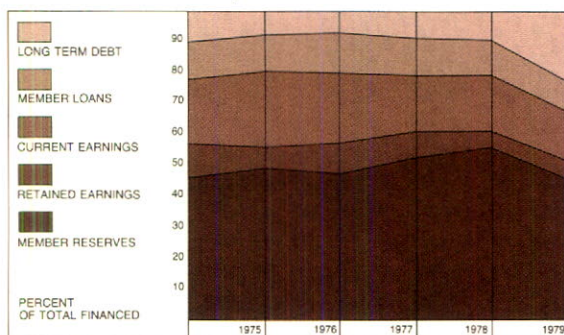
At the Pool terminal, receipts reached a record 2,426,694 tonnes, up 2,671 tonnes over last year. Shipments of 2,464,851 tonnes were an increase of 27,442 tonnes over 1977-78. Pacific Elevators' unloads reached 2,210,055 tonnes, a sharp increase of 153,692 tonnes over the year previous, and shipments of 2,216,481 tonnes were similarly up 150,973 tonnes over 1977-78. The major contributing factor was increased rapeseed handlings of 114,125 tonnes at Alberta Wheat Pool and 350,695 tonnes at Pacific Elevators.

During 1978-79, grain movement in and out of all terminals at Vancouver was very sporadic. Daily car averages at Alberta Pool decreased during the year from 147 to 145 cars per day. Pacific Elevators, mainly reflecting increased rapeseed volumes, registered a rise in daily car averages from 127 to 138.

Car shortages were prevalent throughout the entire year. Our terminals were forced to unload on an







overtime basis on Saturdays whenever cars were available, to reduce diversion premiums and to maintain our handling percentages. This meant significant extra expense was incurred.

Again hopper cars accounted for an increased proportion of grain unloads. Compared to last year, hoppers' movements increased by 7% and represented 49% of total grain unloaded.

The number of vessels waiting for berths decreased in 1978-79. At the start of the crop year no vessels were waiting; a high of 20 vessels waiting was reached in November and again in June. The crop year ended with seven vessels waiting.

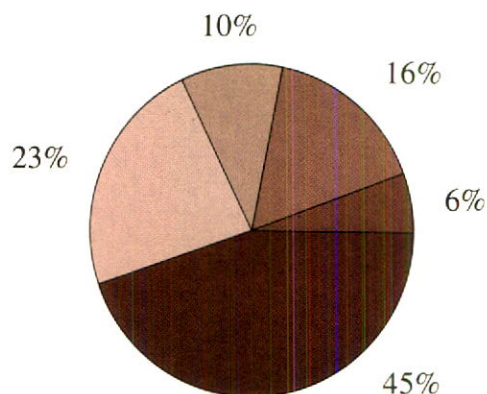
The official opening of the new 2.8 million bushel storage annex at the Pool's Vancouver terminal was held on January 22, 1979. That facility is operating well, adding to our West Coast handling capabilities.

Union and management relations remained very stable over the year, with few labour grievances. Your organization has complied fully with Labour Canada health and safety regulations. Our safety committees at both terminals render a valuable service.

### Marketing Division

Alberta farmers continued the long-term trend of increased use of farm supplies in 1978-79. Fertilizer consumption increased in Alberta by 9% to a record 825,000 tons. The large increase in rapeseed acreage was an important factor in the growth of farm supply sales.

Farmers continued the practice of buying approximately two-thirds of their requirements during the May to July period, again placing heavy pressures on the distribution system; but your organization was able to meet the demands for product.



Total sales of farm supplies by Alberta Wheat Pool, led by fertilizer and chemical sales, were \$70.0 million, a 9.8% increase over the previous year. Herbicides increased by 21% over the previous year and, as in previous years, wild oat herbicides accounted for approximately 60% of the total chemical sales.

Farm deliveries of forage seed declined from the previous year, mainly due to reduced acreage. Prices paid to growers were much higher than in the previous year.

Cereal sales increased by 17.6% in dollar value but declined in total volume because of the increased rapeseed and the lack of the Canadian Wheat Board contract program.

On December 15, 1978, Alberta Wheat Pool purchased the assets of Alberta Bean Growers Limited of Bow Island. The operation has complemented other Alberta Wheat Pool activities and recorded satisfactory earnings in its first year of operation under new ownership.

The four cleaning plants at Grande Prairie, Camrose and Lethbridge processed 5,245,000 kilograms of forage seed and 19,025,000 kilograms of cereal seed to export and domestic seed standards.

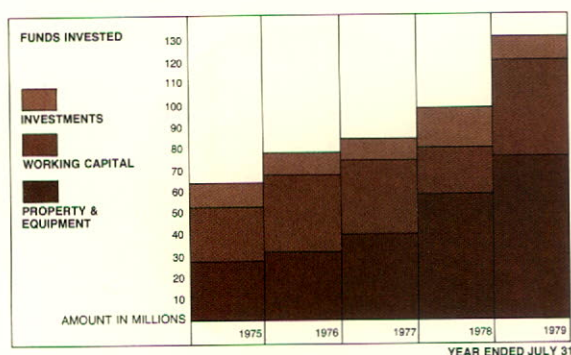
Your organization continued its search for new markets for Canadian seed during the crop year.

Alberta Wheat Pool maintained its activity in research and development, with emphasis on testing foreign-bred varieties of cereal and oilseeds that might be suitable for Western Canadian conditions.

### Engineering, Construction and Maintenance

New construction in grain and crop product facilities and quality maintenance programs for exist-





ing properties were the thrust of this division's efforts in 1978-79.

During the year a 10,640-tonne concrete high-throughput elevator was completed and officially opened at Dawson Creek on April 17, 1979. One 4,760-tonne composite was built at Grimshaw. Three 3,640-tonne composites were built at Arrowwood, Grande Centre and Torrington. One modified 121,000-bushel composite was built at Leduc.

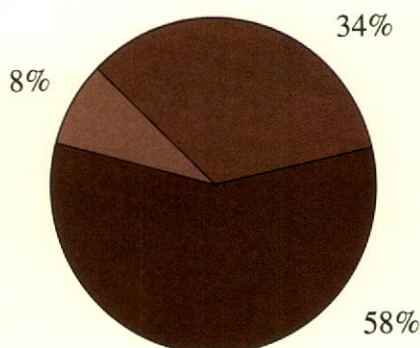
Cribbed annexes (2,100 tonnes) were constructed at Hawk Hills, New Norway and Wetaskiwin, and 1,708-tonne steel tanks were added to your facilities at Cereal, Orion and Seven Persons.

Five bulk fertilizer plants of 400 tons capacity each were added to your facilities at Hussar, Leduc, Viking, Athabasca and Eckville. All of these plants are equipped with blenders and hopper scales. Eight elevators at Acme #3, Arrowwood #1, Milo #5, Sexsmith #1, Wetaskiwin #1, Daysland #1, Kitscoty #3 and Tofield #3 were converted to fertilizer storage.

Anhydrous ammonia tanks were installed during 1978-79 at Dawson Creek, Edgerton, Forestburg, McLaughlin, Marwayne, Olds, Vermilion, Viking and Waskatenau. Fertilizer warehouses were built at Czar, Elk Point, Leduc, Seven Persons, Torrington and Wanham. A large steel warehouse was also constructed at Falher.

Throughout the year, repair and maintenance programs were maintained. Overall repair expenditures were up 9% over the previous year. Modernization of elevators included 12 new scales, 6 shipping legs, 7 dust collectors, 8 car pullers, 1 grain dryer and new or renovated offices at six locations.

During 1978-79, 15 elevators with some associated annexes and sheds were dismantled by contract.



Your country grain and crop product facilities at July 31, 1979 included 711 elevators, 980 annexes, 941 agro product warehouses, 5 seed cleaning plants, 34 anhydrous ammonia facilities and 539 dwellings.

In 1979 construction of a new sloped bin pre-cast concrete elevator was begun, under contract with Agritec Engineering Systems.

Country construction personnel as of July 31, 1979 totalled 39 foremen and 145 men.

## Operating Results

After provision for income taxes, consolidated earnings of Alberta Wheat Pool and its subsidiary companies were \$21,516,647, compared to the previous year of \$15,555,375. This record earning was achieved with a lower country handle of grain, but shipments in excess of receipts partly compensated for the difference. Margins in both grain and crop product sales were also better than 1977-78. Terminal operations both at Pool Vancouver facilities and Pacific Elevators Limited provided higher operating results.

A very substantial increase of \$21 million in working capital was created predominantly by the high level of earnings, the increase in long-term debt that had not been completed at the previous year end, and application of the investment tax credit program. High capital expenditures included the completion of the Vancouver terminal annex expansion, Dawson Creek high-throughput concrete elevator, and a substantial portion of Alberta Food Products rapeseed crushing plant that has been completed since year end.

Resolutions of the delegate body provided a cash refund and cash reserve purchase totalling \$8,600,000 from the previous year's earnings.



Member reserves increased to \$58,800,000 by creation of \$10,700,000 new reserves, offset by the \$4,100,000 reserve purchase. The purchase categories included retirements, estates of deceased members, members age 66 with no previous purchase, and the largest amount paid to revolve the reserves on a member number basis.

### Subsidiary Companies

All accounting for Victoria Elevator Limited was completed during the year and the company charter abandoned. Interior Feeds Limited remains a dormant company.

The Vancouver terminal facilities operated by Pacific Elevators Limited are owned by Western Pool Terminals Ltd. Both of these companies are owned by Alberta Pool 60%, Saskatchewan Pool 30%, and Manitoba Pool 10%. The earnings of Pacific Elevators Limited are distributed in proportion to grain consigned to the terminal in accordance with a Shippers' Agreement.

Alberta Food Products is a 60% owned partnership with Japan Alberta Oil Mill Co. Ltd. and the accounts are consolidated on a line-by-line basis according to percentage of ownership.

The oilseed crushing plant was completed after year end and is in the early stages of production. Official opening of the plant took place on September 10, 1979.

Agritec Engineering Systems is a 50% owned partnership with Buffalo Engineering Limited. Its purpose is to develop, market and construct the Buffalo Sloped Bin type elevator. Accounts of the partnership are consolidated on a line-by-line basis according to ownership percentage.

### Administration

Throughout 1978-79 your management continued its attention to the refinement and development of effective administration and communication systems. Our study of data terminal installation at country elevators was continued toward a telecommunications network which will streamline information flow and provide long-term productive benefits.

The Pool's planning resources continue to be heavily committed to the grain handling and transportation system, and to the many government and industry agencies and groups involved in these areas.

Your organization has played a major role in the Prince Rupert Grain Terminal Consortium Ltd., has made significant contributions to the Murta Task Force and has seen the development of a new concept in grain elevator design.



*Magrath sloped bin precast concrete elevator under construction.*



*Completed Dawson Creek elevator facility.*



Many Pool delegates have been involved in a study now being conducted in an effort to project the nature of our business environment 15 years into the future, and to determine the actions required to meet the challenges as identified.

We continue to depend heavily on planning to help us recognize and manage change in these challenging times.

Throughout 1978-79, continued attention was directed to the recruitment, development and retention of human resources required to meet the expanding service needs of Pool members. Staff strength increased from 1,817 to 1,878 persons during the crop year, mainly at Alberta Food Products, where the increase was 57 persons as that facility prepared to go on stream.

Your organization maintained its elevator and warehouse management training program, which was introduced last crop year as a first within the grain industry. Since inception, the program has graduated 56 trainees at the acting assistant elevator manager level. Attention to overall staff development was reflected in completion of upgrading and development courses by 389 personnel during the year.

Health and safety programs for all employees continued to be emphasized. In the country and terminal elevators, medical and environmental surveillance programs of Labour Canada have received a full compliance.

Your organization's social conscience toward its staff is reflected in their performance.

Alberta Wheat Pool is a people intensive co-operative organization. Throughout the crop year your employees met difficult circumstances with positive action and favourable results. We wish to record our appreciation for this effort by all Pool employees.

Respectfully submitted



J. W. Madill  
General Manager









**ALBERTA WHEAT POOL  
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
July 31, 1979

	<u>1979</u>	<u>1978</u>
<b>Current assets</b>		
Cash . . . . .	\$ 702,199	\$ 1,363,836
Inventories (Note 2) . . . . .	146,434,113	116,870,754
Accounts and accrued items receivable . . . . .	46,132,724	42,890,693
Prepaid expenses . . . . .	4,619,123	2,260,324
	<u>197,888,159</u>	<u>163,385,607</u>
<b>Deduct</b>		
<b>Current liabilities</b>		
Cheques and cash tickets outstanding . . . . .	33,595,007	37,931,105
Bank loans (Note 3) . . . . .	73,930,000	70,265,000
Call and short-term loans . . . . .	18,683,200	12,290,700
Accounts payable and accrued charges . . . . .	20,726,734	15,353,505
Staff savings . . . . .	4,750,163	3,701,433
Current maturities of long-term debt . . . . .	1,477,727	244,061
	<u>153,162,831</u>	<u>139,785,804</u>
<b>Working capital</b> . . . . .	44,725,328	23,599,803
<b>Property and equipment (Note 1)</b> . . . . .	75,606,948	59,486,309
Investments and memberships . . . . .	8,746,112	13,411,471
Development and pre-operating costs . . . . .	1,538,074	989,040
Goodwill . . . . .	541,549	584,444
<b>Funds invested</b> . . . . .	<u>\$131,158,011</u>	<u>\$ 98,071,067</u>
<b>Financed by</b>		
Term loans from members and co-operatives (Note 5) . . . . .	\$ 12,895,476	\$ 10,638,091
Long-term debt (Note 6) . . . . .	<u>29,798,498</u>	<u>11,853,885</u>
<b>Members' equity</b>		
Reserves (Note 7)		
Authorized: \$60,000,000		
Issued to members . . . . .	58,811,946	52,256,211
Earnings retained from prior years . . . . .	8,135,444	7,767,505
Net earnings for the year . . . . .	21,516,647	15,555,375
<b>Total members' equity</b> . . . . .	<u>88,464,037</u>	<u>75,579,091</u>
	<u>\$131,158,011</u>	<u>\$ 98,071,067</u>

Approved on behalf of the Board:

A. J. MACPHERSON, Director

H. R. PATCHING, Director



**ALBERTA WHEAT POOL  
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended July 31, 1979

	<u>1979</u>	<u>1978</u>
Sales and other operating revenue . . . . .	\$634,670,789	\$642,329,306
Cost of sales . . . . .	539,600,980	564,718,406
Gross margin . . . . .	95,069,809	77,610,900
Deduct expenses		
Country facilities . . . . .	24,044,455	21,537,770
Terminal operations . . . . .	17,515,878	15,925,470
Administration and supervisory . . . . .	14,570,780	12,179,300
Interest . . . . .	11,157,813	7,284,589
Depreciation . . . . .	6,264,236	5,128,396
	<u>73,553,162</u>	<u>62,055,525</u>
Net earnings for the year . . . . .	<u>\$ 21,516,647</u>	<u>\$ 15,555,375</u>

**CONSOLIDATED STATEMENT OF EARNINGS  
RETAINED FROM PRIOR YEARS**  
For the Year Ended July 31, 1979

	<u>1979</u>	<u>1978</u>
Balance at beginning of year . . . . .	\$ 7,767,505	\$ 7,590,134
Net earnings for previous year . . . . .	15,555,375	14,880,238
Less patronage refunds distributed		
In cash . . . . .	4,528,843	4,759,563
In member reserves . . . . .	10,658,593	9,943,304
	<u>15,187,436</u>	<u>14,702,867</u>
Increase in retained earnings . . . . .	367,939	177,371
Balance at end of year . . . . .	<u>\$ 8,135,444</u>	<u>\$ 7,767,505</u>



**ALBERTA WHEAT POOL  
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF CHANGES  
IN WORKING CAPITAL  
For the Year Ended July 31, 1979**

	<u>1979</u>	<u>1978</u>
<b>Source of working capital</b>		
Net earnings for the year . . . . .	\$21,516,647	\$15,555,375
Add items not requiring a current outlay of funds		
Depreciation . . . . .	6,264,236	5,128,396
Amortization of goodwill . . . . .	42,895	42,895
	<u>27,823,778</u>	<u>20,726,666</u>
Increase in long-term debt . . . . .	19,422,340	4,542,012
Proceeds from disposal of property and equipment . . . . .	975,300	816,952
Increase in term loans from members and co-operatives . . . . .	2,257,385	—
Redemption of mortgage bonds . . . . .	5,000,000	—
Investments tax credits . . . . .	2,843,489	—
	<u>58,322,292</u>	<u>26,085,630</u>
<b>Application of working capital</b>		
Additions to property and equipment . . . . .	26,203,664	23,758,912
Patronage refunds paid in cash . . . . .	4,528,843	4,759,563
Members' reserves purchased . . . . .	4,102,858	3,614,499
Increase in investments . . . . .	334,641	1,421,946
Increase in development and pre-operating costs . . . . .	549,034	385,642
Current maturities of long-term debt . . . . .	1,477,727	244,061
Decrease in term loans from members and co-operatives . . . . .	—	142,731
	<u>37,196,767</u>	<u>34,327,354</u>
Increase/(Decrease) in working capital during the year . . . . .	21,125,525	(8,241,724)
Working capital at beginning of year . . . . .	23,599,803	31,841,527
Working capital at end of year . . . . .	<u>\$44,725,328</u>	<u>\$23,599,803</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, 1979 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, 1979 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 12, 1979

TOUCHE ROSS & CO.  
Chartered Accountants



**ALBERTA WHEAT POOL  
and Subsidiary Companies**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**July 31, 1979**

**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 previous year. The following is a summary of the significant accounting policies adopted by the Association:

**a) Principles of consolidation**

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

**Subsidiaries**

Victoria Elevator Limited  
Western Pool Terminals Ltd.  
Pacific Elevators Limited

**Percentage ownership**

100%  
60%  
60%

**Partnership interests**

Alberta Food Products  
Agritec Engineering Systems

60%  
50%

Partnership interests are 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 sales 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.

The Association has recorded investment tax credits on certain fixed assets acquired after June 24, 1975. These credits have been amortized at the applicable annual depreciation rates.

**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 pre-operating costs**

Development and pre-operating 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 will be amortized using the unit of production method 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 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.

### 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 \$757,901 (1978 — \$232,573) are included in administration expenses.

## 2. INVENTORIES

Inventories are comprised of:

	1979	1978
Grain purchased for delivery to Canadian Wheat Board, valued at established delivery prices, after allowance for handling revenues yet to be earned. . . . .	\$ 69,851,859	\$ 87,251,924
Grain valued on the basis of open sales contract and future contract prices, after allowance for margins yet to be earned. . . . .	52,878,498	13,157,204
Other inventories, including seed and agro supplies, valued at the lower of cost and net realizable value. . . . .	23,703,756	16,461,626
	<u>\$146,434,113</u>	<u>\$116,870,754</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 consists of:

	1979	1978
Country operations . . . . .	\$ 64,225,025	\$ 55,380,065
Terminal operations . . . . .	47,377,769	43,805,415
Marketing and administration . . . . .	15,033,702	12,871,322
Processing plant . . . . .	13,335,030	6,382,896
	139,971,526	118,439,698
Less accumulated depreciation . . . . .	64,364,578	58,953,389
	<u>\$ 75,606,948</u>	<u>\$ 59,486,309</u>

## 5. 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 6. LONG-TERM DEBT

	1979	1978
<b>Alberta Wheat Pool</b>		
Income debenture . . . . .	\$11,100,000	\$ —
<b>Western Pool Terminals Ltd.</b>		
6 <sup>5</sup> / <sub>8</sub> % mortgage . . . . .	4,785,250	4,922,080
Advances from minority shareholders . . . . .	3,227,278	2,800,145
<b>Alberta Food Products</b>		
8 <sup>1</sup> / <sub>2</sub> % term bills of exchange . . . . .	263,357	326,441
Bridge financing contract . . . . .	11,900,340	4,049,280
	31,276,225	12,097,946
Less current maturities . . . . .	1,477,727	244,061
	<u>\$29,798,498</u>	<u>\$11,853,885</u>

- 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 by 40 quarterly installments of \$300,000.
- The 6<sup>5</sup>/<sub>8</sub>% mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual installments of \$462,918, including interest.
- The 8<sup>1</sup>/<sub>2</sub>% term bills of exchange are repayable in semi-annual installments over a five year period ending 1982.
- The bridge financing contract was arranged with a Canadian Chartered Bank to finance construction of a rapeseed processing plant, and is secured by a first mortgage on the facilities and the guarantees of the partners. Subsequent to the year end the loan was assumed by the Prudential Assurance Company of America, for a fifteen year period, with interest payable at 9<sup>1</sup>/<sub>4</sub>%.

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

1980 — \$1,477,727; 1981 — \$2,243,344; 1982 — \$2,209,709; 1983 — \$2,176,855; 1984 — \$2,188,572.

### 7. RESERVES

Details of reserves issued to members are as follows:

	1979	1978
Balance at beginning of year . . . . .	\$52,256,211	\$45,927,406
Deduct members' reserves purchases . . . . .	4,102,858	3,614,499
	48,153,353	42,312,907
Add patronage refunds allocated as members' reserves . . . . .	10,658,593	9,943,304
Balance at end of year . . . . .	<u>\$58,811,946</u>	<u>\$52,256,211</u>

### 8. COMMITMENTS

- The construction of certain property and equipment, which has been authorized by the directors of Alberta Wheat Pool, was uncompleted to the extent of approximately \$24,890,000 at July 31, 1979 (\$27,917,000 at July, 1978).
- Western Co-operative Fertilizers Limited, in which the Association has a 25 percent interest, has, through a U.S. subsidiary acquired a 50 percent interest in a phosphate mining and processing operation. Included in the financing of this transaction are debt instruments totalling U.S. \$45,750,000 (Canadian \$53,509,200 as at July 31, 1979), 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 its acquisition of raw materials in its normal course of business.



## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **9. CONTINGENCIES**

- a) The Association is contingently liable as guarantor of long-term debentures of Western Co-operative Fertilizers Limited to a maximum of \$2,000,000.
- b) 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.
- c) 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.

### **10. SUBSEQUENT EVENT**

The Association has become a major shareholder of the Prince Rupert Grain Terminal Consortium Ltd. which was formed to acquire and operate a grain handling facility at Prince Rupert, B.C. and to study the feasibility of constructing a new, substantial terminal facility at that port.



# CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

## DIRECTORS' REPORT

### 1978-79

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 1978-79 will review national and international general economic conditions and trade policies which affect farmers in Western Canada; will outline key policy issues on which the three Pool organizations took joint action; and will highlight those policies and programs which will have a significant influence on the well-being of agricultural producers in the provinces of Alberta, Saskatchewan and Manitoba.

During the past year the world economy has continued to struggle with the serious problems of inflation and unemployment in the developed economies, bringing serious adjustments in currency values and damaging the ability of developing countries to improve their economic conditions.

Governments which belong to the GATT finally concluded negotiations this past year and have entered the process of ratifying and implementing reductions in tariffs and new trading rules. The results may help to improve trade in some agricultural products with the United States, but will not improve access or modify significantly those policies which protect the EEC and Japanese markets from imported agricultural products. Producers could gain benefits in reduced input costs as certain adjustments in tariffs are implemented.

During the past year the major grain importers and exporters of the world convened two full negotiating conferences at Geneva in an attempt to develop a new International Grains Agreement. When negotiations for a new agreement broke down in February, the International Wheat Council agreed to further extend the 1971 accord. The provisions of the 1971 agreement provide for a wheat trade convention without price provisions, and also include a food aid convention providing for pledges from donor nations regarding levels of food aid. The failure of countries to develop a new International Grains Agreement was a reflection of their inability to reach a consensus on the level of trigger prices and the size of reserve stocks to be held.

Several meetings between officials of the major exporting countries were subsequently held to discuss the world grain supply and price situation. It would appear that exporters were seeking ways to co-ordinate national production and marketing policies in a manner which would avoid harmful competitive practices and would consider world food security needs.

During the current crop year it became evident

that while total grain supplies remained adequate, world trade would increase as crop conditions were unfavourable in several large producing and consuming regions. The U.S.S.R., Eastern Europe and China appeared to be facing reduced domestic supplies and a probable need for increased imports. Prices strengthened and supplies from North America were rationed by transportation and port capacity. In the U.S., a good harvest and grain released from reserves kept a restraint on price increases; however, The Canadian Wheat Board asking price had moved from about \$150 per tonne in mid-July 1978 to \$220 per tonne by mid-July 1979 for 1 CW 13.5% protein wheat.

For the second year in a row, Canada's grain export capability was restricted because of a number of factors, and as a consequence grain movement was less than satisfactory. Transportation delays, due to weather, labour disruptions, and a shortage of railway equipment, kept Canada from exporting volumes for which supplies and sales were available. Total grain exports declined from 21.0 million tonnes in 1977-78 to 19.0 million tonnes in the past crop year. Deliveries from prairie farmers also declined from a record high of 27.6 million tonnes a year ago to 23.5 million tonnes in 1978-79.

Prairie producer incomes have increased modestly over the past two years. In 1978, total cash receipts in the Prairie Region were almost \$6 billion compared with slightly over \$5 billion in 1977. The improved cash receipts have reflected in an improvement in realized net income which increased from \$1.4 billion in 1977 to \$1.8 billion in 1978. Preliminary estimates for 1979 indicate that realized net income will increase further to approximately \$1.9 billion. However, this is still well below the record \$2.4 billion realized in 1975. In spite of the fact that cash receipts in the current year are up almost 20 per cent over a year ago, farm input costs have also continued to escalate at a rate of approximately 14 per cent per year. This will no doubt have a significant bearing on the final realized net income position of farmers in 1979.

Livestock prices continued to improve, particularly for finished cattle, with September prices in the \$75 per hundredweight range, or 21 per cent above a year ago. Canada's cattle population has dropped now for four consecutive years. However, the improved market is expected to bring about some modest herd rebuilding in 1980. The past reduction in the breeding herd will continue to give rise to a contraction in beef supplies over the next two or three years and will maintain continued upward pressure on beef prices. Hog producers in the current year have faced prices which are below those of a year ago, largely as a result of a substantial build-up of hog numbers in both the United States and Canada.



Market and price instability created by international forces and policies continued to influence in a major way the economic viability of prairie farmers. Agricultural policies at the national and international level must be developed and strengthened so as to create an environment and market stability which will ensure the continued expansion of food production at profitable prices to producers.

The continuing problem of unacceptable levels of inflation, and the need to maintain Canada's competitive position in world markets, remain key economic issues requiring immediate resolution by government, industry and labour.

## MAJOR CURRENT POLICY ISSUES

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

### Transportation

Grain transportation is the central policy issue facing producers in Western Canada at this time. The world demand for grain is keen, and price levels for Canadian grains have been rising steadily and significantly for some months in response to reduced production prospects in some areas of the world. Wheat Board officials have indicated repeatedly that more Canadian grain could have been sold by the Board in the 1978-79 crop year if it could have been moved to port locations and loaded into ships.

The three Pools have consistently stated over the years that an adequate and economical transportation system is essential to the development of the prairie economy, and the lack of definitive national transportation policy has contributed to current problems and perpetuated freight rate inequities which exist in Western Canada. Transportation in Canada is, and always has been, an instrument of national policy. In the historical development of Canadian transportation it has been common practice to recognize that neither commercial viability nor the ability of a region to pay for a particular transportation service, should be the prime factors in deciding whether or not to provide that service. Equally well recognized throughout Canadian history is the fact that many regions in Canada have neither the wealth nor the population density to justify a transportation system, if the principles of commercial viability are rigidly applied.

Throughout the history of transportation in Canada, confusion has existed as to whether the railways' primary function should be to serve investors or to serve national policy. For over a hundred years Canadian transportation policy has been plagued by a myth that competition and private enterprise would solve our transportation problems. In spite of this pervasive belief, whenever transportation problems have become acute, government intervention, usually on a massive scale and requiring large inputs of public money, has been necessary to deal with recurring transportation crises. In fact, there is no competition

between the two major railways in so far as agricultural product movement out of the Prairie Region is concerned. The railways realize that prairie grain shippers represent a captive market and, within broad limits, the quantity of grain offered for rail shipment is not a function of railway service or price. The transportation question has principally boiled down to four important and basic issues: (a) compensation to the railways for hauling grain; (b) the effect of the difference in freight rates on raw and processed agricultural products; (c) provision of rolling stock and motive power; and (d) future branch line configuration and physical condition.

Following the report and recommendation of the Hall Commission and the subsequent creation of the Prairie Rail Action Committee, decisions and recommendations were announced in early 1979 on those lines for which Hall had not made a decision. The PRAC recommended that of the 2,325 miles of prairie lines that it reviewed, a total of 1,367 miles should be abandoned. The prairie Wheat Pools regarded the recommendations of PRAC as unduly severe to producers and have advocated a policy of retaining a large percentage of the lines that PRAC had recommended for abandonment. In the fall of 1979 there still remains uncertainty about the future of many prairie branch lines. The federal government has named a special task force to make further recommendations on those lines for which the future remains in doubt. As long as uncertainty continues, the condition of the rail line itself as well as elevator facilities and other businesses will continue to deteriorate. It is important that realistic guidelines be established by the federal government for the retention or abandonment of lines, and that action to determine their future status be taken without further delay.

A program of rehabilitation and upgrading of the prairie rail network has been in effect for several years, designed to bring those lines up to a standard which will enable them to carry hopper cars. The program may take as long as ten years to complete and will cost upwards of one billion dollars in total. Your Board would urge that the rehabilitation program proceed as rapidly as possible with full co-operation from all parties involved.

Of continuing concern to the prairie Wheat Pools is how to ensure an adequate supply of railway rolling stock, devoted to grain movement. The railways have not made any capital investment in the branch line system or in grain-related equipment except where government subsidy was involved. A federal government initiated study, undertaken by Booz-Allen, Hamilton and the IBI Group, indicated that the Canadian grain fleet at the end of 1978 totalled about 22,000 consisting of 14,000 railway-owned box cars and 8,000 government-owned hopper cars. Attrition of the railway-owned cars will be at the rate of 1,800 cars per year.

The following plans and proposals for an increased grain car fleet were announced prior to



the printing of this report in early October, 1979:

— In September, 1979 the 2,000 hopper cars ordered by The Canadian Wheat Board began to come on stream.

— The railways, with financial support by the federal government, will rehabilitate an additional 5,000 box cars.

— The federal government announced a lease arrangement which will add a further 2,000 hopper cars to the grain fleet.

— Canadian National Railways announced the ordering of 1,000 hopper cars.

— The provincial governments of Alberta, Saskatchewan and Manitoba were continuing discussions about the purchase of 2,000 hopper grain cars.

Based on future grain service requirements, the consultants' report indicated that at least 9,300 additional hopper cars would be required by 1985 at a current dollar cost of \$400 million. This assumed a 15 per cent improvement in the cycle performance. The study also noted that an additional 125 locomotives would be required to service grain movement by 1985 at an estimated capital cost of \$106 million in current dollars.

The three prairie Wheat Pools, at their joint meeting in July 1979, issued a statement which reflected their concern over grain transportation matters: "Constraints on Canadian ability to export grain to available markets are both a serious drain on the economy of Canada and poor economic management. Immediate steps to establish a purchase or lease program to provide, over the next five years, ten to fifteen thousand hopper cars to be added to Canadian railroads' grain fleet, are justifiable. The provision of power units to fully utilize this added capacity is also essential. The Boards of Directors of the Alberta, Manitoba and Saskatchewan Wheat Pools wish to go on record publicly in favour of either the federal government or Canadian Wheat Board implementing a purchase or lease program which will provide sufficient hopper cars to service the grain industry for the foreseeable future. Details of who pays for the cars purchased should be worked out in the next year."

The question of providing adequate compensation to the railways for moving grain is a matter that has been under considerable discussion in the past several months. Whenever the subject of compensation to the railways for hauling grain is raised, it is inevitable that the statutory grain rate enters the discussion. According to the Snively Commission on the Cost of Transporting Grain by Rail, the present revenue from the statutory rate and the branch line subsidy falls short of compensating the railways for grain movement by a substantial margin. The Snively Commission determined railway costs in 1974 to be \$231 million, of which producers paid \$89.7 million or 38.9 per cent. In 1977, railway costs increased to \$354 million, of which producers paid \$114.8 million or 32.4 per cent. If grain shippers were to pay full 1977 railway costs, freight rates would have to increase from the present average \$5.02

per tonne to \$15.57 per tonne, an increase of 3.1 times. If an inflation factor of 8 per cent is applied to the 1977 Snively estimate of railway costs, it suggests current rates would have to increase to \$18.10 per tonne to cover 1979 railway costs. The current gap between present rates and 1979 estimated railway costs would therefore be approximately \$353 million.

With rapid cost increases, and consequent freight rate increases for livestock, livestock products and other grain products not receiving the protection of the statutory rate, the argument that the difference in rate is acting as a deterrent to processing and to livestock production is becoming more prevalent. The prairie Wheat Pools have taken the position for some years that railway companies must be adequately compensated for moving grain, but that certain safeguards or guarantees are needed to protect the legitimate interests of grain producers. It is important that the type of freight rate structure and methods to guarantee service be considered in conjunction with any discussion on compensation to the railways and the level of rates.

A number of solutions to the compensation question have been proposed by various farm organizations and government officials. Some have taken the position that it is entirely a federal government responsibility to compensate the railways for the difference between their revenues and their costs. Others have taken the position that rail rates should be set at compensatory levels, and a transportation subsidy paid by the government to farmers. A third position suggests that, if the federal government pays for branch line rehabilitation, for some hopper cars and for box car repairs, then grain shippers should be asked to pay somewhat higher freight charges in return for some assurance of adequate service for grain movement. A fourth position is that if grain rates remain at present levels, then producers should participate in future purchases of hopper cars.

The prairie Wheat Pools are unanimous in their agreement that a government transportation subsidy is required and justified for the Western Canadian Region, and that any such subsidy be paid directly to the railways. There is also full agreement that the freight rate structure should be determined by statute. This principle should be applied to other farm commodities as well as to grain. In addition to the rate structure being regulated by statute, the Pools believe it must be distance-related and it must not be variable, thus keeping out of the hands of the railways the power to dictate the development of the system without taking account of the transfer of costs to producers.

It is important that the federal government develop as clearly and as soon as possible a long-term policy position on freight rates which will honour the statutory grain rate arrangement, assure adequate returns to the rail companies, and resolve the question of disparity between rates on grain for export and rates on processed agricultural products and on livestock.



The total package of government legislation, regulation, and system of payment, must in the final analysis provide the Western Region with an adequate rail transportation network maintained at acceptable levels, with adequate rolling stock, and a system of direction and co-ordination which will permit the further development of markets for grain and processed products. The objective must be to have a system which will be self-generating, to allow future investment and growth. Transportation services and costs must permit Western Canada's farmers to participate in the challenging opportunities of the future and make a major contribution to the Canadian economy.

### Grain Marketing

Marketing opportunities during the 1978-79 crop year varied significantly among grain producers in Western Canada. There was keen demand for higher grades of wheat, with the result that good quantities were moved, as these grades received some degree of priority in the total marketing strategy. The movement of lower grades was a problem, and producers in areas where these grains predominated were able to market only limited quantities of those grains during the crop year. The situation was largely caused by the inability of the transportation system to move as much grain as The Canadian Wheat Board and others could sell.

In the longer term there are strong indications that the potential exists for a very substantial increase in the volume of Canadian grain which can be marketed. Officials of The Canadian Wheat Board predict that exports of 30 million tonnes of all grains will be achieved by 1985, and various other estimates approach that volume. Improvements in transportation, including more hopper cars, shortening of car cycles, additional locomotives, and improvements in certain main lines are essential if Canada is to move the projected volumes in the years ahead. It is recognized there is a need for greater co-ordination of the efforts of the Wheat Board, the grain trade and the railways to eliminate bottlenecks which now occur from time to time. There is also a need for reliable information on quantities and quality of grain, and faster transmission of essential information among the various participants in the industry.

During the past year two special committees were established to examine specific aspects of the grain delivery system. In August 1978 a special Quota Review Committee was appointed by the Advisory Committee to The Canadian Wheat Board. The Committee made a number of recommendations the most important of which was to suggest that non-Board feed grains be placed under quota. This recommendation was acted upon by The Canadian Wheat Board and became effective August 1 of this year.

The substantial increase in the use of producer cars and the resulting problems that could potentially be created, led to the establishment of a three-man committee in January 1979 to enquire

into matters relating to producer cars and to make recommendations to the Canadian Grain Commission. Statistics for the 1978-79 crop year show that 4,636 producer cars were authorized compared to 2,174 cars in 1977-78 and 402 cars in 1976-77. The prairie Wheat Pools have argued that the right of producers to order and ship carloads of grain on their own behalf should be maintained but should be subject to at least two conditions: (1) producers loading cars should be subject to the same delivery quotas that apply to producers delivering grain through elevators at the same delivery point; and (2) producer cars should be authorized only for the types and grades of grain which are currently being moved from the shipping block concerned.

Recommendations by the Producer Car Committee resulted in some changes in the administration of producer cars which should result in greater equity in delivery opportunities for those producers wishing to deliver to the elevator system.

The Pool organizations have strongly supported the single selling agency role of The Canadian Wheat Board in the marketing of all prairie grains. The Canadian Wheat Board plays a very important role in the Canadian grain industry, and when the system does not perform as expected there may be some tendency to blame the Board for shortcomings of the entire handling and transportation system. Grain producers and others in the industry have an obligation to assess the performance of the handling and transportation system in realistic terms, to assess blame when appropriate, and to indicate support for the type of marketing systems they wish to be retained.

In July the Honourable Don Mazankowski, Minister of Transport and Minister Responsible for The Canadian Wheat Board, announced the formation of a three-man task force to make recommendations for implementing an emergency program on grain movement in Western Canada. The committee is expected to bring in its final recommendations by November 30. The government has already taken steps to appoint and has outlined the terms of reference of a Grain Transportation Co-ordinator who will report directly to the Minister. Your Board has emphasized that it is vitally important the work of grain transport co-ordination be very closely integrated with the sales program of The Canadian Wheat Board.

The Pools have expressed concern, since the inception of the National Feed Grains Policy in 1974, about the unnecessary duplication and inefficiencies created in operating an open market for domestic feed grains alongside the Wheat Board system. It is felt that it is neither compatible nor efficient to operate two systems of grain marketing, each functioning with partial control over the same grains.

Pool members and officials have devoted a great deal of attention to the domestic feed grain policy in recent years, and have recognized the basic weakness and inequity in the absence of a delivery



quota for non-Board feed grain sales. During the 1979-80 crop year, quotas will be applied to these sales. Since the announcement was made there has been some evidence of opposition to the application of quotas. It is extremely important from the point of view of producer equity and overall grain marketing efficiency that all grains be subject to individual delivery quotas.

### **Grain Handling**

The future grain handling system, both in terms of size and location, has become a major factor in the overall assessment of future marketing requirements for prairie grains.

Various projections by grain companies, The Canadian Wheat Board and others, indicate that production and export volumes will continue to grow and a greater proportion of export grain will be directed through West Coast ports. In recognition of the need for additional capacity at the West Coast the prairie Pools have committed substantial investment in additional capacity at Vancouver, and are part of the consortium which plans to undertake construction of a major terminal at Prince Rupert. As well, the Pools have continued to modernize and upgrade terminal facilities at Thunder Bay.

The primary elevator system will require ongoing review with recognition of the permanent rail line configuration and capital investment required. The system must be self-sustaining and yet provide a proper balance between adequate service and cost. Given the cost of new construction and the throughput needed to justify additional or replacement plant capacity, there will need to be continued evaluation of total delivery point requirements. In undergoing this examination, the Pool organizations will continue to give leadership in the development of a grain handling system which has the capability to assemble and move Canadian grain to domestic and export markets without excessive cost to producers.

### **International Grains Agreement Negotiations**

Over the past year intensive discussions were held by the International Wheat Council in London, followed by two full negotiating conferences in Geneva, Switzerland in November 1978 and January 1979 with the objective of implementing a new International Wheat Agreement by July 1, 1979.

Importing and exporting countries, after two years of intensive discussion and negotiation, were unable to ratify a new agreement and this necessitated a further extension of the 1971 accord which has no price provisions. The conference adjourned in February when it was concluded that differences among wheat exporting and importing countries on levels of prices and reserve stocks and special provisions requested by developing countries were too broad to achieve full consensus by all participating countries. The International Wheat Council will continue to provide a forum for consultative discussion among the major wheat trading nations with a view to resumption of

negotiations once the Council is satisfied that a basis exists to do so.

Despite the inability to conclude a new International Wheat Agreement, the Canadian delegation, whose advisors included the presidents of the three Pool organizations, noted that a number of positive developments should flow from the conference. There is recognition that all major trading nations have a responsibility to carry stocks of grain to meet food security needs. Even though governments were unable to agree on price objectives for marketing wheat in the future, there is much greater understanding of the real costs that farmers are facing in countries such as Canada which rely on the world market for a major part of their farm income. The negotiations also achieved improved working relationships between the major exporting countries and resulted in a greater commitment by them to work together with importing nations to improve co-operation in wheat marketing policy.

Your Board would place on record its appreciation for the receptiveness of the Canadian delegation to the advice of the producer representatives.

The three Pools have strongly supported the need for international commodity agreements which will provide greater price stability to both producing and consuming nations. At the same time it is becoming increasingly apparent that divergent positions between the developed and underdeveloped nations may pose a serious constraint to further meaningful negotiations. From the Canadian viewpoint it must be stressed that the key ingredient in any proposed wheat agreement, as far as producers are concerned, is a guarantee that minimum price levels bear a close relationship to current and future costs of production. The Pools support international commodity agreements, provided price ranges and operating arrangements allow Canadian grain producers to be adequately compensated from their farming operations. In the absence of a full international agreement which includes both exporters and importers, it is essential that co-operation and consultation among exporters be continued in an effort to harmonize grain production and marketing policies which will serve to enhance international price stability.

### **Energy for Agriculture**

Farmers are highly dependent on petroleum-based fuels for most of their operations, and particularly for production of crops such as cereals and oilseeds. The rapid increase in prices for fuels and lubricants during the present decade has significantly increased farmers' costs of production. Of even greater concern, however, is the prediction that world supplies of petroleum are being rapidly depleted at present rates of consumption. Exploration for new reserves, and development of those reserves when discovered, is becoming more difficult and more expensive. The development and expanded use of alternative



sources of energy such as coal and nuclear materials have introduced their own problems.

The approach of the federal government has been to allow regular and significant increases in the price of fuel in an attempt both to encourage conservation of existing supplies and to provide the economic incentive for increased exploration. The Pools believe that significantly higher domestic fuel prices which are based on levels determined by an international cartel of oil exporting countries do not provide a practical incentive to significantly reduce energy use in the production of food.

In order to facilitate the continued expansion of food production in Canada a comprehensive national energy policy must be developed. Development of 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 the available supply of such fuels;

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

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

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

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

The three Pools would urge the federal and provincial governments to proceed with the development of a common energy policy which also includes a system of priorities for utilization of non-renewable sources of energy.

### Inflation

Since the early years of the present decade Canada has experienced almost continuous inflation at levels which have caused serious concern to governments, organizations and individuals. Some of this inflation has resulted from external factors such as rising world prices for petroleum, higher interest rates, and higher costs of products imported into Canada. At the same time much of the inflationary pressure has occurred within the country.

The cost of inputs used by farmers increased by over 14 per cent during the past year and the prime rate charged by chartered banks has increased six times in the past twelve months from 9.75 per cent in August 1978 to 13 per cent by September 1979. These increased costs will ultimately have to be reflected in the prices farmers receive for commodities produced and sold in the marketplace.

The effects of inflation have not fallen evenly on all Canadians. Some groups and individuals,

including those on fixed incomes and those who depend for their incomes on the export of products to other countries, are particularly vulnerable to continued inflation.

Governments have been unsuccessful in devising policies which could contain inflation to any significant extent. Indeed, some have suggested that governments themselves, at federal, provincial and local levels, are significant contributors to inflation. The patterns of spending of all levels of government for some years have exceeded the general inflation rate as government activities and services have been expanded. Governments, if they are to cope with the problem, must be willing to deal frankly with Canadians, and develop fiscal and monetary policies which may be unpopular in the short run but effective in the longer term.

The control of inflation will not be simple or easy. It will require a great deal of understanding and the concerted efforts of all Canadians in all areas of the economy and all regions of the country.

## 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

<i>E. K. Turner</i>	— <i>Chairman</i>
<i>J. D. Deveson</i>	— <i>Vice-Chairman</i>
<i>A. J. Macpherson</i>	— <i>Third Executive Member</i>

### Directors

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

### Activities

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

1. Continued membership in the C. D. Howe Research Institute with specific concern and involvement in the Canadian-American Committee 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, although during the year J. O. Wright resigned from the Board of Trustees of that organization.
  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 in the western provinces of the Western Rural Safety Conference, providing a grant towards 4-H leaders' travelling expenses.
  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 Canada Department of Agriculture and the National Wheat Improvement Committee in the U.S.) and of the Canadian Journal of Plant Pathology by the Canadian Phytopathological Society.
  8. Became a member of the newly formed Canada-China Trade Council, to which E. K. Turner, Chairman, was appointed representative.
  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. Held an informal meeting of the Board in February to discuss specifically the matters of transportation policy and freight rates.
  13. Discussed policy issues being presented at the provincial, national and international levels of the Federation of Agriculture.
  14. Co-ordinated activities of the three Pools with respect to government relations.

During the year under review, the presidents of the three Pools continued to participate as members of the producer advisory committee to the Canadian delegation discussing a proposed International Grains Agreement.

The Secretary, J. O. Wright, attended the 23rd General Conference of the International Federa-

tion of Agricultural Producers in Sorrento, Italy in April and serves as Vice-President of IFAP's Standing Committee on Agricultural Co-operatives. Mr. Macpherson represented Alberta Wheat Pool, and Mr. Marshall Saskatchewan Wheat Pool, at this conference and the related commodity committee meetings.

## 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.

Disappointment in not achieving the desired stabilizing effect of an acceptable International Grains Agreement was modified by increased prices and expanding markets. The transportation system, and the ability to service those markets, became the primary concern during the year; and while it was evident by year-end that more grain hopper cars and expanded terminal capacity were coming on stream, it would take some time to correct the problem. The industry and the government seemed to be responding to the need.

Your Board will continue to press for priority on government funds to upgrade the rail system, to assure adequate rolling stock, and to encourage adequate rail service for grain movement. The entire Canadian economy benefits from increased grain exports, and these investments must not be curtailed in the name of economic restraint. Indeed, it would be false economy to not make these desired expenditures.

It is hoped that this report will be of assistance to the elected representatives of the Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators in their task of representing primary producers who are members of these three organizations. Your Board continues to pledge itself to co-operation and co-ordination of activities of the three Pools where this can be demonstrated to be in the interests of the members.

Respectfully submitted,  
 E. K. Turner                     )  
 J. D. Deveson                 ) Executive  
 A. J. Macpherson            )  
 D. M. Lockwood  
 J. W. Marshall  
 W. W. Fraser  
 W. H. Corbett  
 H. R. Patching  
 G. W. Braithwaite



# STATISTICAL TABLES AND ANALYSES

**Table No.**

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

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

Year	Area (Million Hectares)	Yield *(Quintals per Hectare)	Production (Million Metric Tonnes)
1969-70.....	221.6	14.2	315.5
1970-71.....	211.7	15.1	318.9
1971-72.....	217.6	16.3	354.6
1972-73.....	216.5	16.0	346.9
1973-74.....	222.9	16.9	376.9
1974-75.....	223.7	16.1	359.4
1975-76.....	228.5	15.5	354.1
1976-77.....	236.6	17.6	417.4
1977-78.....	232.1	16.6	385.1
1978-79 (Provisional)....	232.2	19.0	441.7

Source: International Wheat Council  
World Wheat Statistics

\* 1 Quintal - equal to 100 kilograms  
10 Quintals - equal to 1 tonne

Table 1 — The provisional figures for 1978-79 indicate a record yield and record world wheat production as a result of favourable weather in both northern and southern hemispheres.

**TABLE 2  
WORLD EXPORTS OF WHEAT AND WHEAT FLOUR**

Year	Amount (Million Metric Tonnes)
1969-70.....	50.7
1970-71.....	54.3
1971-72.....	52.5
1972-73.....	68.3
1973-74.....	63.1
1974-75.....	63.4
1975-76.....	66.5
1976-77.....	61.8
1977-78.....	72.4
1978-79 (Provisional).....	71.0

Source: International Wheat Council  
World Wheat Statistics

Table 2 — The trend of world exports of wheat and flour has been generally upward during the past decade. Some reduction in world trade occurred in 1978-79 and 1976-77 because of larger production in countries which normally import wheat.

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

Year	Stocks (Million Metric Tonnes)
1969-70.....	67.2
1970-71.....	51.5
1971-72.....	51.2
1972-73.....	30.4
1973-74.....	28.3
1974-75.....	31.2
1975-76.....	38.8
1976-77.....	57.2
1977-78.....	53.7
1978-79 (Provisional).....	54.7

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

Source: International Wheat Council  
World Wheat Statistics

Table 3 — World carryover stocks of wheat increased modestly in 1978-79; however, stock levels are relatively lower than a decade ago.

**TABLE 4  
GRAIN: ACREAGE, YIELD, PRODUCTION — CANADA  
1978 (Revised) and 1979 (August Estimate)**

	1978 (Revised)			1979 (August Estimate)		
	Acre- age (Mil- lions)	Yield (Kilo- per Acre)	Prod. (Mil- lion Tonnes)	Acre- age (Mil- lions)	Yield (Kilo- per Acre)	Prod. (Mil- lion Tonnes)
Wheat.....	26.1	809	21.1	25.9	673	17.5
Oats for Grain.....	4.5	801	3.6	3.8	781	3.0
Barley for Grain.....	10.5	986	10.4	9.2	918	8.4
Rye.....	0.8	768	0.7	0.8	637	0.5
Flax- seed.....	1.3	440	0.6	2.3	356	0.8
Rape- seed.....	7.0	501	3.5	8.5	458	3.9

Source: Statistics Canada, 22-002

**TABLE 5  
GRAIN: ACREAGE, YIELD, PRODUCTION  
— PRAIRIE PROVINCES  
1978 (Revised) and 1979 (August Estimate)**

	25.6	803	20.6	25.2	655	16.5
Wheat.....						
Oats for Grain.....	3.4	807	2.7	2.7	756	2.0
Barley for Grain.....	9.9	983	9.7	8.6	901	7.7
Rye.....	0.7	770	0.6	0.7	618	0.5
Flax- seed.....	1.3	439	0.6	2.3	356	0.8
Rape- seed.....	6.8	505	3.4	8.2	459	3.8

Source: Statistics Canada, 22-002

Tables 4 & 5 — show revised figures for 1978 and August estimates for 1979. Production of cereal grains is expected to be down significantly due to reduced acreage and below-average yields. Oilseed production will be up slightly in 1979 although quality will be lower due to frost damage.



**TABLE 6**  
**PRODUCER MARKETINGS, PRAIRIE PROVINCES**  
**1ST AUGUST TO 31ST JULY 1974-79**  
(millions of Tonnes)

	1974-75	1975-76	1976-77	1977-78	1978-79 (1)
Wheat.....	11.5	14.3	14.9	19.1	14.2
Oats.....	0.6	0.8	0.9	0.8	0.4
Barley.....	4.6	4.7	5.8	5.2	5.3
Rye.....	0.3	0.3	0.3	0.2	0.2
Flaxseed..	0.3	0.4	0.3	0.5	0.5
Rapeseed..	0.9	1.4	1.0	1.8	2.9
<b>TOTAL..</b>	<b>18.2</b>	<b>21.9</b>	<b>23.2</b>	<b>27.6</b>	<b>23.5</b>

(1) Preliminary

Source: Canadian Grain Commission  
Grain Statistics Weekly

**Table 6** — Producer deliveries of grains dropped in 1978-79 from the record level established in 1977-78. Marketings of rapeseed were up significantly due to abundant supplies and strong markets.

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

	1977-78	1978-79(1)	10-Year Average 1968-69 to 1977-78
Wheat (except Durum).....	13.3	10.9	10.2
Durum Wheat.....	1.9	1.3	1.4
Flour.....	0.8	0.8	0.7
Total Wheat and Flour.....	16.0	13.0	12.3
Oats.....	0.1	*-	0.1
Barley.....	3.3	3.6	3.1
Rye.....	0.3	0.2	0.2
Flaxseed.....	0.3	0.5	0.4
Rapeseed.....	1.0	1.7	0.8
<b>TOTAL.....</b>	<b>21.0</b>	<b>19.0</b>	<b>16.9</b>

(1) Preliminary

\*Less than 50 thousand tonnes

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

**Table 7** — Total exports of all grains including wheat flour dropped in 1978-79 although still remaining above the ten-year historical average. Oilseed exports in 1978-79 were almost double those of a year earlier.

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

	1977-78	1978-79	10-Year Average 1968-69 to 1977-78
People's Republic of China.....	3.5	3.1	2.3
United Kingdom.....	1.5	1.3	1.4
Japan.....	1.4	1.2	1.3
U.S.S.R.....	1.7	1.2	1.4
Brazil.....	0.8	0.9	0.5
Others.....	4.4	3.2	3.3
<b>TOTAL.....</b>	<b>13.3</b>	<b>10.9</b>	<b>10.2</b>

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

**Table 8** — The destination of Canadian wheat exports shows the People's Republic of China has become the largest single buyer of Canadian wheat on a consistent basis. The United Kingdom, the U.S.S.R. and Japan are also important regular customers for Canadian wheat.

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

	1976-77	1977-78	1978-79
Japan.....	3.0	3.2	3.3
People's Republic of China.....	2.1	3.5	3.1
U.S.S.R.....	1.2	2.4	1.5
United Kingdom.....	1.5	1.6	1.4
Italy.....	1.5	1.6	1.2
Others.....	9.8	8.7	8.5
<b>TOTAL.....</b>	<b>19.1</b>	<b>21.0</b>	<b>19.0</b>

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

**Table 9** — In 1978-79 Japan replaced the People's Republic of China as the largest buyer of Canadian grain and oilseeds. The P.R.C. and the U.S.S.R. ranked second and third respectively as Canada's most important customers.

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

Port	1976-77	1977-78	1978-79
Pacific.....	7.4	8.4	8.3
St. Lawrence.....	8.1	9.2	7.9
Atlantic.....	0.8	0.8	0.6
Churchill.....	0.7	0.7	0.5
Thunder Bay (direct).....	1.1	0.9	0.7

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

**Table 10** — illustrates the increasing importance of Pacific Coast ports in the export of Canadian grains.

**TABLE 11**  
**CARRYOVER STOCKS OF GRAINS IN CANADA (1)**  
**At 31st July 1977-79 and 1969-78 Average**  
(Millions of Tonnes)

	1977	1978	1979(2)	Average 1969-1978
Wheat.....	13.3	12.1	15.0	14.9
Oats.....	1.3	1.7	1.5	1.6
Barley.....	3.2	5.2	4.9	4.0
Rye.....	0.3	0.3	0.5	0.3
Flaxseed.....	0.2	0.5	0.4	0.3
Rapeseed.....	0.2	0.3	1.0	0.4
<b>TOTAL.....</b>	<b>18.5</b>	<b>20.1</b>	<b>23.3</b>	<b>21.5</b>

(1) Excluding Newfoundland

(2) Preliminary

Source: Statistics Canada  
Stocks of Canadian Grain at 31 July, 1979

**Table 11** — Carryover stocks of Canadian grains increased further in 1978-79 as a result of increased production in 1978 and a reduction in grain exports during the year. Stocks of barley and oats showed some modest decline by the end of the last crop year.



**TABLE 12**  
**FARM STOCKS OF ALL GRAINS IN CANADA**  
At 31st July 1977-79  
(Millions of Tonnes)

	1977	1978	1979
Wheat.....	7.2	5.0	9.1
Oats.....	1.0	1.2	1.1
Barley.....	1.1	3.1	3.2
Rye.....	0.1	0.1	0.3
Flaxseed.....	*-	0.1	0.1
Rapeseed.....	*-	*-	0.2

\*Less than 50 thousand tonnes

Source: Statistics Canada  
Stocks of Grain at 31 July, 1979

**TABLE 13**  
**CARRYOVER STOCKS OF GRAIN ON FARMS**  
**PRAIRIE PROVINCES**  
At 31st July 1977-79  
(Millions of Tonnes)

	1977	1978	1979
Wheat.....	7.1	4.9	9.0
Oats.....	0.8	1.0	0.8
Barley.....	1.0	3.0	3.0
Rye.....	0.1	0.1	0.3
Flaxseed.....	*-	0.1	0.1
Rapeseed.....	*-	*-	0.2

\*Less than 50 thousand tonnes

Source: Statistics Canada  
Stocks of Grain at 31 July, 1979

Tables 12 & 13 — Farm stocks of wheat increased significantly at July 31, 1979 while stocks of other grains remained virtually unchanged from a year earlier.

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

	1976	1977	1978
Wheat.....	\$ 1,593,502	\$ 1,602,070	\$ 1,650,370
Wheat, CWB Payments.....	376,135	105,532	118,719
Oats.....	64,196	52,338	42,664
Oats, CWB Payments.....	11,241	13,422	4,997
Barley.....	442,437	315,705	392,304
Barley, CWB Payments.....	43,424	100,385	83,397
Western Grain Stabilization payments.....	—	—	113,900
CWB Cash Advances.....	102,689	125,697	136,820
CWB Cash Advance Repayments.....	(44,247)	(120,026)	(119,154)
Deferred Grain Receipts.....	(546,270)	(434,034)	(341,762)
Liquidation of Deferred Grain Receipts.....	695,450	546,270	434,034
Rye.....	27,323	21,589	23,162
Flaxseed.....	77,546	90,226	104,891
Rapeseed.....	224,514	443,083	590,940
Other Crops.....	148,312	180,037	190,530
Total Crops.....	\$ 3,216,252	\$ 3,042,294	\$ 3,425,812
Cattle and Calves.....	\$ 1,123,658	\$ 1,212,154	\$ 1,749,686
Hogs.....	249,700	247,700	315,097
Sheep and Lambs.....	6,437	4,817	3,405
Other Livestock and Products.....	364,317	388,425	412,463
Total Livestock and Products.....	\$ 1,744,112	\$ 1,853,096	\$ 2,480,651
Other Sources (1).....	\$ 68,066	\$ 130,658	\$ 59,211
TOTAL CASH RECEIPTS.....	\$ 5,028,430	\$ 5,026,048	\$ 5,965,674
TOTAL CANADA (2).....	\$10,035,255	\$10,136,563	\$11,887,437

(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 for the Prairie Provinces increased by \$939 million or 19 per cent in 1978 over the previous year. Receipts from crops and livestock both increased as a consequence of higher prices received by producers.

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

	Three Prairie Provinces	Canada except Newfoundland
1969.....	\$ 488.2	\$1,220.2
1970.....	512.5	1,212.6
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.....	1,428.6	2,732.9
1978.....	1,787.3	3,318.1
1979 (2).....	1,901.0	4,340.0

(1) Does not take account of changes in inventory

(2) Agriculture Canada Estimate

Source: Statistics Canada, Farm Net Income  
Agriculture Canada

Table 15 — Realized net income for the Prairie Provinces increased by \$358 million or 25 per cent in 1978 and a further increase of about 6 per cent is projected for 1979. Current net income levels are still well below the record level established in 1975.

**TABLE 16**  
**PRAIRIE GRAIN CASH ADVANCES**

Year	Number of Loans	Amount Advanced (Millions of Dollars)
1958-59.....	45,341	\$ 34.4
1959-60.....	52,356	38.5
1960-61.....	76,089	63.9
1961-62.....	22,342	16.7
1962-63.....	39,683	29.3
1963-64.....	63,427	62.1
1964-65.....	38,375	33.0
1965-66.....	43,505	40.6
1966-67.....	36,953	36.7
1967-68.....	45,810	47.3
1968-69.....	113,491	151.8
1969-70.....	123,166	272.8
1970-71.....	51,332	91.1
1971-72.....	34,303	68.1
1972-73.....	9,092	20.7
1973-74.....	12,510	35.2
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.....	29,007	151.3

Source: Canadian Wheat Board

Table 16 — Cash advance applications and the amount advanced both increased in 1978-79 as a result of reduced marketing opportunities for producers in some regions. Total cash advances amounted to \$151 million last year, up \$32 million from the previous year.

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

Year	Number	Amount
1973-74.....	9,041	\$400,658
1974-75.....	8,093	398,814
1975-76.....	9,944	640,947
1976-77.....	4,465	301,433
1977-78.....	7,066	558,178
1978-79.....	5,423	514,798

Source: Farm Credit Corporation  
Annual Report



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

Province	Fiscal Year Number	1977-78 Amount	Fiscal Year Number	1978-79 Amount
Alberta .....	1,106	\$ 85,101	824	\$ 75,134
Saskat- chewan .....	1,927	138,862	1,330	111,584
Manitoba .....	753	52,123	647	52,570

Source: Farm Credit Corporation  
Annual Report

**Tables 17 & 18** — *Loan approvals under the Farm Credit Act for all of Canada dropped significantly in 1978-79 to \$514.8 million, of which \$239.3 million or 46 per cent was loaned to farmers in the Prairie region.*

**TABLE 19**  
**FARM SYNDICATES CREDIT ACT**  
**LOANS APPROVED**  
(Thousands of Dollars)

Province	Fiscal Year Number	1978-79 Amount	1970-71 to Number	1978-79 Amount
British Columbia.....	4	\$ 67	21	\$ 564
Alberta .....	32	837	392	6,217
Saskatchewan .....	15	454	62	1,175
Manitoba .....	48	971	292	5,057
Ontario.....	34	852	379	8,098
Quebec.....	17	409	224	3,969
New Brunswick .....	—	—	8	205
Nova Scotia.....	—	—	5	60
P.E.I. ....	—	—	12	221
Newfoundland.....	—	—	2	79
CANADA.....	150	\$3,590	1,397	\$25,645

Source: Farm Credit Corporation  
Annual Report

**Table 19** — *reviews the number and volume of loans approved since the beginning of this program in 1970-71. The table shows Alberta and Ontario as the major participants in this program.*









**Alberta Wheat Pool**  
**1979 Annual Report**