

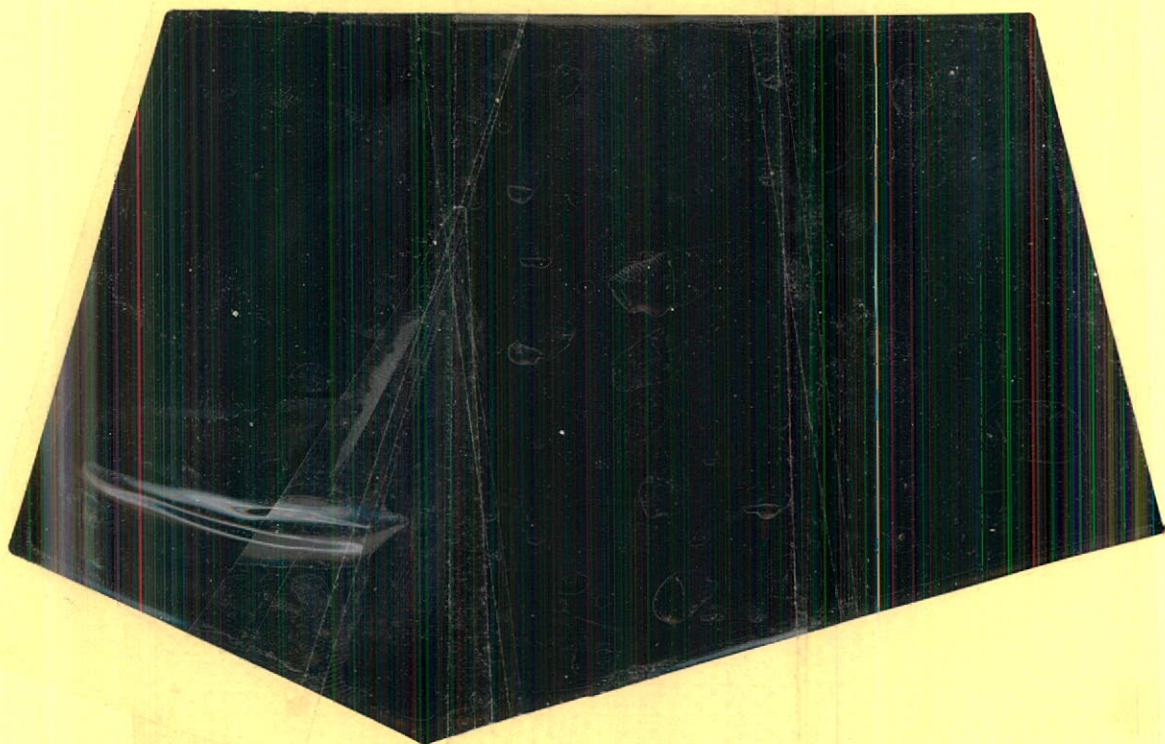


Alberta Wheat Pool 1978 Annual Report

ROBERTSON LIBRARY
OF MANAGEMENT

DEC 18 1978

MCILL UNIVERSITY





CONTENTS

Officers and Directors	2
Delegates	3
1976-77 Report Highlights and Comparisons	4
Report of the Directors	6
Report of the General Manager	18
Financial Statements	27
Canadian Co-operative Wheat Producers Limited	
Directors Report	35
Statistical Tables	41



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

B. A. FRIESEN, *Secretary*

OFFICERS AND ADMINISTRATIVE PERSONNEL

J. W. MADILL, *General Manager*
F. E. BALL, *Director of Operations*
A. W. BEATTIE, *Director of Public Relations*
G. J. DEWAR, *Director of Terminal Facilities*
T. G. HENDRY, *Treasurer*
R. G. PALMER, *Comptroller*
J. E. SHERWOOD, *Manager, Planning and Management Services*
W. H. SMITH, *Winnipeg Manager*
B. H. SOMMERVILLE, *Director Employee Relations*
A. K. SORENSEN, *Director of Marketing*
L. J. TRELEAVEN, *Manager, Engineering Construction and Maintenance*
R. J. CHAMBERLAIN, *General Manager, Alberta Food Products*

SOLICITORS

MacKIMMIE MATTHEWS

AUDITORS

TOUCHE ROSS & CO.

BANKERS

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



DELEGATES

LETHBRIDGE — District One

101	Gogolinski, Barney	.Orion
102	Schmitt, Ray C.	.Milk River
103	Van Gaalen, Harold N.	.Foremost
104	Zaugg, Ferries B.	.Stirling
105	Maloff, Peter C.	.Cowley
106	Powell, Rex P.	.Cranford
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	Stewart, Harold J.	.Dalemead
207	Schmaltz, Clarence M.	.Beiseker
208	Fowler, Alvin W.	.Airdrie
209	Carney, Pat J.	.Three Hills
210	Riddle, Jack C.	.Carstairs

DRUMHELLER — District Three

301	Bayer, Robert	.Schuler
302	Lemare, Carl	.Acadia Valley
303	Volek, Joseph	.Tilley
304	Axelsen, Eric	.Drumheller
305	Johnson, Jim G.	.Drumheller
306	Nelson, Norman E.	.Craigmyle
307	Johnston, Vernon R.	.Oyen
308	Kloberdanz, John	.Kirriemuir
309	Hepp, Melvin F.	.Castor
310	Petersen, Leslie M.	.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	Pidruchney, Albert L. D.	.Mynnam
603	Farion, Orest	.Vegreville
604	Hennig, Harold H.	.Andrew
605	Galloway, Kenneth D.	.Ft. Saskatchewan
606	Slobogean, Joseph I.	.Legal
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	Krall, John S.	.Nampa
709	Heck, Peter	.Manning
710	Morrison, D. James	.Bluesky



1977-78 REPORT HIGHLIGHTS AND COMPARISONS

	1978
Handling — Country Elevators, in tonnes	4 483 130
— Forage Seed, in pounds	16,016,182
— Cereal Seed, in pounds	33,279,204
Percentage of Alberta Grain Deliveries Handled	65.5%
Gross Value of Board Deliveries Other Sales and Revenues	\$642,329,306
Marketing Division Sales (included above)	\$ 64,545,177
Gross Margin	\$ 77,610,900
Total Expenses	\$ 61,822,952
Depreciation	\$ 5,128,396
Earnings before Taxes	\$ 15,787,948
Current Assets	\$163,385,607
Current Liabilities	\$139,785,804
Working Capital before Disposition of Earnings	\$ 23,599,803
Capital Expenditures on Properties and Equipment	\$ 23,758,912
Total Invested in Capital Assets	\$118,854,293
Patronage Refunds Distributed (out of previous year's earnings)	\$ 14,703,791
Reserves Held by Members	\$ 52,256,211
Percentage of Member Business prior year	95.8 Est.
New Members	2,404
Total Membership	56,375
Number of Country Elevators	735
Elevator Capacity — in tonnes — Country	1 958 000
— Terminals	403 580
Number of Employees July 31	1,817

1977	1976	1975	1974	1973
4 758 639	4 396 102	3 488 697	3 836 988	4 040 672
16,973,063	10,549,950	11,300,313	15,564,771	14,004,129
27,971,412	18,586,387	27,512,246	33,518,677	31,337,897
65.5%	65.7%	65.4%	67.3%	68.9%
\$671,537,175	\$637,312,255	\$505,848,961	\$491,279,336	\$259,088,069
\$ 52,501,150	\$ 45,967,767	\$ 44,396,388	\$ 34,526,890	\$ 20,824,458
\$ 74,302,981	\$ 75,026,276	\$ 60,331,895	\$ 51,641,448	\$ 39,251,098
\$ 59,247,505	\$ 53,267,755	\$ 46,973,337	\$ 37,156,938	\$ 29,800,983
\$ 4,338,905	\$ 4,065,341	\$ 3,426,873	\$ 3,345,372	\$ 3,446,073
\$ 15,055,476	\$ 21,758,521	\$ 13,774,957	\$ 11,390,101	\$ 6,217,045
\$146,100,934	\$171,518,425	\$159,917,409	\$210,089,181	\$ 73,294,866
\$114,259,407	\$137,242,865	\$135,186,796	\$189,701,525	\$ 58,883,433
\$ 31,841,527	\$ 34,275,560	\$ 24,730,613	\$ 20,387,656	\$ 14,411,433
\$ 11,536,831	\$ 8,019,122	\$ 5,629,359	\$ 3,422,518	\$ 2,401,789
\$ 96,020,615	\$ 86,618,037	\$ 80,838,832	\$ 76,070,557	\$ 73,559,940
\$ 20,834,407	\$ 12,705,372	\$ 10,478,593	\$ 5,757,469	\$ 5,791,275
\$ 45,927,406	\$ 36,875,466	\$ 31,050,834	\$ 27,797,808	\$ 26,982,449
96.2%	96.7%	96.4%	97.17%	96.90%
2,768	2,855	3,034	2,487	4,927
55,880	56,590	55,963	55,032	54,203
742	782	819	836	858
1 962 120	2 041 620	2 107 450	2 119 200	2 156 350
403 580	432 700	488 710	488 710	488 710
1,752	1,691	1,607	1,576	1,612

REPORT OF THE BOARD OF DIRECTORS

ALBERTA WHEAT POOL TO FIFTY-SIXTH ANNUAL MEETING OF DELEGATES



Seated l. to r.: Norman Jacobsen, Arrowwood — District 2; H. R. Patching, 1st Vice-President, Lethbridge — District 1; A. J. MacPherson, President, Delia — District 3; G. W. Braithwaite, 2nd Vice-President, Lacombe — District 5; Standing l. to r.: Parke Dobson, Paradise Valley — District 4; William Davidiuk, Grassland — District 6; Nick M. Lorencz, Manning — District 7.

Gentlemen:

For Alberta Wheat Pool, the 1977-78 crop year saw records established in some areas, while in others, due largely to various problems in the transportation system, potentials were not realized. Records were established in agro product sales and in handlings at Vancouver Pool Terminal #1, but in the country, low quotas and congested elevators severely limited many producers' delivery opportunities and reduced handling levels. This problem was particularly acute in feed grain producing areas. Transportation problems highlighted the year and a number of items relating to this major issue are still unresolved.

Alberta Wheat Pool was saddened by the untimely death of its President, the late Mr. Gordon L. Harrold in December, 1977. His leadership and dedication to the farmers of Alberta are gratefully acknowledged.

Summary of Operations

In 1977-78, your Association handled 4,483,130 tonnes (184,958,267 bushels), which is a decrease of approximately 275,509 tonnes (15 million bushels) from last year's record. Virtually no change in the percent of Alberta and the B.C. block deliveries was experienced by your organization last year, as it again handled approximately 65.5% of total area grain deliveries.

At Vancouver, Pool Terminal #1 unloads totaled a record 2.4 million tonnes (94 million bushels), while at Pacific Elevators Limited 2.1 million tonnes (82.5 million bushels) were unloaded. These handlings represent an increase of 364,000 and 137,000 tonnes respectively over the handlings of a year ago and jointly account for 59.4% of total West Coast handlings. Approximately 784,000 tonnes (34 million bushels) of grain handled by Alberta

Wheat Pool were shipped to eastern destinations.

For the second year in a row, dollar volume records were set in total sales of agro products. Surpluses of some fertilizers were evident for most of the year, however as seeding progressed, supplies began to tighten. Due largely to the increased fertilizer sales, total agro product sales of \$64.5 million were recorded, up from \$52 million the year before. Chemical sales were up approximately 25.7% over last year, while forage seed sales increased from 13.8 to 19.6 million pounds and cereal seed sales increased from 26.5 million to 32.8 million pounds.

The consolidated net earnings for the year's operation are \$15,555,000. Low margins on agro products limited earnings on these goods, but a fair handling at the country level and a record handling at the terminal, as well as tight control on costs, make these earnings possible.

Canadian Marketing Summary

Exports of wheat, durum and wheat flour reached a record 16.0 million tonnes as compared with 15.6 million tonnes in 1972-73 and 14.8 million tonnes in both 1965-66 and 1966-67. Total grain, flour and oilseed exports at 21.0 million tonnes is an increase of 10% over last year and only 1% below the 1972-73 record. Terminal unloads at West Coast and Thunder Bay ports were up appreciably over last year, but below the records set in the early 1970's. China and Japan were the major importers of Canadian grains, oilseeds and wheat flour.

The Alberta Wheat Pool Act

During last year's annual meeting, it was reported that the President of Alberta Wheat Pool and the Alberta Minister of Agriculture had jointly appointed a committee in May, 1977 to conduct a

comprehensive review of the Alberta Wheat Pool Act. This committee presented its report to the 1977 annual meeting. Recommended changes to the Act were approved and presented to the Alberta Legislature for its approval. Mr. Cliff Doan, the Member of the Legislative Assembly for Red Deer was asked to act as sponsor of the Private Member's Bill when amendments to our Act were considered first by the Private Bills Committee and later when they were reviewed by the Provincial Legislature. Considerable information about the Alberta Wheat Pool had been placed in the hands of the M.L.A.'s a year ago and consequently, a better understanding of the objectives and operation of the organization was evident. The Private Bill's Committee introduced and approved four minor amendments to the proposed Bill, following two meetings between representatives of the Board and Delegate Body and the Private Bill's Committee.

Amendments to the Alberta Wheat Pool Act were approved by the Provincial Legislature and received Royal Assent on May 16th, 1978.

Government Hopper Cars

During 1977, 2,000 additional grain hopper cars costing nearly \$80 million were purchased by the Federal Government and added to the fleet of government-owned hopper cars, bringing the total fleet to approximately 8,000 in number. This action by the government has been much appreciated, but does not appear to completely satisfy the needs at this time. Your Board has noted with concern the continuing loss of boxcars from the grain fleet. It has been estimated that in April of 1977, 15,200 boxcars were in grain service but this number was reduced to 13,300 twelve months later. It is projected by the two major railways that there will be only 6,300 boxcars in service by 1981. For these reasons, your Board has separately and jointly with the other two Pools, requested the Federal Government to provide an additional 4,000 hopper cars and to provide funds to repair 5,000 boxcars. These actions would permit the transportation system to deliver the increasing production from the Prairies to port locations during the remaining useful life of the boxcars involved.

Your Board is encouraged by the reported statement of the Minister of Transport, Otto Lang that the Federal Government would be buying more hopper cars for grain movement, although he declined to say when or how many, and he also indicated that the government would participate financially in repairing boxcars for use in grain transportation. On September 18th, 1978, it was announced that Transport Canada and the C.N.R. would jointly be financing the repair of 1,000 rail cars for grain transportation at an estimated cost of \$7,310,000.

Prairie Rail Action Committee

The Prairie Rail Action Committee (P.R.A.C.) established by the Honourable Otto Lang as a

follow-up to the recommendations of the Hall Commission, has, we believe, concluded its review and presented its recommendations to the Federal Government. In Alberta, P.R.A.C. considered fourteen branch lines, but at the time of writing, the government had announced a decision on only two subdivisions. These two branch lines were the Cardston and Schuler subs which were both added to the permanent rail network. It is expected that some of the other lines will also be added to the permanent network but at the same time, it is expected that some of the lines which your Board feels are important to the grain gathering system will be recommended for abandonment. Although P.R.A.C. did not hold any public hearings, your organization presented detailed information regarding each of these lines and where it was felt that retention is justified, made vigorous representation in this regard.

Your Board was disturbed to learn that one of P.R.A.C.'s major criteria in making its recommendations was the matter of competition. In essence, it appeared there was a tendency to make recommendations for abandonment where a single grain handler's elevator was located, but where competing elevator companies were represented, P.R.A.C. tended to recommend retention of the line. Your Board felt that more important criteria such as the distance farmers would have to travel to a delivery point; whether the facility was still in good operating condition; the viability of the current facility; the effect abandonment might have on the community, etc. should receive greater recognition. Although the actions taken by the government in adding two lines to the permanent network were in line with the Pool's recommendations, your Board is generally apprehensive about further P.R.A.C. recommendations.

Statutory Rates

The statutory rate on export grain is now under severe attack from many quarters. The railways in particular have launched a major offensive against the statutory freight rates on grain and have been able to convince some organizations to go along with this approach. Even the American economist, Carl Snavely who has been studying the cost of moving Western grain by rail, has stated that retaining statutory rates for Prairie grain movement by rail would cause the system to become less efficient and would force the Federal Government into becoming the major financial participant in the grain handling system. He suggested in his study that the Federal Government would eventually pay sixty percent of the total annual cost for moving grain, suggesting that the total loss for moving Prairie grain in 1977 was \$180 million.

It is becoming increasingly apparent that the railway companies, despite the excellent grain movement this year, have been using statutory rates as an excuse to forego modernization of their lines and to give grain low priority. At the same time, the railways are negotiating site rental agreements which

call for staggering site and siding rental increases. Three-fold increases are not uncommon and some five-fold increases were demanded. Modernization of the grain industry is being adversely affected by such rapidly escalating costs. New elevators require bigger car spots and generally are located in larger centres where rental charges are highest, adding appreciably to costs of operation.

On numerous occasions your Board has put forward the Pool's policy which emphasizes the need to retain the benefits of the statutory rates on grain and has been active on various committees where this matter has been under discussion. Your Board has noted with interest a reported statement by the Honourable Otto Lang, that a twelve-month deadline ending with this crop year has been set for resolving the transportation cost disparity between the grain and livestock sectors.

Grain Movement Study

Late in the crop year, Transport Minister Otto Lang appointed two consulting firms (Booz, Allan, Hamilton and I.B.I.) to carry out an in-depth investigation of the grain movement in Western Canada. The analysis these consultants are to undertake he noted, should not duplicate work done by the Hall and Snavelly Commissions, but instead, do a practical technical examination of the grain movement. The focus of this study is on such matters as quotas; the block shipping system; the elevator system; the rail system and the terminals. Car allocations; the definition and possible revisions of block boundaries; use of producer cars; the car allocation procedures of both the Canadian Wheat Board and the grain companies; railways' operating practices and physical constraints on Prairie branch lines; car spotting and waiting time and loading practices all will be examined.

The purpose of the study is to assist the government in understanding what changes could be made to make the system more efficient. An Advisory Task Force has been established with representation from segments of the grain industry excluding the railways and the Canadian Wheat Board. Mr. Alex Kowalchuk was appointed to the Task Force to represent the Alberta Wheat Pool.

Two-Price Wheat Program

On January 27, 1978 the Honourable Otto Lang announced an increase in the minimum price for wheat sold for domestic consumption. For 1977-78, producers will be guaranteed a minimum return of \$3.55 per bushel for all wheat sold for domestic human consumption. The Two-Price Wheat Program was introduced in 1973 and provided for price ranges of \$3.25 to \$5.00 per bushel for a period of seven years. Although the plan provided some recognition of the fact that costs of production would likely increase during the seven-year period, the Minister noted that these costs had risen more quickly than

had been anticipated. The effect of the 30¢ per bushel increase in the guaranteed minimum price will require the Federal Treasury to pay over \$20 million in 1977-78 for wheat used domestically. The increase in the minimum does not affect the price which millers will have to pay, since that price will remain at \$3.25 per bushel, the difference being paid by the Federal Treasury. The increase therefore, does not in any way increase the cost of wheat to the miller and is not responsible for bread price increases. The program benefits producers when the price drops below \$3.55 per bushel and adversely affects producers when the price rises above \$5.00 per bushel.

Representation by various organizations has been made requesting that the minimum price under this program be increased. Although the 30¢ per bushel increase is welcome, your Board feels that this matter should be reviewed regularly to ensure that the costs of production do not exceed the minimum level guaranteed under this program. The increase to \$3.55 per bushel applied only to the 1977-78 crop year and your Board supports the vigorous representations made by the Canadian Federation of Agriculture and others in asking for similar and even higher guarantees in future years.

Western Grain Stabilization Program

Early this spring grain producers received the first partial payment under the Western Grain Stabilization Program. A total of \$60 million was distributed to producers throughout Western Canada in the spring of 1978 and another \$55 million was paid this fall, with the possibility of another payout for 1978.

The purpose of the Plan is to ensure that the net cash flow to Western grain producers will not fall below the average level of the previous five years. The Fund is designed to be self-sustaining over a twenty-year period and is being maintained by a 2% annual levy from producers to a maximum of \$500 and a 4% payment from the Government of Canada. These early payouts from the Plan should, your Board feels, convince producers of the value of participating in this program.

Canadian Co-operative Implements Limited

The threat that Canadian Co-operative Implements Limited would be going into receivership rallied financial support in early 1978 from the Federal Government, the three prairie governments and a number of major co-operatives and prairie Credit Union Centrals. The Federal Government's commitment was for \$8 million in the form of an interest-free contribution recoverable over ten years. The provincial governments guaranteed loans for \$7 million through the Canadian Co-operative Credit Society. Alberta Wheat Pool's commitment to C.C.I.L. was altered. The \$2 million guarantee which had been in place was cancelled and instead,

the Pool purchased \$1 million of preferred shares and guaranteed 11.43% of the \$2.5 million working capital loan from the Canadian Co-operative Credit Society. These agreements were concluded on April 28th, 1978 and C.C.I.L. performance since that time has been most encouraging.

The Honourable Eugene Whelan in noting the need for this financial assistance which had resulted partly because of high inventories caused by a general slump in farm implement sales, stated, "Now that the governments have pledged their support to Canadian Co-operative Implements Limited, it is essential that its members accept the new challenge and rally to support the Co-operative to enable it to continue to provide valuable service to Prairie farmers." Your Board heartily endorses this statement.

Federal-Provincial Nutritive Processing Agreement

Your Board has noted with concerned interest, grants made under the Federal-Provincial Nutritive Processing Agreement. The Agreement was established to help firms locate or expand facilities in rural Alberta. Costs are shared equally by D.R.E.E. and Agriculture Alberta. Grants have been awarded to various types of organizations including those which are expanding fertilizer, feed and other processing facilities. These expanded services include the provision of bulk and bag fertilizers; nitrogen solution; anhydrous ammonia and other chemicals. Although application has been made by Alberta Wheat Pool for a similar grant, at the time of writing, approval had not been received.



Grain storage expansion at Seven Persons, Alberta.

Prince Rupert Terminal

Following the special Delegates' meeting on May 2nd, 1978, a consortium of the six major grain handling organizations on the Prairies was established. Members of the consortium are: Alberta Wheat Pool; Saskatchewan Wheat Pool; Manitoba Pool Elevators; United Grain Growers Limited; Pioneer Grain Company Limited and Cargill (Canada) Grain Company Limited.

The consortium has established a working committee to investigate likely West Coast exports; the railway's capability and current as well as probable future terminal capacities and requirements. By late October the committee expects to have completed its investigations.

Many discussions have been held with government officials to determine their level of interest and the amount of support which might be expected from them. The Federal Government has indicated some interest in allowing the existing terminal to be used by the consortium, but has requested that assurance be given that it will be used on a consistent basis, not merely as surge capacity. The Federal Government earlier committed itself to making a number of improvements to the terminal at Prince Rupert, including the building of a new dock and a high capacity ship loading facility. Altogether, the government planned to spend \$27.8 million to improve grain handling at port facilities in the Prince Rupert area, including \$16.3 million to be spent to improve the shipping facilities on Ridley Island. Unfortunately, it would appear that the government plans to continue its practice of imposing charges on those who use these facilities so that eventually the total cost would be paid for by the users; namely, the farmers who ship their grain for export. This practice seriously affects the economic viability of the proposed consortium operation.

In September, 1978 the Federal Government announced that it would be offering for sale all five of its inland terminals as well as the terminal at Prince Rupert. Immediately upon hearing that the Prince Rupert Terminal was to be offered for sale, word was sent to the Federal Government advising them of the Consortium's interest in this facility.

The Canadian Wheat Board

The Board of Alberta Wheat Pool extends its welcome and best wishes to Mr. Esmond Jarvis, who was appointed Chief Commissioner of the Canadian



New facilities at Dawson Creek B.C., under construction.

Wheat Board during the crop year. The Canadian Wheat Board's generally outstanding performance is acknowledged and is a matter of record. Periodic criticisms of the C.W.B. and its structure is, your Board feels, both undeserving and counter-productive.

During the past year, the Canadian Wheat Board sold record volumes of wheat and could have sold more had transportation been available. Barley export sales however, declined. Lower exports combined with the exceptionally good barley yields a year ago presented some serious problems for the grain marketing system, particularly in Alberta.

The record wheat sales created a real strain on the transportation system and resulted in high demurrage costs. While it is unfortunate that these demurrage charges were necessary, it might be viewed as part of the overall sales function. It is preferable, your Board feels, to place some strain on the system because of heavy sales rather than to ease the pressure on the transportation system and thereby forego the sales which are essential to the grain producer.

Heavy farmer deliveries resulted in congestion at many grain delivery points. The Canadian Wheat Board was forced to extend the delivery period by providing for deferred delivery permits until the end of September. There would have been even greater concern had the congestion at the country elevator occurred because of the lack of sales with grain merely being placed in storage.

In December, 1977, the Honourable Otto Lang announced that the Canadian Wheat Board Act amendments concerning voluntary producer pooling of rapeseed had been proclaimed and were now in force. He noted in his announcement, that no proposals for voluntary rapeseed pooling had been received at that time. Under this legislation, grain firms or associations are permitted to establish, with the approval of the Governor in Council, plans for the voluntary pooling by producers of their sales receipts from rapeseed. The plan calls for voluntary participation by producers, but once a producer has entered into an agreement, delivery of grain contrary to the agreement would constitute an offence under the Canadian Wheat Board Act.

Early in January, the Minister Responsible for the Canadian Wheat Board announced that a separate pool for durum had been established effective August 1, 1978. In his statement, Mr. Lang noted the danger of unduly fragmenting the Canadian Wheat Board pooling system, but noted that in the case of durum, both price and market fluctuations are usually quite independent from those for Hard Red Spring Wheat. The establishment of a separate durum pool is an early response to this delegate body's request for such a change.

The Advisory Committee to the Canadian Wheat Board is undertaking a study of the current

grain quota system and expects to have the study completed by the end of the calendar year. The purpose of the study is to look at possible ways in which the system might be improved and is to consider such factors as regional and special quotas; productivity; effect of producer cars, etc. Consideration also will be given to establishing quotas for non-Board grains. Alberta Wheat Pool delegates have, for a number of years, unsuccessfully requested quotas on non-Board grains to ensure an uninterrupted flow of grain from producer to consumer. The abuse of the producer car privilege has now lent urgency to this issue. A four-man Quota Review Committee has been appointed, with Mr. Dobson Lea, a member of the Advisory Committee and President of the Canadian Federation of Agriculture as its Chairman. Committee members include Mr. R. E. Moffat of Manitoba Pool Elevators; Mr. George Bradley of Saskatchewan Wheat Pool and Mr. Mike Martin of the Canadian Wheat Board. Your organization has made a submission to this Committee.

Canadian Grain Commission

One of the duties of the Canadian Grain Commission is the setting of maximum tariffs for the handling, storage and cleaning of grains in Canada. During the past winter, the Commission held public hearings in Saskatoon and requested grain handling organizations to provide details regarding cost increases to justify increases in handling tariffs. Your organization presented a detailed explanation of cost escalations and following the hearings, the Commission approved an increase in the maximum tariff for both country and terminal elevator facilities. The increase in tariffs at the country level follows the normal pattern where maximums are set, with grain handling organizations filing at an amount usually less than the maximum allowed. For the first time, the terminal tariff maximums, which had been held down by the Commission, were allowed to increase appreciably, reflecting the rising costs of handling grain over a period of years. For the first time, tariffs filed for terminal handlings were less than the maximum allowed by the Grain Commission and follow the 1975 request of this delegate body for a change in procedures for setting terminal tariffs.

Protein grading of wheat at the country level was introduced beginning with the 1978-79 crop year. In order to accommodate the high protein wheat for which premium prices will be offered, the Canadian Grain Commission, with the concurrence of the Canadian Wheat Board, established two new grades; Extra No. 1 and Extra No. 2 Canada Western Red Spring Wheat. These extra grades must have a protein content of 15% or more to qualify for a premium which will amount to approximately 9¢ a bushel on the initial price. Protein testing centres have been established at various Prairie centres. Alberta Wheat Pool has established laboratories at Calgary and Lethbridge. Although quantities of high protein wheat are not expected to be large, some difficulties can be expected. These include the in-

creased use of producer cars for which adequate information regarding protein may not be available; the problem of adequate sampling since protein levels can vary greatly even within a single field; and the additional storage requirements to handle what amounts to an additional two grades of wheat.

For years, Canadians have enjoyed carefully set standards and procedures which regulate the handling, transportation and storage of grain and the facilities used for this purpose. The Canadian Grain Commission, as Canada's watchdog, has given this country a reputation which is the envy of many other countries. Recently, the United States Government, following a series of scandals, made sweeping revisions to its U.S. Grain Standards Act. A new agency, the Federal Grain Inspection Service was formed to enforce the Act and to improve grain handling generally. The revisions include standardizing federally-supervised inspection and weighing of grain — something which Canadians have taken for granted for years. In addition, the revisions call for a program of record keeping at the terminal elevators which will show what happens to the grain and generally improve inventory control to assure all parties that they are receiving full credit for grain they ship or handle.

International Agreements

The year began with considerable enthusiasm about the prospects for concluding a new International Wheat Agreement. A formal world conference to negotiate a new International Wheat Agreement was held in Geneva, Switzerland under the auspices of the United Nations from February 13th to March 23rd, 1978. Your President, Mr. A. J. Macpherson, along with seven other farm representatives, attended

in September and October. There is considerable urgency in concluding an Agreement quickly because the so-called "Tokyo Round" of the G.A.T.T. negotiations are due to expire soon and although this agreement will not require ratification by G.A.T.T., the initiative will be lost and the likelihood of an Agreement being reached, minimized.

The main outstanding issues relate to the European Economic Community's insistence that there be firm maximum/minimum prices for wheat and related supply commitments. The United States and Canada on the other hand, believe that a firm price commitment at this time is not feasible. On the matter of a Course Grains Agreement, the parties appear to be further apart and it is unlikely that such an Agreement might be concluded at this time. Other items to be negotiated include the size of the proposed wheat reserve, share allocations among both importing and exporting members of the Agreement and whether actions to stabilize prices would be triggered before or only after consultation.

The International Federation of Agricultural Producers in a statement regarding the current International Grains Arrangement negotiations, stated, "An International Grains Arrangement should serve two basic purposes: to contribute to security of supplies for consumers and to provide a degree of security to the producer against a market glut. Should a new Arrangement be negotiated, however, which was likely to result in average prices lower than production costs, producers would resolutely oppose its ratification."

When it became obvious that a new International Agreement could not be concluded before the



two weeks of the negotiations as advisors to the Canadian negotiators. The negotiations were not successful in concluding an Agreement; the main unresolved issues being those of price objectives, price levels and how these might be achieved. The problem relating to reserve stocks also was not resolved, but probably would be easier to conclude. Additional meetings under the auspices of various organizations were held and further negotiating meetings recon-

vened in September and October. There is considerable urgency in concluding an Agreement quickly because the so-called "Tokyo Round" of the G.A.T.T. negotiations are due to expire soon and although this agreement will not require ratification by G.A.T.T., the initiative will be lost and the likelihood of an Agreement being reached, minimized.

The main outstanding issues relate to the European Economic Community's insistence that there be firm maximum/minimum prices for wheat and related supply commitments. The United States and Canada on the other hand, believe that a firm price commitment at this time is not feasible. On the matter of a Course Grains Agreement, the parties appear to be further apart and it is unlikely that such an Agreement might be concluded at this time. Other items to be negotiated include the size of the proposed wheat reserve, share allocations among both importing and exporting members of the Agreement and whether actions to stabilize prices would be triggered before or only after consultation.

The International Federation of Agricultural Producers in a statement regarding the current International Grains Arrangement negotiations, stated, "An International Grains Arrangement should serve two basic purposes: to contribute to security of supplies for consumers and to provide a degree of security to the producer against a market glut. Should a new Arrangement be negotiated, however, which was likely to result in average prices lower than production costs, producers would resolutely oppose its ratification."

When it became obvious that a new International Agreement could not be concluded before the

minimum annual Canadian contribution to this Convention is 495,000 metric tonnes of food grain.

There is some concern on Canada's part that any agreement which might be concluded, could impair its competitive position. On the other hand, concern has been expressed that some agreement needs to be concluded soon because of the very real danger that the United States might re-impose export subsidies.

Canadian Co-operative Wheat Producers Limited

Problems relating to transportation highlighted the discussions held by C.C.W.P. this year and following the Interprovincial Pool Board Meeting held in Winnipeg in July, a request was made to the Federal Government to make available 4,000 additional hopper cars and repair 5,000 boxcars. Also at this meeting, your Board had an opportunity to discuss with various transportation officials and officers of the Canadian Wheat Board and the Canadian Grain Commission, the long-range outlook for grain marketing, particularly through West Coast Ports. A detailed report of C.C.W.P. activities is provided in the annual report.

Affiliations

Your Association has maintained its membership in a number of organizations 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 Federation of Alberta; the Co-operators and the Northland Bank. As part of its financial undertaking for Canadian Co-operative Implements Limited, it was necessary also to assume membership in the Canadian Co-operative Credit Society.

Goldeye Lake Centre

At last year's annual meeting, delegates approved the establishment and funding commitment for the Goldeye Lake Foundation. Although setting up the Foundation has seen some delays, it is expected that it will have received all the necessary legal approvals by the time of this annual meeting. At the present time, R.E.D.A. is operating the Centre for Unifarm, but as soon as the necessary control and management mechanisms as well as funding criteria have been implemented, it is anticipated that the Foundation will take over the direction of this Centre.

P.O.S. Pilot Plant Corporation

P.O.S. Pilot Plant Corporation, a unique government, industry and university organization, was incorporated in 1973 to promote the development of new methods for separating grains, legumes and oilseeds into proteins, oil seeds and starches and through further processing, to provide ingredients for food, feed or industrial applications. As the name implies, the facility is available to member organiza-

tions to test equipment and procedures before moving into commercial operation.

Your organization joined P.O.S. in 1974 and committed itself to providing support for five years. Due to construction delays, one year's dues were waived, moving the commitment expiry date to 1980.

P.O.S. has now been in operation for over one year and has been used fairly extensively by members and non-members alike, while at the same time, carrying on an active in-house research program.

Although the Pool has to date, not contracted for the use of P.O.S. facilities directly, as a member organization, it receives periodic reports on in-house research projects which have centered on oilseed processing technology. With your organization's involvement in rapeseed processing through Alberta Food Products, such information is useful and the continued support of P.O.S. is considered worthwhile.

MEMBERSHIP

During the 1977-78 season, 2,404 new members were accepted by the Board as compared to 2,768 during the 1976-77 season.

A total of 587 deaths were reported and 1,322 memberships were cancelled.

The net increase in membership totalled 495, increasing the membership strength from 55,880 to 56,375.

MEMBERS' ACCIDENT INSURANCE

Members' accident insurance claims during 1977-78 totalled 67 as compared to 53 during the previous season. To cover these claims a total premium of \$39,401.00 was paid to the insuring company. The premium is \$1,227.72 more than that paid during the 1976-77 season. An estimated \$5,800.00 in claims is still pending.

Claims were paid for 37 deaths, 15 of which were persons under 18 years of age. Twenty-one of the cases were the result of traffic accidents; seven from operating farm equipment; two from drowning and seven by other means. Twenty-eight dismemberment claims and two loss-of-sight claims were paid.

Forty-five applications for sponsored workers were received compared with 49 last year.

The cost of the operation of the Accident Insurance Plan for 20 years, from August 1, 1958 to July 31, 1978, totals \$1,246,621. Benefits have been paid for 4,541 accidents involving 747 fatalities (489 adults and 258 children), 463 dismemberment claims and 78 cases of loss of eyesight. Payments of \$15,947 were made in accidents involving 76 farm workers and their dependents.

IN MEMORIAM

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

Gordon L. Harrold

It is with extreme regret that we must report since the last Annual Meeting, the death of your President, Gordon Little Harrold, on December 11, 1977. Mr. Harrold suffered a second and fatal heart attack at Banff while representing your association at Farm Young Couple's Week.

Gordon Harrold was Alberta Wheat Pool's senior elected officer for twenty years. He was the first chairman of the Board of Directors to be called President and the list of official responsibilities which he performed for this association was long. Evidence of his contribution and the esteem in which he was held poured in by letter, cable, personal visit and funeral tribute. Recent manifestations of that respect came in October 1978 when he was admitted posthumously to the Alberta Agricultural Hall of Fame.

During his term of office Gordon Harrold guided your organization through a period of continuous growth, increasing responsibility and recognized leadership. A few of the important achievements made by your association during that period are:

- emergence of the Alberta Wheat Pool Seed Division as the major forage seed marketer in Alberta
- establishment of a head office building for Alberta Pool
- creation of Western Co-operative Fertilizers Limited with its manufacturing plant in Calgary.
- purchase of Federal Grain Ltd. Alberta facilities in 1972 as well as a major share of Pacific Terminals in Vancouver. This step made the farmer-owned organization the second largest grain handling organization in Canada.
- the appointment of the Hall Commission in 1975 identified the scope and importance of the problem of grain handling and transportation. Gordon Harrold took a personal part in the preparation of briefs and appearances before the Hall Commission on behalf of your organization. It was while making a presentation to this Commission in Vancouver that he suffered a heart attack in October, 1976.
- the creation of Alberta Food Products near Fort Saskatchewan.

It would not be fitting for the Delegate body to take notice only of the economic and structural

achievements with which G. L. Harrold was associated. His example, personal integrity, dedication and genuine friendliness were also a part of his personality and of his office. Throughout his term in Calgary he returned, accompanied by his wife Jessie, to the Lamont farm home for about five hundred weekends. He continued to be active in his church there, a member of his Lodge in Lamont and a beloved member of his family. A practical farmer who "could fix anything" he ran the combine on into the night in the fall of 1977, taking off what he said was "the best crop we ever grew", enjoying one of the best vacations he ever had.

Gordon Harrold travelled widely on behalf of your association. Consistently sought as an advisor by governments and farm organizations, he visited such countries as: Yugoslavia, Switzerland, China, Japan, Costa Rica, U.S.S.R., Austria, United Kingdom and the United States; some of these countries several times. He was named to the Royal Commission on Banking and Finance in 1961 and served in that capacity for over two years in addition to his other duties.

Alberta Wheat Pool and all agricultural organizations are indebted to Gordon Harrold who was known as one who did not complain, who dreamt original, inspirational dreams for his beloved Alberta Pool. This unassuming but noble farm leader may well serve as an example to all who accept official office throughout this land.

Anton A. Vold

Mr. Anton Vold of Ponoka who served as a delegate in 1947 and 1948 in sub-district 509 passed away at the age of 78 years on February 5th, 1978.

Paul Redd

A delegate of twenty-nine years beginning in 1929, Mr. Paul Redd of Raymond passed away on March 21st, 1978 at the age of 80. Mr. Redd served in sub-districts 104, 105 and 106, until 1958.

Roy Vold

Mr. Roy Vold of Ponoka who served as delegate in District 5 in 1923 and 1924, passed away on April 20th, 1978 at the age of 90.



ELECTION OF DELEGATES

In 1978 elections were held in all odd-numbered sub-districts, resulting in the election or re-election by acclamation of twenty-nine delegates, and of this number four delegates were thus elected for the first time: Mr. Cor Van Raay of Iron Springs in sub-district 107; Mr. John Pearson of Donalda in sub-district 407; Mr. James Crone of High Prairie in sub-district 701 and Mr. Dale Vander Linden of Clayhurst, B.C. in sub-district 707. Mr. Hubert Anderson of Barrhead who formerly served as a delegate in sub-district 702 and a Director in District 7, was re-elected as a delegate in 509 after an absence of two years.

More than one nomination having been received in six sub-districts resulted in the election of four additional new delegates and the re-election of two. Those delegates elected for the first time are: Mr. Peter Maloff of Cowley in sub-district 105; Mr. Stanley Trautman of New Norway in sub-district 409; Mr. Orest Farion of Vegreville in sub-district 603 and Mr. Dave Barnes of Thorhild in sub-district 607. Delegates re-elected were Mr. Joe Volek of Tilley in sub-district 303 and Mr. John Rebus of Stony Plain in sub-district 507. Mr. J. Morris Nikipelo of Boyle was elected in the by-election held in sub-district 610 following the election of Mr. W. Davidiuk to the Board.

We wish to express our appreciation to those unsuccessful candidates who demonstrated their interest in the organization by letting their names stand.

BOARD OF DIRECTORS

Following the 1977 annual meeting, officers of the Board of Directors were elected, naming Mr. G. L. Harrold as President. With his passing on December 11, 1977 and following the election of Mr. William Davidiuk to the Board, the following officers were elected;

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 was subsequently elected to the Executive Committee of Western Co-operative Fertilizers Limited. He also served as President of Western Pool Terminals Ltd. and as Chairman of the Board of Pacific Elevators Limited and the Management Committee of Alberta Food Products and is a director of XCAN Grain Limited.

Mr. Patching was elected to the Uniform Board of Directors and Executive; while Mr. Jacobsen served as a director of Uniform 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 on Rural Development Canada; was elected a director of XCAN Grain Limited, and appointed a director of the Co-op College of Canada Regional Board.

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

The Secretary served on the board of the P.O.S. Pilot Plant Corporation and on the Management Committee of Alberta Food Products.

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

PROPERTIES

For 1978-79, your Board authorized the construction of new elevators at Vegreville, Ft. Saskatchewan, Magrath, St. Paul and Barrhead. Also authorized was a replacement for the fire loss at Grande Centre. Two elevators — Schuler and Torrington, which had received approval a year earlier but for which a final decision was withheld awaiting a suitable location, were also named.

Elevator closures effective July 31, 1979 were approved for Aldersyde, Beauvallon, Cowley, Greenshields, Hesketh, Langdon and Watts. Closures due to rail line abandonment to be effective by December 31, 1978 include Madden, Dogpound, Cremona, Whiskey Gap and Woolford, and by July 31, 1979, Inland and Warwick.

Capital budget approvals totalling \$21,004,367 (after recoveries of \$290,436) including carry-over from last year, provide for six elevators, four annexes, twelve fertilizer facilities and ten conversions of old elevators for bulk fertilizer plants.

In this year's annual report, you will note that there is no financial statement for Alberta Pool Elevators Limited. Following the approval of the Delegate Body at last year's annual meeting, the Board voluntarily liquidated Alberta Pool Elevators Limited and all its assets and liabilities have now been taken into Alberta Wheat Pool and will be reported as a single entity.

PUBLIC RELATIONS

During the year under review, the Public Relations Department represented your Association through public and member contacts in many ways.

Special attention was given to changing conditions within the industry and their effect on Pool members. Public Relations personnel appeared for your Association and made submissions on a number of occasions. Factual information was publicized through the media throughout the year. The Department continued to play an important role in information gathering and interpretation, so essential if the organization is to continue to understand and respond to the needs and desires of its member-owners.

STAFF

Sincere appreciation is extended to all staff for the excellent results achieved during the past year. Dedication and hard work are responsible for the good results which were achieved during the year and genuine appreciation is extended to all those who assisted in making this possible.

CHALLENGES FOR THE FUTURE

A year ago we commented on the dilemma facing co-operatives in that on one hand they must operate an efficient, viable organization, while at the same time, ensuring that individual members' concerns receive due recognition. This problem is particularly evident when it comes to the closure of inefficient, low handling elevators. In line with the policy set by this delegate body, your Board has proceeded with the orderly closure of low volume elevators. This delegate body might consider how the planning process which must include closure of some elevators might more effectively involve the local membership, while at the same time ensuring the continued viability of the organization.

Farmers and their organizations face the prospect of losing a number of federally-administered programs in view of recent developments. The Federal Government, in its attempt to reduce spending, has or is rumoured to be planning to discontinue a number of programs which had, it was thought, a rather secure future. Programs such as the Feed Freight Assistance Program; the promises for expenditure on prairie branch lines, etc. are rumoured to be no longer secure. Your Board believes therefore, that it is of the utmost importance that the export grain freight rates remain statutory and that no actions be countenanced which might weaken them. The general Federal Government proposal to reduce government expenditures is laudable since it is one of the important brakes on the inflationary cycle which has hit this country. Nevertheless, it is important also that these cuts not become counter-productive and create greater instability for Canada's producers. According to an analysis done by the Canadian Federation of Agriculture, the Federal Department of Agriculture accounts for about 2% of total government expenditures, yet the expenditure cuts for agriculture are approximately 4.4% of the total department's budget. The C.F.A. suggests that these expenditures are both disproportionate and an

inordinately high proportion of the on-going program of the department. Much confusion still surrounds the government's intentions about actual program cuts, but vigilance by producers is needed to ensure that important programs not be allowed to suffer.

People in many parts of the world are looking to Canada for assistance. While monetary assistance is always welcome, more and more, the demand has been for people with unique training to assist with the planning of production and marketing in their own country. During the year, your staff was involved in two different projects; one, to assist with an investigation of food grain storage in India and the other, in the setting up and making commercially viable, the major farm organization in Barbados — the Barbados Agricultural Society.



Co-operatives in general are being challenged to make available their expertise, since in many countries it is now accepted that a co-operative form of business organization has the best prospect for success. The challenge has been undertaken by the Co-operative Union of Canada and it has made a commitment to assist in various countries with the financial assistance of the Canadian International Development Agency (C.I.D.A.) and with the support of the major co-operatives in Canada. Additional funding to carry out this program however, is required. You will have an opportunity to consider to what extent your organization might contribute to the Co-operative Development Fund — the organization which has been set up to raise funds for this program.

Canada is currently facing a very difficult time with high inflation, high unemployment and low productivity. Many of these problems are reflected in the devalued dollar, which is a mixed blessing for grain producers; the good aspect being that grain sells more readily under these conditions on the export market. Nevertheless, unless general Canadian productivity can be improved, the long-range outlook does not appear promising. Productivity is affected by many things. In your industry it is affected by the vast array of government regulations which are being forced on the industry. Examples are the forty-hour work week and stringent health and safety regulations. Effects of such changes will cause increases in handling tariffs or result in an accelerated elevator closure program.

A recent report issued by the Federal Department of Consumer and Corporate Affairs has suggested that there is a need for increased efficiency by farmers and food processors. Other headlines suggest that food prices are the real villain in the high rate of inflation. In fact, in one of its public statements, the Centre for the Study of Inflation and Productivity — the successor to the Anti-Inflation Board has stated that the major source of food price increases in the past few years "has been the sharp increase in wheat prices since the abrupt turnaround of international grain markets in 1972-73". Yet we note that Canadians are spending less of their disposable income on food today than at any time in history. Thirty years ago for example, consumers had to budget 21% of their disposable income for food eaten at home, but by 1976 that figure had declined to only 14%. Even if meals eaten away from home are included, the total is only approximately 18% of the disposable income. When comparing Canadians with people in other countries, we note for example Germans spend around 27% of their disposable income on food; the British 31% and only the Americans appear to spend less of their disposable income on food than Canadians.

Your Board is concerned that many urban people are not aware of the very high production agriculture has achieved. The problem of depressed prices for farm products is partly the result of the high level of efficiency farmers have accomplished.

The Food Strategy Conference held in Ottawa in February, 1978 was attended by many interested persons to discuss a national food policy. In his comments to this Conference, the Honourable Eugene Whelan, Minister of Agriculture, stated that Canada's food policy objectives included the following:

1. To increase production efficiency in the Canadian Agricultural industry.
2. To ensure that agricultural resources are devoted to commodities with the best market potential (maximization of value added).

3. To help low income farm families to make a better living in agriculture.
4. To conserve and improve natural agricultural resources.
5. To increase efficiency in the marketing system.
6. To protect farmers against income instability.
7. To provide longer term protection against foreign competition for selected commodities.
8. To improve access to foreign markets for Canadian agricultural commodities.

Comprehensive reports were prepared following this meeting after participants had opportunities to discuss such things as income support and stabilization; marketing and food aid; research information and education; trade policy and safeguards; processing distribution; retailing and consumer concerns. This Conference was a first step in the plan to devise a comprehensive national food policy. Continued co-operation between the various Federal Government departments, provincial departments and all stakeholders in the food industry is necessary. Effective agricultural as well as food policies need vigorous producer input if they are to have real, practical meaning and acceptance.

With rail line abandonment, the question of operating off-track elevators has become an issue. Ramifications of such action require careful consideration and your Board would appreciate some guidance from this delegate body.

Your Board appreciates the support Delegates have given during the year in carrying out the business of this organization. Its success depends upon loyalty, dedication and a willingness to serve. With your continuing support we feel confident that the challenges which we are facing can be successfully met.

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

Rapeseed crushing plant under construction near Fort Saskatchewan, Alta. scheduled for completion May 79.



**ALBERTA
FOOD
PRODUCTS**



REPORT OF THE GENERAL MANAGER

on the 1977-78 CROP YEAR



To the President and Directors
Alberta Wheat Pool

Gentlemen:

The 1977/78 crop year was difficult for grain producers in Alberta and north-eastern British Columbia. Weather affected both grain production and grain quality. The volume of grain moved forward from Alberta and B.C. country elevators declined from 1976/77. This situation was unique on the prairies, in that Saskatchewan and Manitoba each shipped more grain to terminal positions than last year. Year-end stocks on farms and in country elevators rose above those of a year earlier, farm income was restricted by Alberta's reduced grain movement, and Alberta Pool's ability to serve its members was hampered.

Alberta Wheat Pool's Vancouver terminal achieved record handlings and sales of crop products surpassed last year's record. In spite of lower grain handlings at country elevators, Alberta Wheat Pool maintained its leadership among co-operatives and within the grain industry. Alberta Pool implemented the only elevator and warehouse management training program in Canada, began construction of a concrete high throughput country elevator and concluded a telecommunications study on data terminals in country elevators.

Construction of the 2.8 million bushel storage addition to your Vancouver terminal progressed towards completion. Expanded elevator maintenance programs allowed for better services to Pool members.

Financially, Alberta Wheat Pool experienced a more successful year than in 1976/77. Lower interest costs were a major factor in our organization's finan-

cial results. Had it not been for this factor, the combination of reduced grain handlings and the low margin on crop products, particularly fertilizers, would have yielded significantly lower earnings than last year. In view of inflation and the international grain market's effect on farm income, the 1977/78 performance of Alberta Pool provides a significant financial return to the co-operative's member-owners.

Crop and Market Conditions

Spring seeding operations began early in 1977. Southern and south-central Alberta experienced dry conditions from May through July. In the central, northern and Peace River regions frequent rains delayed seeding activity, but as crops developed excellent yields were forecast. Southern and south-central crops lost yield potential during the summer. Two unseasonal August frosts reduced grain quality in east-central and north-eastern Alberta. Harvesting started in August but September rains caused crops to deteriorate in the swath. October weather improved and harvesting was completed by month-end. Crop quality was lower than normal with considerable tough and damp grain in store on farms.

Canada produced 39.0 million tonnes of the six principal grains in 1977. Wheat production of 19.8 million tonnes was lower than in 1976 but the output of barley and rapeseed rose to 11.8 million tonnes and 2.0 million tonnes, respectively. Alberta showed a similar trend with wheat production at 3.2 million tonnes, barley at 5.4 million tonnes and rapeseed at 800,000 tonnes.

Prairie grain producers delivered a record 27.0 million tonnes of grain to country elevators in 1977/78, exceeding the previous record set in 1972/73 by 10%. Exports of the six principal grains

and wheat flour totalled 21.0 million tonnes, up 10% from last year and only 1% below the 1972/73 record.

At the end of the crop year, prairie farm stocks of the six major grains stood at 9.4 million tonnes, up 4% from July 31, 1977. Wheat stocks were 27% lower than in 1977, but barley stocks were 192% higher. Alberta's farm wheat stocks were 53% lower than at July 31, 1977 while barley supplies were 121% greater.

Country Operations

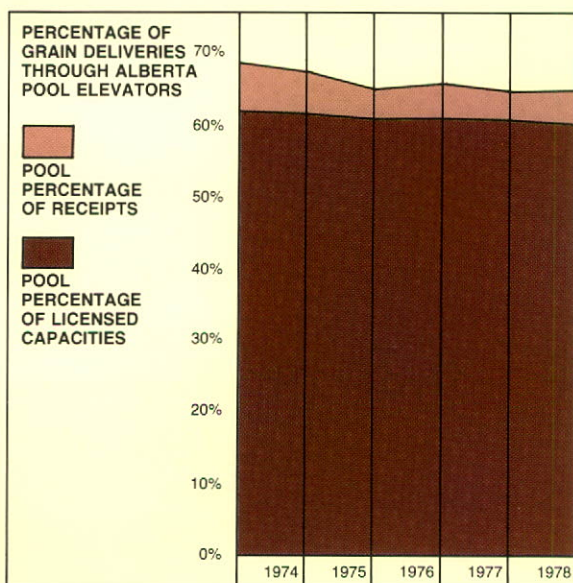
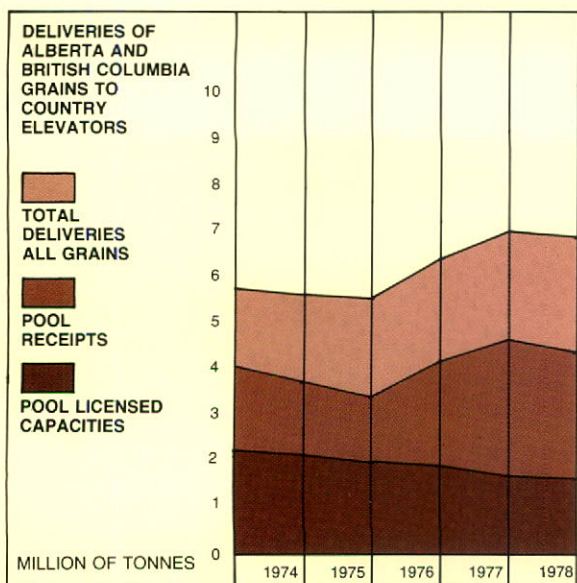
As the 1977/78 Crop year began Alberta Wheat Pool stocks in store totalled 922,488 tonnes with fifty elevators operating under congested conditions. A fair pre-harvest grain movement created some space in country elevators, but as harvest concluded, the number of congested facilities increased in the coarse grain production regions. Cold weather from November to February affected railway performance and undoubtedly was a factor in the cancellation of three barley cargoes from the west coast, intended for shipment from Alberta. These cancellations had a major impact on Alberta Pool's ability to handle members' grain deliveries and relieve congestion. Your organization's grain receipts were reduced from last year's level by the lack of barley shipments. Alberta and the Peace River block of B.C. were the only part of the prairies to move less grain forward to terminal positions in 1977/78 than a year earlier. Saskatchewan and Manitoba country elevator shipments rose approximately 20% over 1976/77 while Alberta shipments declined by 13% from last year.

Available space was unevenly distributed through your elevator system. The wheat area of southern and south-central Alberta had considerable available space during the year, but in central, northern and Peace River regions, elevator congestion was common. Congestion worsened as the crop year progressed so that by July, Alberta Wheat Pool had 249 congested elevators. Stocks in store stood at 1,224,006 tonnes at year end.

Member-owner grain deliveries were heaviest in October and July. Grain in store at Pool elevators peaked at 64% of capacity in October 1977 and had declined to 43% of capacity in May 1978. For the crop year, the average quantity of grain in store was 53% of elevator capacity.

Congested elevators and the lack of Alberta barley shipments reduced Alberta Wheat Pool's grain receipts to 4,483,130 tonnes (184,958,267 bushels) compared to last year's record of 4,758,639 tonnes (200,226,638 bushels). In the early months of the crop year, your organization's percentage of grain deliveries climbed but slowly declined to 65.52% by July 31, 1978, the same as one year earlier. Average handling per elevator manager declined to 10,270 tonnes from 10,670 tonnes in 1976/77.

Grain car loadings totalled 54,824 during the 1977/78 crop year for a weekly average of 1,054 cars compared to 70,340 cars last year and a 1,353 weekly car average. On an individual elevator manager basis, car loadings averaged 10.4 per month, or 2.4 per week. In February, the heaviest shipping month, 6,762 cars were loaded and July showed the poorest shipments at only 443 cars. Crop year shipments totalled 4,190,033 tonnes, 6.5% below Pool elevator receipts.



Alberta Wheat Pool shipments to Thunder Bay and other eastern destinations declined from last year's 1,031,810 tonnes to 784,038 tonnes. Shipments to the Lakehead totalled 723,389 tonnes of which 471,195 tonnes were unloaded in Saskatchewan Wheat Pool terminals. In 1976/77 Alberta Pool's grain movement to Thunder Bay involved 954,329 tonnes with 559,330 tonnes handled by Saskatchewan Pool. Rail shipments of Board and non-Board feed grains directly to eastern Canada amounted to 37,213 tonnes, almost identical to last year's 37,020 tonnes. Pool shipments to Canadian Government Elevators, including Prince Rupert, plus Churchill declined to 111,638 tonnes from 263,022 tonnes in 1976/77. Over 83% of this movement was to the Prince Rupert terminal elevator.

August frosts and inclement harvest weather in 1977 introduced numerous grain degrading factors and increased the number of samples received for assessment by the Grading and Selection Department compared to last year by 8,799, to 35,547 during the crop year. Protein tests were performed on 2,993 wheat samples, 367% more than last year and a result of Alberta Pool's involvement in the Canadian Wheat Board's high protein wheat carlot program. Concern about barley quality produced a 756% increase in barley protein testing to 2,567 samples. In preparation for the 1978/79 introduction of protein segregation on Extra No. 1 and 2 C.W. Red Spring Wheat at country elevators, your organization installed infra-red protein analyzers in Calgary and Lethbridge. Grading and selection staff maintained close supervision over malting barley shipments in solid trains from Thunder Bay and on to vessels for export.

Sales of Alberta Wheat Pool selected barley to both export and domestic markets declined to 189,500 tonnes from 197,900 tonnes in 1976/77 due to the lower quality of Alberta's 1977 barley crop and the excellent crop in the U.S.A., a principal market. In the American market, Alberta's Klages barley faces strong competition from Saskatchewan Klages and Australian Clipper barleys. Above average quantities of high quality six-row barley in Manitoba and Saskatchewan reduced Alberta Pool's sales of selected barley into the eastern domestic market to 5,501 tonnes, down from 24,534 tonnes a year earlier. Your organization improved its share of provincial over-quota selected barley permits from 64.5% in 1976/77 to 68.8% this year.

Congested elevators, low non-Board feed grain prices, lower deliveries of non-Board feed grains in Alberta, more farm to feeder sales and significantly increased non-Board deliveries in Manitoba and Saskatchewan affected Alberta Pool's ability to supply the eastern domestic feed grain market. Priority was given to supplying feed grains within Alberta and B.C., resulting in 4% and 26% increases in sales respectively, but a 47% reduction in eastern sales.

Non-Board feed wheat sales rose by 31% and sales of Board wheat, oats and barley for feeding purposes increased by 107% over 1976/77. Your organization marketed 286,300 tonnes of flax, rye and rapeseed in domestic and export markets to the advantage of Pool members.

Accurate and honest weighing of member grain deliveries by your Pool elevator managers was again shown in this year's elevator audits. Of the 235 audits conducted the gross overage was 0.031%, 88% below the Canadian Grain Commission's maximum tolerance of 0.25%.

Fire prevention programs remain a priority for country operations personnel. Two elevators, Grande Centre and St. Michael #2, were lost to fire during the crop year. Alberta Pool took immediate action to provide Grande Centre members with temporary grain facilities until a new elevator is built.

On July 31, 1978 Alberta Wheat Pool's country grain storage capacity was 1,958,000 tonnes, a decrease of 4,120 tonnes from July 31, 1977.

Terminal Operations

West coast terminal elevator receipts totalled 8.3 million tonnes in 1977/78, 14% above last year's 7.3 million tonnes and only 7% below the 1972/73 record of 9.0 million tonnes. Terminal shipments of 8.4 million tonnes surpassed receipts by 113,000 tonnes.

Receipts and shipments at both Alberta Wheat Pool's terminal and Pacific Elevators Limited exceeded 1976/77 figures. For the Pool terminal, grain car unloads of 2.4 million tonnes established a record, surpassing last year's receipts by 363,926 tonnes. Shipments reached 2.4 million tonnes also, up 388,481 tonnes from last season. Pacific Elevators had 2.1 million tonnes in receipts and shipments, an increase from 1976/77 of 137,212 and 135,989 tonnes respectively. Together, the two facilities handled 59.4% of Vancouver grain receipts. Higher handlings of wheat at the Pool terminal and more rapeseed through Pacific Elevators contributed to the improved terminal performances.

Uneven, sporadic vessel arrivals and grain car movement again affected the operations of all Vancouver terminals. During the first five months of the crop year, vessel arrivals limited grain car unloads at the two Pool operated terminals to an average of 105 per day. Then, in the early months of 1978, the number of vessels arriving increased beyond the ability of the transportation system to move grain to the port. Vessel arrivals peaked in March when up to twenty-four were waiting in the harbour for grain berths. As the crop year progressed, the backlog of vessels was cleared and the year ended with no vessels waiting for grain. From January to July, Alberta

Pool's terminal and Pacific Elevators emptied an average of 167 and 140 grain cars per day. For the entire crop year, Alberta Wheat Pool's elevator had a daily unload average of 147 cars and Pacific Elevators averaged 127. These terminals both have a rated daily unload capacity of 210 cars each on a three shift operation.

Throughout the last five months of the crop year the grain car supply in the Vancouver port area, particularly from C.P. Rail was depleted by Thursday of most weeks. As a result, few cars were available on Fridays, but the terminals were required to unload on Saturday overtime shifts if grain cars became available. Railroad delays in removing empty cars from terminal sidings and spotting loaded cars were also costly to your organization. Alberta Pool's terminal lost 789 hours of unloading time during the year and Pacific Elevators lost 197 hours. Less time was lost at Pacific Elevators because it is serviced by both C.P. Rail and C.N.R. while the Pool terminal is mainly served by C.P. Rail.

Grain hopper cars account for an increasing proportion of unloads. Compared to last year, eight percent more hopper cars were received at Vancouver terminals and represented 41% of all unloads.

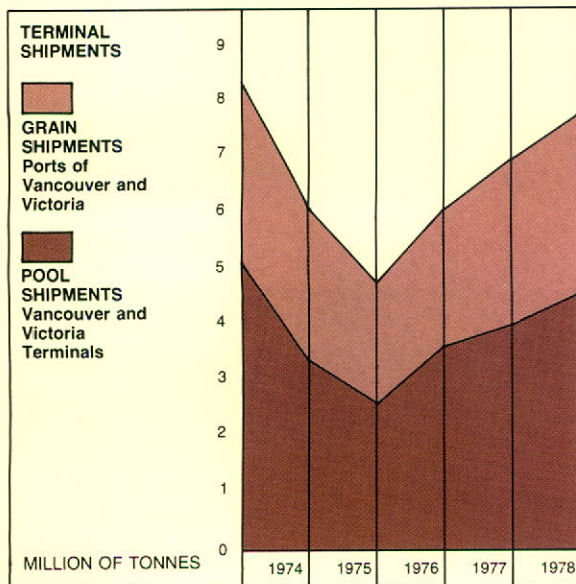
Employee relations at the terminals were encouragingly stable during 1977/78 with very few grievances processed. A Memorandum of Agreement with Grain Workers' Local 333 C.L.C. effective January 1st, 1978 is presently awaiting A.I.B. approval.

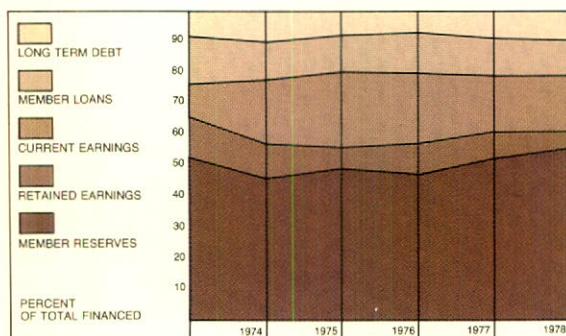
During the year, the federal government incorporated the recommendations of the Finn Royal Commission on Health and Safety in Grain Elevators into Labour Canada regulations. Extensive equipment improvements at both your terminals, allowed Alberta Pool's facility and Pacific Elevators to meet all health and safety regulations.

Construction of the new 2.8 million bushel storage annex at the Pool's Vancouver terminal is near completion with opening scheduled for mid-December 1978. Your organization has decided not to participate in the Canadian Wheat Board's storage incentive program offered for West Coast terminal expansion.

Marketing Division

Despite restrictions on farm income, Alberta Wheat Pool's sales of crop products continued their growth in 1977/78. The seasonal nature of the business was again evident. As was the case one year ago, sales were slow to develop due to poor harvesting conditions, lower prices for some farm commodities and an apparent good supply of crop products. Most Pool members made their purchase decisions in the March to May period, placing heavy pressures on staff, transportation and facilities. Competition in chemical and fertilizer marketing was strong throughout the year. While your organization achieved an excellent sales volume, the earnings generated are not sufficient to provide capital for the facilities and services requested by Pool members.





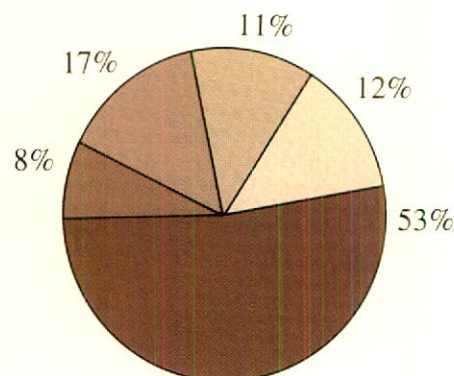
Alberta Pool's sales of crop products totalled a record \$64.5 million, an increase of 22% over last year's record. The significant increase in 1978 rapeseed acreage coupled with that crop's high input requirements, produced record sales of all crop products required in rapeseed production.

Western Canadian fertilizer manufacturing plants shipped 1,736,000 tons to retail locations, a 20% increase from the previous year. Shipments to Alberta retail locations at 723,615 tons were 13.6% above 1976/77. Delays in spring seeding allowed Western Co-operative Fertilizers Limited to deliver more fertilizer in season than normally would have been possible.

Your organization's fertilizer marketing program was disrupted by a manufacturer's price increase in February 1978. Rising production costs forced W.C.F.L. to raise fertilizer prices by about 15%. Alberta Pool's decision was to absorb 7% of the increase and raise fertilizer prices to member-owners by 8%. Margins were low and, without W.C.F.L.'s patronage dividend, (the lowest one in four years), your organization would have incurred a loss on fertilizer sales.

Expanded retail services allowed Alberta Wheat Pool's sales of anhydrous ammonia to increase by 54.7% from 1976/77. The quantity of fertilizer sold in bulk and liquid rose 5.5% over last season to 55.4% of total sales, a continuation of the long term trend. Fertilizer service remains a priority; anhydrous ammonia is available at thirty-one locations and bulk fertilizer spreaders are at fifty-eight stations.

Led by products used in the production of rapeseed, Alberta Pool sales of herbicides and pesticides increased by 25.7% over last year to \$16.6 million. The organization's purchasing arrangement with Interprovincial Cooperatives permitted very competitive pricing of the phenoxy herbicides. Pool members' shift in preference from ester formulations to amine products continued.



Members' deliveries of forage seeds approximated 1976/77 volumes but the Pool's carryover of seed allowed your organization to increase export seed sales by 47.2% to 16.2 million pounds. Compared to last year, domestic forage seed sales rose by 19.4% to 3.4 million pounds. Alberta Wheat Pool maintained an aggressive marketing position to help members receive the highest price possible for their forage seed production.

Sales of cereals and oilseeds increased by 23.7% over last year to 32.8 million pounds. The main contributors were increased sales of Klages barley for Canadian Wheat Board contracts and rapeseed.

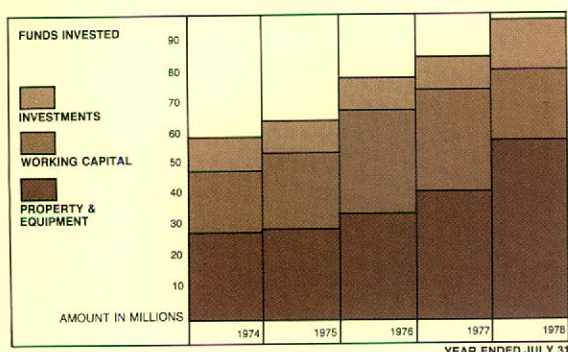
Poor harvesting weather in the fall of 1977 resulted in the sale of all Vertec grain driers in inventory. A strong marketing program at several Alberta locations increased the sale of grain bins significantly.

Four seed processing plants at Camrose, Grande Prairie and Lethbridge cleaned a record 23.7 million pounds of rough forage seed plus 682,000 bushels of cereal seed. Seed processed and analyzed by Alberta Pool enjoyed a high standard of acceptance on domestic and international markets. Contract seed production programs were maintained and custom application services continued to develop.

Technical services expanded research and development efforts on cereal varieties and herbicides. Experimental plots throughout the province increased about four-fold to number approximately 5,000.

Engineering, Construction and Maintenance

Construction of new grain and crop product facilities, improved maintenance of existing properties and modernization programs were the focus of the division's efforts during 1977/78. Two 170,000 bushel double composite, high throughput elevators were completed at Bentley and Milo. Single compo-

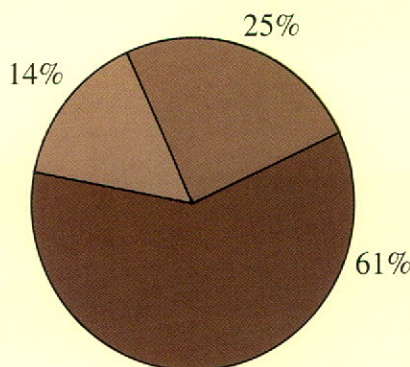


site structures with 130,000 bushel capacities were constructed at Hardisty, Sibbald and Wembley. Cribbed annexes were added to your facilities at Coronation, Ellerslie and High Level, along with a 61,000 bushel steel storage complex erected at Hays. Lumber costs underwent a dramatic 46% increase during the year, substantially increasing the costs of new facilities.

In September 1977, Alberta Pool contracted construction of a 380,000 bushel concrete high throughput elevator at Dawson Creek, B.C. Major structural work has been completed with equipment installation now underway. The elevator is scheduled to begin receiving grain in early 1979. While the cost of slip-form concrete structures exceed traditional wood facilities, the high volume of member business in the Dawson Creek area and the longer life of concrete, justify the expenditure. It is significant to note that labour rates in Alberta and B.C. are about 25% higher than in North and South Dakota, for this type of construction. This factor limits slip-form structures to only very high throughput elevator points.

Four anhydrous ammonia installations, six crop product warehouses and seven bulk fertilizer plants were added to member facilities in 1977/78. Ten staff dwellings were also constructed during the crop year.

Your organization's expenditures on elevator maintenance increased by 15.4% over 1976/77 to \$2.3 million to accommodate additional repairs. Elevator modernization programs involved installation of 15 new scales, two shipping legs, 23 dust collectors, 16 car pullers, 58 hopper car loading spouts and 11 private office additions. Fifty-five elevators were painted during the season. Country construction and maintenance personnel total 208, including 46 foremen. Twenty repair crews, stationed throughout Alberta and north-eastern B.C. handle elevator repairs.



To improve the quality of member service and reduce operating costs, Alberta Pool regularly evaluates new equipment and components. During the past year, elevator construction has included the installation of automatic shipping scales, automatic grain samplers, steel leg and conveyor casings, electric manlifts, and colored metal siding. Innovations in bulk fertilizer facilities involve inplant blenders and hopper scales. An experimental program to convert elevators at Iron Springs and Sangudo from grain to fertilizer service was successful. Contracted elevator dismantling by wrecking crane has resulted in quick, less costly demolitions.

Country grain and crop product facilities in operation at July 31, 1978 comprised 735 elevators, 1,011 annexes, 874 crop product warehouses, 4 seed cleaning plants, 26 anhydrous ammonia tanks and 545 dwellings.

Subsidiary Companies

During the year demolition of the facilities of Victoria Elevator Limited was completed. The books of the company are being kept open until all payments and taxation requirements are finalized. It is then expected that the company charter will be discontinued.

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

Western Pool Terminals Ltd. owns the Vancouver terminal facilities operated by Pacific Elevators Limited and both companies are owned jointly by Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators, on a basis of 60%, 30% and 10% respectively. A shippers' agreement is in effect for Pacific Elevators Limited whereby all earnings of the company are distributed in proportion to grain consigned to the terminal by the shippers.

Alberta Food Products, a partnership with Japan Alberta Oil Mill Co. Ltd., is consolidated into the accounts of Alberta Wheat Pool on a line by line basis according to the 60% ownership of Alberta Wheat Pool. Construction of the rapeseed crushing plant near Fort Saskatchewan, Alberta, is proceeding, although labour problems have caused some delays. Completion of the plant is estimated to be spring 1979, depending to some extent on winter weather.

Operating Results

The consolidated earnings of Alberta Wheat Pool and its subsidiary companies were \$15,555,000 after provisions for estimated income tax. This amount compares to \$14,880,000 for the previous year.

The 1977/78 results were enhanced by a decrease of over \$2 million in net interest costs resulting from generation of earnings early in the year and large prepayments for crop product purchases. Earnings, therefore, would have been reduced but for this revenue, which was not the previous year's experience. The earnings contributed by the Marketing Division continue to be inadequate because of low margins, particularly respecting fertilizer.

Following resolutions by the Delegate body, the previous year's earnings distribution placed \$4,760,000 cash refund and \$3,614,000 cash for reserve purchases, in the hands of the members. Reserves were increased by \$6,300,000 and at year end amounted to \$52,256,000.

Changes in the reporting procedure show a working capital of \$23,600,000, reduced by \$8,240,000 from the previous year. Working capital will be increased, following long term financing of \$12 million for capital expenditures made before completion of financing arrangements.

Administration

Throughout the year, management of your organization continued to refine and develop appropriate administrative and management information systems. An evaluation of data terminal installations at country elevators was completed following on-site testing at Carstairs and Rockyford. While initially an expensive transition, analysis indicates a telecommunications network is the trend for the future and long-term benefits will outweigh costs. Conversion of the grain industry to the metric system of measurement became law on February 1, 1978. Since extensive metric training was conducted with staff in the 1976/77 crop year, only minimal retraining was necessary in 1977/78. Metric conversion was successfully accomplished with a positive staff attitude.



Elevator facilities at Pincher.



Red Deer fertilizer warehousing.



Camrose seed cleaning plant.

For the Canadian Grain Commission Hearing on Costs and Related Tariffs in the Primary and Terminal Elevator Systems in the Western Division, Alberta Wheat Pool presented a detailed picture of country and terminal elevator construction and operating costs and cost increases. The need for capital, which could be as high as \$75 million in the next five years, to regenerate your grain handling system was described to the Commission. Clearly, inflation and government regulatory requirements have increased the costs of constructing and operating grain handling facilities without corresponding increases in productivity.

A significant portion of the Pool's planning resources continue to be devoted to the grain handling and transportation system and to the government agencies, commissions and committees involved in these areas. Through this, your organization has had a voice in branch line abandonment procedures, railway costing, Canadian Transport Commission and Prairie Rail Action Committee deliberations. In addition, efforts have been maintained to project the environment ahead and to determine Alberta Pool's place in that environment. This leads to investigation and research into new concepts, new designs and improved procedures to meet the challenges of the future.

To respond to the needs of Pool members, both the quality and quantity of human resources were further developed during this year. The staff complement numbered 1,817 on July 31st, 1978 up 65 from the beginning of the year. Staff increases occurred in terminal operations, engineering, construction and maintenance, and elevator operations. Head office staff numbers declined by 5% in spite of the increased complexity of business today. Emphasis on staff development was maintained by facilitating 330 employees to upgrade their training and education.

As a leader in service to grain producers, Alberta Wheat Pool developed and implemented the first elevator and warehouse management training program in the grain industry. Thirty Acting Assistant Elevator Managers graduated from the six month classroom and on-the-job training program. As the crop year ended, another fifteen trainees had completed their three month classroom instruction at Olds College.

Health and safety of employees again received the full attention of your management. To meet new federal government labour regulations, environmental and medical surveillance programs were introduced during the year. Pre-employment and periodic medical examinations plus dust monitoring programs were incorporated into Alberta Pool's health and safety procedures. Your organization continues to maintain a deep social conscience towards its employees.

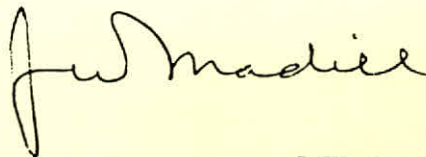
During 1977/78, pressure has been maintained by Labour Canada for imposition of the 40 hour week regulations on the prairie grain industry. It is your management's conviction that the vast majority of elevator managers do not support or favour a 40 hour week. Potentially, the regulations threaten the level and cost of service to Pool members. Introduction of a 40 hour week would hasten country elevator rationalization, eliminate incentives for elevator manager performance and force a realignment of country staffing.

Alberta Wheat Pool is a people intensive organization. Despite the difficult circumstances your organization encountered this year, your staff performed admirably. Management recognizes and sincerely appreciates the efforts of all Pool employees.

Alberta Pool management remains concerned about the attitudes, direction and policies of governments as they influence and intervene in the operations of your organization. Steps by governments towards increasing bureaucracy, control and involvement in the traditional private sector are dangerous to enterprising co-operative associations. An apparent lack of regard by government for economic productivity has serious implications for Alberta Wheat Pool.

Inflation continues unchecked, affecting the viability of productive agriculture and your organization's ability to renew its grain handling system. Work stoppages and low productivity continue as serious problems in the Canadian economy. Operating cost increases, such as those proposed for elevator site rentals, are distressingly beyond the control of management. Efforts must be maintained to permit initiatives and innovations to develop within the business sector in a healthy economic climate free of unnecessary government control and regulation.

Respectfully submitted,



J. W. Madill
General Manager



Pool Vancouver Terminal showing additional storage scheduled for completion Dec. '78.

**ALBERTA WHEAT POOL
and Subsidiary Companies**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at July 31, 1978

	1978	1977
Current Assets		
Cash in banks, on hand and in transit	\$ 1,363,836	\$ 595,649
Inventories (Note 2)	116,870,754	112,980,538
Accounts and accrued items receivable	42,890,693	30,886,178
Prepaid expenses	2,260,324	1,638,569
	<u>163,385,607</u>	<u>146,100,934</u>
Deduct		
Current liabilities		
Cheques and cash tickets outstanding	37,931,105	50,390,844
Bank loans (Note 3)	70,265,000	41,090,000
Call and short-term loans	12,290,700	5,190,700
Accounts payable and accrued charges	15,353,505	13,760,626
Staff savings	3,701,433	3,606,320
Current maturities of long-term debt (Note 5)	244,061	220,917
	<u>139,785,804</u>	<u>114,259,407</u>
Working capital	23,599,803	31,841,527
Property and equipment (Note 1)	59,486,309	41,672,745
Investments and memberships (Note 4)	13,411,471	11,989,525
Goodwill	584,444	627,339
Development and pre-operating costs	989,040	603,398
Funds invested	<u>\$ 98,071,067</u>	<u>\$ 86,734,534</u>
Financed by		
Term loans from members and co-operatives (Note 6)	\$ 10,638,091	\$ 10,780,822
Long-term debt (Note 5)	<u>11,853,885</u>	<u>7,555,934</u>
Members' Equity		
Reserves (Note 7)		
Authorized: \$60,000,000		
Issued to members	52,256,211	45,927,406
Earnings retained from prior years	7,767,505	7,590,134
Net earnings for the year	15,555,375	14,880,238
Total members' equity	<u>75,579,091</u>	<u>68,397,778</u>
	<u>\$ 98,071,067</u>	<u>\$ 86,734,534</u>

Approved on behalf of the Board:

A. J. MACPHERSON, Director

October 17, 1978.

H. R. PATCHING, Director

**ALBERTA WHEAT POOL
and Subsidiary Companies**

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended July 31, 1978

	<u>1978</u>	<u>1977</u>
Sales and other operating revenues	\$642,329,306	\$671,537,175
Cost of sales	564,718,406	597,234,194
Gross Margin	77,610,900	74,302,981
Deduct		
Country facilities expenses	21,537,770	19,468,479
Terminal operating expenses	15,925,470	13,935,182
Administration and supervisory expenses (Note 1)	12,179,300	12,901,145
Interest	7,284,589	8,779,032
Depreciation	5,128,396	4,338,905
	<u>62,055,525</u>	<u>59,422,743</u>
Net earnings for the year	<u>\$ 15,555,375</u>	<u>\$ 14,880,238</u>

**CONSOLIDATED STATEMENT OF EARNINGS
RETAINED FROM PRIOR YEARS**

For the Year Ended July 31, 1978

	<u>1978</u>	<u>1977</u>
Balance at beginning of year	\$ 7,590,134	\$ 7,246,379
Add		
Net earnings for previous year before		
income taxes	15,055,476	21,758,521
Less income taxes	175,238	549,777
	<u>14,880,238</u>	<u>21,208,744</u>
	<u>22,470,372</u>	<u>28,455,123</u>
Deduct		
Patronage refunds		
In cash	4,759,563	8,312,802
In member reserves	9,943,304	12,459,508
	<u>14,702,867</u>	<u>20,772,310</u>
Adjustment to income taxes paid on		
earnings for previous years	—	92,679
	<u>14,702,867</u>	<u>20,864,989</u>
Balance at end of year	<u>\$ 7,767,505</u>	<u>\$ 7,590,134</u>

**ALBERTA WHEAT POOL
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF CHANGES
IN WORKING CAPITAL
For the Year Ended July 31, 1978**

	<u>1978</u>	<u>1977</u>
Source of working capital		
Net earnings for the year	\$15,555,375	\$14,880,238
Add items not requiring a current outlay of funds		
Depreciation	5,128,396	4,338,905
Amortization of goodwill	42,895	198,315
	<u>20,726,666</u>	<u>19,417,458</u>
Increase in long-term debt	4,542,012	1,043,039
Proceeds from disposal of property and equipment	816,952	1,158,834
Increase in term loans from members and co-operatives	—	405,073
	<u>26,085,630</u>	<u>22,024,404</u>
Application of working capital		
Additions to property and equipment	23,758,912	11,536,831
Patronage refunds paid in cash	4,759,563	8,312,802
Members' reserves purchased	3,614,499	3,407,568
Increase in investments	1,421,946	68,960
Increase in development and pre-operating costs	385,642	331,516
Current maturities of long-term debt	244,061	220,917
Decrease in term loans from members and co-operatives	142,731	—
Increase in deferred accounts receivable	—	487,164
Other	—	92,679
	<u>34,327,354</u>	<u>24,458,437</u>
Decrease in working capital during the year	8,241,724	2,434,033
Working capital at beginning of year	31,841,527	34,275,560
Working capital at end of year	<u>\$23,599,803</u>	<u>\$31,841,527</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, 1978 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 the company as at July 31, 1978 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 17, 1978

TOUCHE ROSS & CO.
Chartered Accountants

**ALBERTA WHEAT POOL
and Subsidiary Companies**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 1978

1. SUMMARY OF ACCOUNTING POLICIES

a) Principles of consolidation

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

Subsidiaries	Percentage ownership
Alberta Pool Elevators Limited	100%
Victoria Elevator Limited	100%
Western Pool Terminals Ltd.	60%
Pacific Elevators Limited	60%

Partnership interest

Alberta Food Products	60%
-----------------------	-----

The company's interest in co-operative joint ventures, Western Co-operative Fertilizers Limited and XCAN Grain Limited, is carried on the cost basis, as any retained earnings in these entities have not been allocated among the participants. The company's interest in the earnings of these entities is reflected in the accounts when patronage refunds are declared.

b) 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.

c) Goodwill

The company's policy is to amortize purchased goodwill at \$42,895 per annum until 1982, when the balance remaining will be written off against income.

d) Property and equipment, at cost less accumulated depreciation

Depreciation recorded in the accounts is provided on a diminishing balance basis at rates of 4% to 30%, which are designed to amortize the cost of the assets over their useful lives. Accumulated depreciation at July 31, 1978 amounted to \$59,367,984 (1977 — \$54,347,870).

e) Development and pre-operating costs

Development and pre-operating costs represent the company'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 on a straight line basis at 10% per annum upon commencement of commercial operations.

f) 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 will be recognized as the debt becomes due and payable.

g) Net earnings for the year

Net earnings for the year, after providing for income taxes of \$232,573 (1977 — \$175,238), will be distributed by way of patronage refunds according to the decisions of the delegates at the annual meeting. Income taxes are included in administration expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. INVENTORIES

Inventories are comprised of:	1978	1977
Grain purchased for delivery to Canadian Wheat Board, valued at established delivery prices, after allowance for handling revenues yet to be earned	\$ 87,251,924	\$ 82,445,887
Grain valued on the basis of open sales contract and future contract prices, after allowance for margins yet to be earned.	13,157,204	13,846,082
Other inventories, including seed and agro supplies, valued at the lower of cost and net realizable value.	16,461,626	16,688,569
	<u>\$116,870,754</u>	<u>\$112,980,538</u>

3. BANK LOANS

Bank loans are secured by stocks of grain, seed and agro supplies and accounts receivable.

4. INVESTMENTS AND MEMBERSHIPS

Investments and memberships are valued at cost and include investments in joint ventures with other co-operatives. The equity of the company in the net assets of these joint ventures is in excess of cost, which excess has not been reflected in the accounts (Note 1a).

Details of investments and memberships are as follows:

	1978	1977
Co-operative joint ventures	\$11,435,224	\$11,060,238
Other co-operative investments, principally shares	1,398,851	396,824
Other assets	565,396	519,919
Memberships	12,000	12,544
	<u>\$13,411,471</u>	<u>\$11,989,525</u>

On April 28, 1978, the company, together with a consortium of other co-operatives, undertook to strengthen the financial condition of Canadian Co-operative Implements Limited. The company invested \$1,000,000 in preferred shares and further agreed to provide a maximum of \$285,750 in working capital loans should the need arise in the future. As a result of this financing, the company's guarantee of a previous financing arrangement was terminated. The underlying value of this investment is dependent on the continued viability of Canadian Co-operative Implements Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. LONG TERM DEBT

	1978	1977
National Harbours Board 6 ⁵ / ₈ % mortgage, repayable in annual installments of \$462,918 including interest (against which buildings and equipment have been pledged)	\$ 4,922,080	\$5,050,408
Term bills of exchange bearing an interest rate of 8 ¹ / ₂ % repayable in semi-annual installments over five years	326,441	399,482
	5,248,521	5,449,890
Less current maturities	244,061	220,917
	5,004,460	5,228,973
Bank of Montreal bridge financing contract at a variable interest rate which was 9 ¹ / ₁₆ % on July 31, 1978 (\$3,600,000 U.S.)	4,049,280	—
Advances payable — Saskatchewan Wheat Pool	2,100,110	1,745,221
— Manitoba Pool Elevators	700,035	581,740
	<u>\$11,853,885</u>	<u>\$7,555,934</u>

The Bank of Montreal bridge financing, arranged by Alberta Food Products to finance construction of a rapeseed processing plant facility for a maximum of \$20,000,000 U.S. is secured by a first mortgage on the facilities and the guarantees of the partners. The contract expires on May 31, 1979 and Alberta Food Products has a commitment from Prudential Assurance Company of America to assume the loan at that date.

Repayments of long term debt in the next five years ended July 31, are committed as follows:

	1978	1977
July 31		
1978	\$ —	\$ 220,917
1979	244,061	224,414
1980	233,579	233,579
1981	243,244	243,244
1982	209,709	209,709
1983	176,855	176,855
Subsequent	4,141,073	4,141,172
	<u>\$5,248,521</u>	<u>\$5,449,890</u>

6. TERM LOANS

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

7. RESERVES

Details of reserves issued to members are as follows:

	1978	1977
Balance at beginning of year	\$45,927,406	\$36,875,466
Deduct members' reserves purchased	3,614,499	3,407,568
	42,312,907	33,467,898
Add patronage refunds allocated as members' reserves	9,943,304	12,459,508
Balance at end of year	<u>\$52,256,211</u>	<u>\$45,927,406</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. COMMITMENTS

- a) The construction of certain property and equipment, which has been authorized by the directors of Alberta Wheat Pool, was uncompleted to the extent of approximately \$21,317,000 at July 31, 1978 (\$20,650,000 at July 31, 1977). In addition, Alberta Wheat Pool's 60% share of planned additional capital expenditures for the construction of Alberta Food Products' rapeseed crushing plant totals approximately \$6,600,000 at July 31, 1978.
- b) Western Co-operative Fertilizers Limited, in which the company has a 25% interest, is in the process of negotiating a 50% interest in certain phosphate rock leases, processing facilities and inventories in Conda, Idaho, U.S.A., to be acquired by a wholly owned U.S. subsidiary, at an estimated cost of \$61,000,000 U.S. The financing of this acquisition over 17 years, together with certain operating costs, will be covered by contractual commitments to purchase certain specified annual quantities of rock. Alberta Wheat Pool will guarantee a portion of these annual commitments.

9. CONTINGENCIES

- a) The company is contingently liable as guarantor of long-term debentures of Western Co-operative Fertilizers Limited to a maximum of \$2,000,000.
- b) In the ordinary course of its business, the company is contingently liable to producers for the custody of grain delivered to country elevators on storage tickets.

10. SUBSEQUENT EVENT

The company has applied for a \$12,000,000 income debenture loan which is subject to approval by related government authorities. The proceeds of the borrowing will be used to replace working capital financing of certain construction projects currently in process.



CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

DIRECTORS' REPORT 1977-78

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 1977-78 will review general economic conditions and trade policies, internationally and nationally, which will have an effect on farmers of 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 a trend to protectionism and consequent negative effect on the developing countries' search for ways of improving their economic conditions.

Governments which belong to the GATT have continued the long struggle to negotiate lower tariffs and to remove non-tariff barriers to trade between nations and by year-end, although firm decisions had not been reached, there was evidence that some major breakthroughs might be made. Members of the International Wheat Council began negotiations under the auspices of UNCTAD in an attempt to bring about an effective grains agreement and particularly an International Wheat Agreement.

With respect to food supplies, production has continued to maintain a level of supplies of cereal grains adequate to meet market demand, and the level of world trade has been high with the major portion of the world's cereal grain surplus being held in North America.

Domestic policy in the United States saw a significant acreage taken out of production, producers encouraged to place grain in reserves or under loan, and an increase in the level of the loan rate, thus supporting the international wheat price at a slightly higher level. The Canadian Wheat Board's asking price for 1 CW 13.5 per cent protein at Thunder Bay improved from slightly below \$110.00 per tonne in mid-July 1977 to \$150.00 in mid-July 1978. The selling program of The Canadian Wheat Board maintained Canada's volume of exports and deliveries from western farms at a record level, and this produced positive signs that the economic situation for most western farmers will improve marginally in 1978-79. However, realized net farm income in 1978 may still drop slightly due to continually rising farm input costs.

Transportation delays, partially due to weather but mostly to a shortage of railway equipment,

kept Canada from exporting record volumes although the second best year was achieved at some 785 million bushels excluding flour and other processed products. Deliveries from farmers exceeded one billion bushels for the first time in history.

Livestock prices have improved significantly, particularly for finished cattle, with current prices in excess of \$60.00 per cwt or 50 per cent above a year ago. Canada's cattle population dropped for three consecutive years and is now at about the same level as in 1973. This reduction in breeding herds will give rise to a contraction in beef supplies over the coming two or three years and should maintain upward pressure on beef prices.

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 of market stability which will ensure the continued expansion of food production at profitable prices to producers.

The continuing problems of unacceptable levels of inflation, declining productivity, 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

The three Pools have consistently stated that an adequate and economical transportation system is essential to the development of the prairie economy, and the lack of a definitive national transportation policy has contributed to current problems and perpetuated freight rate inequities which exist in Western Canada.

Following the report and recommendations of the Hall Commission and the creation of the Prairie Rail Action Committee, decisions and recommendations have been forthcoming on much of the rail network in Western Canada. It is essential that the Ministry of Transport and the Canadian Transport Commission put high priority on completing the task of identifying for producers and the industry, the total basic rail network for the future. The year 2000 is a minimum guarantee when capital investments are considered for rail upgrading and elevator service facilities. Delayed decisions on some lines which may be abandoned create continued uncertainty for farmers, elevator companies and the railways, resulting in poor service and increased costs.

The Pools have expressed concern about the severity of some of the recommendations of the

Prairie Rail Action Committee and have been concerned as well by the inability to determine the main criteria used by PRAC in arriving at its recommendations.

The Pools have supported the federal government in its commitment to provide the estimated \$600 million required to upgrade and rehabilitate prairie rail lines. It is noted that the first \$100 million has been allocated for the period ending March 31, 1979. This commitment must be honoured in the future, as it is a cornerstone to future developments in the western grain handling and transportation system. A further essential element of national transportation policy must be that government administrative bodies provide the funds and adequate authority to monitor rail operations and maintenance, and to oversee agreements between the government and the railways with respect to quality of service and upgrading of lines.

A further major concern is the continuing loss of boxcars from the grain fleet which has contributed to reduced sales programs and higher demurrage payments on grain. It is noted that in April 1977 there were 15,200 conventional boxcars in service by both railways, and this number had dropped by about 2,000 by April of 1978. Without a major upgrading program this number will be reduced to 6,300, according to projections of the two major railways, by 1981. It is therefore a matter of immediate urgency that the federal government make a firm commitment to complement the present 8,000 grain hopper cars by the purchase of an additional 4,000 hopper cars, and provide a commitment to the long-term development of an adequate grain fleet.

The non-competitive nature of rail service and basic geographic factors in Western Canada dictate that freight rates for grain and other farm commodities be determined by statutory means and that service levels be protected by regulation. 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 Crow 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.

Federal transportation policies must recognize regional differences in terms of economic development. An early resolution of the freight rate and subsidy question, combined with the permanent rail network upgrading in Western Canada, are essential elements of a national transportation policy.

The federal government at year-end announced that a new study will be conducted on western grain transportation and related operations. The study will be carried out by two consulting firms and will cover all aspects of the industry which have an impact on grain transportation including handling, delivery quotas, terminal efficiency and grain car allocation procedures. The study is expected to be completed in the year 1978-79. The Pools will co-operate with the study in order to identify priority areas in grain transportation requiring improvement. However, the study

should not delay immediate action in some areas, particularly the need to purchase additional hopper cars.

Grain Handling

Projections by the three Pools, by The Canadian Wheat Board and others, indicate that production and export volumes of grain will continue to grow and a greater proportion of export grain will be directed through West Coast ports. This, along with the consolidation of the transportation system in the Prairie Region, has meant that the grain handling system both in terms of size and location has been under a major assessment in the current year. The three Pools have recognized the necessity for improving West Coast terminal capacity and are currently engaged in expansion of facilities operated by the Alberta and Saskatchewan Pools at Vancouver. The Pools are also studying, along with other grain companies, the requirement for future grain handling capacity and capability at Prince Rupert. This study involves an analysis of economic feasibility which entails projected grain production, export volumes, market projections and probable share of future grain exports which may move through West Coast ports.

The primary elevator system in the prairies operated by the three Pools is undergoing continuous review to accommodate the permanent rail line configuration being developed. The Pool organizations are committed to the maintenance of a balanced network of facilities which will provide a satisfactory level of service to grain producers at a reasonable cost.

Grain Marketing

The Pool organizations have strongly supported the single selling agency role of The Canadian Wheat Board in the marketing of all prairie grains. They have expressed concern, since the inception of the national feed grain policy in 1974, about the duplication and costs involved in operating the Wheat Board system alongside an open market for domestic feed grains. It is felt that it is neither compatible nor efficient to operate two systems of grain marketing, each operating with partial control over the same grains. The equity that producers have been able to achieve through the operations of the Wheat Board is lost when delivery quotas are not uniformly applied, or when open market grains are moved forward to meet future contracts instead of sales commitments. The inequities created between producers by the non-quota aspect of the domestic feed grain policy is further compounded by the ordering of producer cars by some who seek personal advantage in grain deliveries.

These problems and others have led to a quota system review by a task force appointed by the Canadian Wheat Board Advisory Committee. Recommendations arising from the task force report will be presented to the Advisory Committee for consideration. The Pools will be seeking the views of members and directing their policy concerns to the task force.

During the past year the Pools have observed with some concern the debate relating to the operations of The Canadian Wheat Board. The

Board's historical marketing achievements speak for themselves, and outside political comment may only serve to interfere with the Board's operations and erode producer confidence. The Pools strongly believe that The Canadian Wheat Board must remain a marketing agency responsible to the federal government, charged with operating in the best interests of prairie grain producers.

Protein Segregation at Primary Elevators

Canada has offered wheat to the international market on a guaranteed protein basis since August 1, 1971 with segregation taking place at terminal locations. While The Canadian Wheat Board has been able to sell the top two grades of wheat according to specified protein level, it has not had an effective mechanism to originate grain from the country according to both grade and protein level. This has had a two-fold disadvantage in terms of not being able to originate the right kind of grain to meet export sales and not being able to reflect the value of higher protein back to the actual producers of high protein wheat. An associated problem has been the apparent decline in average protein levels during the past few years.

A decision was made by The Canadian Wheat Board and the Canadian Grain Commission, after consultation with grain companies and farm organizations, to introduce an interim program of protein segregation at primary elevators commencing August 1, 1978. The three Pools have agreed in principle with the concept of protein grading of wheat at primary elevators, providing it will result in a net benefit to producers. Because the current protein segregation program is experimental, there may be changes required to make it fit the requirements of the industry before a more comprehensive program is introduced. Producers will want to carefully evaluate the current program and make recommendations for improvement over the course of the next few months.

Two-Price Wheat Policy

The Two-Price Wheat Act was passed by the federal government in May, 1975 and provided for a guaranteed price on wheat used for domestic human consumption. The Act covers a seven-year period ending July 31, 1980 and originally established a floor price of \$3.25 per bushel for bread and durum wheat and a ceiling price of \$5.00 per bushel for bread wheat and \$7.50 per bushel for durum wheat. Provision was made for a federal subsidy of up to \$1.75 per bushel when the export price is above the floor. This subsidy is paid directly to the Wheat Board by the government. The legislation also provides for an annual review of the price levels if warranted by changes in the cost of production.

On January 27, 1978 Wheat Board Minister Otto Lang and Agriculture Minister Eugene Whelan announced an increase in the minimum return to wheat producers on wheat sold domestically for human consumption. The increase amounted to 30¢ per bushel and raised the minimum price on bread wheat and durum to \$3.55 per bushel. The extra 30¢ per bushel was a direct payment from the federal treasury authorized by order-in-council, and the action taken did not increase the \$3.25

price charged to millers or the ceiling upon which the maximum subsidy would apply. The authorized increase in the minimum price to producers only covered the 1977-78 crop year and this has not been extended for the 1978-79 crop year because of relatively higher international wheat prices which presently exceed the previous \$3.55 minimum.

In view of the fact that farm input costs have increased dramatically over the period since the domestic wheat program was introduced, the Pools would urge the federal government to permanently increase the minimum floor price of wheat to not less than \$4.00 per bushel (\$147.00 per tonne) which more appropriately reflects current costs of production. In order to reduce the magnitude of consumer subsidy the increased domestic wheat price would be fully reflected in the price charged to Canadian millers.

Canadian Wheat Board Advisory Committee

The Canadian Wheat Board Act provides for an advisory committee to assist the Board regarding matters of concern to western grain producers. The first advisory committee, consisting of eleven members from the three Prairie Provinces, was elected in May 1975. Prior to 1975 advisory members were government-appointed.

The second election of the Canadian Wheat Board Advisory Committee will take place between November 15 and November 30, 1978 and only actual producers who have been issued a 1978-79 permit book by October 1, 1978 will receive a ballot and be eligible to vote. Anyone listed as an actual producer or an interested party in a 1978-79 permit book can be nominated as a candidate in the election, provided he is a Canadian citizen or permanent resident and resides in the Wheat Board designated area. Candidates need not reside in their election districts.

The importance of electing strong candidates who believe in the Canadian Wheat Board system, cannot be overemphasized since future policy direction of the Board will be influenced by the new Advisory Committee. It is important to emphasize that committee members are elected to represent producer interests in ensuring that the Wheat Board operates to the best advantage of producers. The Wheat Board must continue to be sensitive to views expressed by producers through the Advisory Committee and must avoid political interference in the performance of its duties.

International Grains Agreement Negotiations

Over the past year intensive discussions were held by the International Wheat Council in London, followed by a full negotiating conference in Geneva, Switzerland during February and March with the objective of implementing a new International Wheat Agreement by July 1, 1978. Importing and exporting countries were unable to achieve full agreement at the Geneva meetings and this necessitated a further one-year extension of the 1971 agreement which has no price provisions. Discussions have continued by a twelve-nation interim committee who will meet again in London during October, 1978. Important points still to be resolved include so-called price ranges

within which the agreement would try to keep wheat prices, the size of reserve stocks and who should hold them, supply assurances to be given by exporters in times of shortages, and additional measures that should be taken to control prices in times of very low or very high prices.

If a new agreement is successfully negotiated, it would come into force on July 1, 1979 and would comprise three sections covering wheat, coarse grains, and food aid. The wheat section would have economic clauses aimed at stabilizing prices and assuring supplies, the coarse grains section would be mainly consultative, while that on food aid would constitute a commitment to donate grain for human consumption to developing nations.

The three Pools have strongly supported the need for international commodity agreements which will provide greater price stability to both producing and consuming nations. The Canadian position at Geneva was aimed at pursuing an agreement that would use a combination of wheat reserves and indicator prices to moderate market swings and provide a secure production base. The federal government also agreed to participate in negotiations on other cereal grains directed toward improving stability in these markets as well.

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.

The Pools are of the view that increased co-operation and consultation among exporters is essential if greater price stability is to be achieved. Grain policies developed in the United States, in particular, have a profound impact on international grain markets. It is within this context that the Pools have stressed the need for the U.S. to adopt a loan rate on wheat which is substantially higher than the current \$2.35 per bushel which sets the floor price for world wheat trade.

Inflation

The level of inflation which has prevailed in the Canadian economy over the past year is unsatisfactory and must be viewed with concern. When the Government of Canada set up the Anti-Inflation Board in mid-October, 1975, the objective was to bring inflation down to four per cent by 1978. It now appears that the inflation rate during the current year will be in excess of eight per cent or double the original target. Although the rate of increase in farm input costs moderated somewhat in 1977, there is a strong indication that prices will advance significantly in the coming year in response to higher-cost imports caused by the devaluation of the Canadian dollar.

Canada's economic performance, although better than some, has now fallen behind that of a number of industrialized nations with whom we must compete on international export markets. Farmers as a group are particularly sensitive to the effects of inflation, since this immediately reflects

in higher farm input costs which are not immediately reflected in farm product prices.

The three Pools supported the federal program of anti-inflation controls and were concerned that the premature dismantling of controls this year would give rise to further inflationary pressures, particularly in the area of wage settlements. The government proposal to monitor prices and wages by the Economic Council as a replacement to the Anti-Inflation Board will not provide the authority to take corrective action that may be needed in the months ahead. If all sectors of the Canadian economy are not willing to act responsibly it may be necessary for the government to issue a strong warning that tougher measures will be implemented.

The Pools have been concerned for some time about the effects of excessive government spending and increasing deficits which contribute to inflationary pressures. They are encouraged that the federal government has recognized the need to reduce expenditures. This action must also be complemented by policies by all levels of government which will create productive economic activity and increased employment.

In addition to the possible use of stronger control measures, combined with appropriate monetary and fiscal policies, there is a continuing need for greater public awareness of the adverse effects of inflation on the economy and the need for responsible action by all sectors to curb inflation and improve productivity.

Energy for Agriculture

The rapid escalation in world crude oil prices initiated by OPEC in 1973 has had worldwide implications and has led the Canadian Government to frequently increase fuel prices to consumers over the past five years.

Farmers are highly dependent on petroleum-based fuels and they have been subjected to a 70 per cent increase in farm fuel prices over the four-year period 1973-1977. 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 do not disagree with this approach in principle; however, higher administered energy prices do not provide a practical incentive to significantly reduce energy use in the production of food. It is evident that increasing energy costs contribute to inflation and higher costs of many farm inputs. For most farm products, higher production costs are not immediately reflected in higher product prices at the farm gate.

In order to facilitate the continued expansion of food production in Canada at reasonable prices to consumers, a comprehensive national energy policy must be developed for agriculture, with emphasis on the following:

- (i) recognition of agriculture as a priority user of energy derived from fossil fuels;
- (ii) continuation of the principle of preferential pricing of farm fuels through taxation policy;
- (iii) increased research into alternative energy

sources in view of rapidly decreasing supplies of fossil fuels;

(iv) improvements in fuel efficiency of motorized and non-motorized farm equipment;

(v) utilization of transportation modes which minimize energy costs 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 for agriculture which incorporates the above key elements. Greater stability in farm production costs and food prices in Canada is contingent upon early resolution of how future energy cost increases can be minimized for primary producers.

STRUCTURE AND ACTIVITIES

Structure

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

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

Executive

<i>E. K. Turner</i>	— <i>Chairman</i>
<i>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>	

During the past year, changes in the personnel of your Board took place as a result of the retirement of Mr. Harold B. Sneath, President of Manitoba Pool Elevators, and the untimely death of Mr. Gordon L. Harrold, President of Alberta Wheat Pool. The Board of Canadian Co-operative Wheat Producers recognizes with deep appreciation the contribution made by both these men over the years.

Activities

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

1. Continued membership in the C. D. Howe Research Institute with specific concern and involvement in the Canadian-American Committee, with J. O. Wright, Secretary, as representative.
2. Continued membership in the Great Lakes Waterways Development Association.

3. Continued support for the Canadian Hunger Foundation. The Secretary is a member of the Board of Trustees of this organization.
4. Continued membership in the Canadian Council on 4-H Clubs, with R. D. Bristow of Saskatchewan Wheat Pool representing the Pools in this regard.
5. Renewed support of the Western Rural Safety Conference with a grant towards 4-H leaders' travelling expenses.
6. Maintained a corporate membership in the Canadian Water Resources Association and in the Canadian Institute of International Affairs.
7. Provided a trophy for the world flax champion at the Royal Agricultural Fair in Toronto.
8. Published a grain variety survey covering the three provinces during the current crop year.
9. Discussed policy issues being presented at the provincial, national and international levels of the Federation of Agriculture.
10. Coordinated activities with respect to government relations.

During the year under review, the Presidents of the three Pools and the three Executive members of CCWP participated as members of the producer advisory committee to the Canadian delegation discussing a proposed International Grains Agreement. The Chairman, Mr. Turner, also participated in a meeting of the Grains Group of the International Federation of Agricultural Producers, and represented the organization at other meetings with producer representatives from major exporting countries.

Your Board and the Secretary provided coordination in all matters where joint concerns were being discussed with the federal government and its agencies and commissions.

Interprovincial Pools

The Boards of Directors of the three Pool organizations also met at semi-annual Interprovincial Pool Board meetings. The January meeting reviewed recommendations from each of the three annual meetings of delegates and coordinated their presentations to government, to the Western Agricultural Conference and to the Canadian Federation of Agriculture. The July meeting considered current operations of the three Pools, reviewed highlights of Board marketing and grain regulations with The Canadian Wheat Board and the Canadian Grain Commission, and discussed current policy issues.

A highlight of the July meeting was a discussion with the Prairie Rail Action Committee and the Canadian Transport Commission with respect to the future of western rail branch lines.

The Boards also gave consideration to the management and influence of subsidiary companies and their role in meeting the service requirements of producer members.

CONCLUSION

Attached to and forming part of this report is a series of statistical tables and a short review of many of the significant factors of grain production

and marketing, farm income and farm costs. The year under review saw a record volume of grain deliveries at prices which did not manage to significantly improve producers' net income. A turnaround in the depressed livestock economy by year-end left some hope that this, along with some strengthening of grain prices, might result in a better net income in the coming year.

A first payment from the Western Grain Stabilization Fund was made during the year, although the final accounting had not been completed.

Your Board is pleased at the efforts being extended by the Government of Canada to strengthen international grain prices and increase stability in the market through discussions with other exporters and through actively seeking a viable International Wheat Agreement. Success in these areas must be complemented by the ability to control the rate of inflation in the Canadian economy, and the continued development of an adequate transportation system with freight rate

policies which will permit continued growth in the agricultural economy of Western Canada.

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 cooperation and coordination of activities of the three Pools where this can be demonstrated to be in the interest of the members.

Respectfully submitted,

E. K. Turner	} Executive
J. D. Deveson	
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. Export 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
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)
1968-69.....	228.7	14.5	332.3
1969-70.....	221.6	14.2	315.5
1970-71.....	211.7	15.1	318.9
1971-72.....	217.6	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.....	236.5	17.6	417.3
1977-78 (Provisional)....	232.2	16.5	384.4

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 1977-78 indicate a reduction from the record area seeded to wheat and the record production of 1976-77, but the 1977-78 figures for both area and production are higher than any other year in the last decade.

TABLE 2
WORLD EXPORTS OF WHEAT AND WHEAT FLOUR

Year	Amount (Million Metric Tonnes)
1967-68.....	51.2
1968-69.....	45.7
1969-70.....	50.7
1970-71.....	54.3
1971-72.....	52.5
1972-73.....	68.3
1973-74.....	63.1
1974-75.....	63.4
1975-76.....	66.5
1976-77.....	61.8
1977-78 (Provisional).....	71.2

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, but dropped sharply in 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)
1967-68.....	45.5
1968-69.....	64.7
1969-70.....	67.2
1970-71.....	51.5
1971-72.....	51.2
1972-73.....	30.4
1973-74.....	28.3
1974-75.....	31.2
1975-76.....	38.8
1976-77.....	57.2
1977-78.....	53.7

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

Source: International Wheat Council
World Wheat Statistics

Table 3 — World carryover stocks of wheat have risen steadily since the low point of 1973-74, but are lower than the burdensome levels of the late 1960's.

TABLE 4
GRAIN: ACREAGE, YIELD, PRODUCTION
— CANADA
1978 (August estimate) and 1977 (Revised)

	1978 (August Estimate)			1977 (Revised)		
	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	765	20.0	25.0	795	19.8
Oats for Grain...	4.6	791	3.6	5.3	817	4.3
Barley for Grain...	10.5	956	10.1	11.7	1 006	11.8
Rye.....	0.8	757	0.6	0.6	655	0.4
Flaxseed..	1.3	419	0.5	1.5	442	0.7
Rapeseed..	6.9	488	3.4	3.6	549	2.0

Source: Statistics Canada, 22-002

TABLE 5
GRAIN: ACREAGE, YIELD, PRODUCTION
— PRAIRIE PROVINCES
1978 (August Estimate) and 1977 (Revised)

Wheat.....	25.6	759	19.4	24.2	778	18.9
Oats for Grain...	3.5	791	2.8	4.2	846	3.5
Barley for Grain...	9.9	951	9.4	11.2	1 006	11.2
Rye.....	0.7	759	0.5	0.5	645	0.3
Flaxseed..	1.3	419	0.5	1.5	442	0.7
Rapeseed..	6.8	490	3.3	3.5	553	1.9

Source: Statistics Canada, 22-002

Tables 4 & 5 show revised figures for 1977 and August estimates for 1978. Wheat acreage is higher than last year, which should result in higher production in spite of lower average yields. Production of oats, barley and flax will be down from 1977 levels, but rapeseed will be significantly higher.

TABLE 6
PRODUCER MARKETINGS, PRAIRIE PROVINCES
1ST AUGUST TO 31ST JULY 1973-78
(millions of Tonnes)

	1973-74	1974-75	1975-76	1976-77	1977-78 (1)
Wheat.....	14.6	11.5	14.3	14.9	18.4
Oats.....	0.6	0.6	0.8	0.9	0.7
Barley.....	5.1	4.6	4.7	5.8	5.0
Rye.....	0.2	0.3	0.3	0.3	0.2
Flaxseed..	0.4	0.3	0.4	0.3	0.5
Rapeseed..	1.0	0.9	1.4	1.0	1.7
TOTAL.....	21.9	18.2	21.9	23.2	26.5

(1) Preliminary

Source: Canadian Grain Commission
Grain Statistics Weekly

Table 6 indicates that for all grains combined, producer deliveries in 1977-78 were higher than in any of the previous four years. Wheat marketings were much higher than in previous years, while oats, barley and rye were lower than in 1976-77.

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

	1977-78(1)	1976-77	10-Year Average 1967-68 to 1976-77
Wheat (Except Durum).....	13.3	11.0	9.7
Durum Wheat.....	1.9	1.7	1.2
Flour.....	0.8	0.7	0.7
Total Wheat and Flour.....	16.0	13.4	11.6
Oats.....	0.1	0.5	0.1
Barley.....	3.3	3.6	2.8
Rye.....	0.3	0.2	0.2
Flaxseed.....	0.3	0.4	0.4
Rapeseed.....	1.0	1.0	0.8
TOTAL.....	21.0	19.1	15.9

(1) Preliminary

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

Table 7 shows preliminary estimates of exports of all grains in 1977-78 substantially higher than last year and the ten-year average. Most significant increases occurred in wheat and durum, while oats, barley and flax were lower than in the previous year.

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

	1977-78	1976-77	10-Year Average 1967-68 to 1976-77
People's Republic of China.....	3.5	2.1	2.1
U.S.S.R.....	1.8	0.6	1.4
United Kingdom.....	1.5	1.4	1.4
Japan.....	1.4	1.2	1.3
Brazil.....	0.8	1.0	0.4
Others.....	4.3	4.7	3.1
TOTAL.....	13.3	11.0	9.7

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

Table 8 shows that the People's Republic of China has become the largest single buyer of Canadian Wheat on a consistent basis. U.S.S.R. ranked second in 1977-78 but its volume of purchases varies significantly from year to year. The United Kingdom and Japan are important regular customers for Canadian wheat.

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

	1977-78	1976-77	1975-76
People's Republic of China.....	3.5	2.1	1.2
Japan.....	3.2	3.0	3.4
U.S.S.R.....	2.4	1.2	4.7
United Kingdom.....	1.6	1.5	1.3
Italy.....	1.6	1.5	1.2
Others.....	8.7	9.8	6.1
TOTAL.....	21.0	19.1	17.9

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

Table 9 shows that in 1977-78 the People's Republic of China replaced Japan as the largest buyer of Canadian grains and oilseeds. Japan ranked second and U.S.S.R. third.

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

Port	1977-78	1976-77	1975-76
Pacific.....	8.4	7.4	6.5
St. Lawrence.....	9.2	8.1	8.4
Atlantic.....	0.8	0.8	0.9
Churchill.....	0.7	0.7	0.5
Thunder Bay (Direct).....	0.9	1.1	0.5

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. While export volume through the St. Lawrence ports increased during the period shown, volume through Pacific ports increased at a faster rate. Thunder Bay (direct) shipments are relatively minor.

TABLE 11
CARRYOVER STOCKS OF GRAIN IN CANADA (1)
At 31st July 1976-78 and 1968-77 Average
(Millions of Tonnes)

	Average 1968-77	1976	1977	1978 (2)
Wheat.....	15.5	8.0	13.3	12.1
Oats.....	1.5	1.2	1.3	1.7
Barley.....	3.8	2.8	3.2	5.3
Rye.....	0.3	0.3	0.3	0.3
Flaxseed.....	0.3	0.4	0.2	0.5
Rapeseed.....	0.4	1.0	0.2	0.3
TOTAL.....	21.8	13.7	18.5	20.2

(1) Excluding Newfoundland

(2) Preliminary

Source: Statistics Canada
Stocks of Canadian Grain at 31st July, 1978

Table 11 shows Canadian carryover stocks of wheat at the end of July 1978 were down from the previous year and substantially below the ten-year average. Stocks of oats, barley and flax were higher than the previous year and the ten-year average.

TABLE 12
FARM STOCKS OF ALL GRAINS IN CANADA
At 31st July 1976-78
(Millions of Tonnes)

	1976	1977	1978
Wheat.....	1.6	7.2	5.3
Oats.....	0.8	1.0	1.2
Barley.....	1.1	1.1	3.2
Rye.....	0.1	0.1	0.1
Flaxseed.....	0.1	* -	0.1
Rapeseed.....	0.4	* -	* -

* Farm stocks less than 50 thousand tonnes

Source: Statistics Canada

Stocks of Canadian Grain at 31st July, 1978

TABLE 13
CARRYOVER STOCKS OF GRAIN ON FARMS
PRAIRIE PROVINCES
At 31st July 1976-78
(Millions of Tonnes)

	1976	1977	1978
Wheat.....	1.5	7.1	5.2
Oats.....	0.6	0.8	1.0
Barley.....	1.0	1.0	3.0
Rye.....	0.1	0.1	0.1
Flaxseed.....	0.1	* -	0.1
Rapeseed.....	0.3	* -	* -

* Farm stocks less than 50 thousand tonnes

Source: Statistics Canada

Stocks of Canadian Grain at 31st July, 1978

Tables 12 & 13 show farm stocks of wheat at July 31, 1978 were down significantly from a year earlier, while stocks of oats and barley were up from each of the two previous years.

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

	1975	1976	1977
Wheat.....	\$ 1,652,698	\$1,594,888	\$ 1,602,229
Wheat, CWB Payments.....	783,670	376,135	105,532
Oats.....	52,605	64,203	52,228
Oats, CWB Payments.....	26,844	11,241	13,422
Barley.....	450,297	442,437	315,705
Barley, CWB Payments.....	147,557	43,424	100,385
CWB Cash Advances.....	19,866	102,689	125,699
CWB Cash Advance Repayments.....	(33,765)	(44,247)	(120,025)
Deferred Grain Receipts.....	(695,450)	(546,270)	(434,034)
Liquidation of Deferred Grain Receipts.....	625,816	695,450	546,270
Rye.....	26,669	27,362	21,587
Flaxseed.....	81,340	78,779	90,402
Rapeseed.....	257,583	221,462	442,266
Other Crops.....	163,022	152,209	187,095
Total Crops.....	\$ 3,558,752	\$3,219,762	\$ 3,048,761
Cattle and Calves.....	\$ 1,044,784	\$1,123,658	\$ 1,158,257
Hogs.....	283,013	249,700	246,651
Sheep and Lambs.....	6,518	6,437	5,646
Other Livestock and Products.....	337,235	363,434	379,736
Total Livestock.....	\$ 1,671,550	\$1,743,229	\$ 1,790,290
Other Sources (1).....	\$ 49,784	\$ 67,988	\$ 128,481
TOTAL CASH RECEIPTS.....	\$ 5,280,086	\$5,030,979	\$ 4,967,532
TOTAL CANADA (2).....	\$10,028,479	\$9,975,026	\$10,070,892

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

(2) Except Newfoundland

Source: Statistics Canada

Farm Cash Receipts

Table 14 shows cash receipts for the Prairie Provinces declined by \$300 million from 1975 to 1976 and by an additional \$63 million in 1977. Receipts from crops declined during the period, while receipts from cattle and calves increased slightly in both years. Receipts from hogs were down only a little from 1976 but significantly below 1975.

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

	Three Prairie Provinces	Canada except Newfoundland
1968.....	819.5	1,581.2
1969.....	578.2	1,414.8
1970.....	549.0	1,344.9
1971.....	745.4	1,469.4
1972.....	1,187.6	2,122.6
1973.....	1,555.0	2,772.4
1974.....	2,392.4	3,926.2
1975.....	2,702.9	4,320.2
1976.....	2,110.5	3,788.5
1977.....	1,936.9	3,528.6
1978 (2).....	1,576.2	3,082.4

(1) Does not take account of changes in inventory

(2) Agriculture Canada estimate

Source: Statistics Canada, Farm Net Income

Agriculture Canada

Table 15 shows realized net farm income in the Prairie Provinces has declined steadily since the high point of \$2.7 billion in 1975. A similar declining pattern is evident in realized farm income for Canada.

TABLE 16
PRAIRIE GRAIN CASH ADVANCES

Year	Number of Loans	Amount Advanced
1958-59.....	45,341	\$ 34,369,653
1959-60.....	52,356	38,492,505
1960-61.....	76,089	63,912,550
1961-62.....	22,342	16,656,713
1962-63.....	39,683	29,251,526
1963-64.....	63,427	62,136,418
1964-65.....	38,375	32,961,844
1965-66.....	43,505	40,600,386
1966-67.....	36,953	36,668,270
1967-68.....	45,810	47,280,533
1968-69.....	113,491	151,852,319
1969-70.....	123,166	273,982,368
1970-71.....	51,332	91,105,890
1971-72.....	34,303	68,142,360
1972-73.....	9,092	20,754,104
1973-74.....	12,510	35,259,387
1974-75.....	14,136	46,635,399
1975-76.....	7,981	20,236,528
1976-77.....	22,801	130,595,983
1977-78.....	24,909	119,074,541

Source: Canadian Wheat Board

Table 16 shows the peak in cash advances in 1969-70 of \$274 million, followed by a decline to \$20 million in 1975-76. Advances in the past two years have been higher. This cash advance program began in 1958-59.

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

Year	Number	Amount
1972-73.....	5,296	\$186,276.2
1973-74.....	9,041	400,658.1
1974-75.....	8,093	398,814.1
1975-76.....	9,944	640,947.4
1976-77.....	4,465	301,433.0
1977-78.....	7,066	558,177.9

Source: Farm Credit Corporation
Annual Report

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

Province	Fiscal Year 1976-77		Fiscal Year 1977-78	
	Number	Amount	Number	Amount
Alberta	692	\$45,524.4	1,106	\$ 85,100.7
Saskatchewan	1,322	86,110.5	1,927	138,862.0
Manitoba	479	25,686.4	753	52,122.6

Source: Farm Credit Corporation
Annual Report

Tables 17 & 18 show loans approved for Canada totalling \$558 million in 1977-78, substantially higher than in the previous year in both number of loans and total funds. Loans approved in 1977-78 in all three Prairie Provinces were increased significantly from the previous year.

TABLE 19
FARM SYNDICATES CREDIT ACT
LOANS APPROVED 1977-78
(Thousands of Dollars)

Province	Fiscal Year 1977-78		1970-71 to 1977-78	
	Number	Amount	Number	Amount
British Columbia.....	2	\$ 56.2	17	\$ 496.9
Alberta.....	23	451.1	360	5,379.9
Saskatchewan.....	2	62.5	47	721.6
Manitoba.....	24	394.9	244	4,086.1
Ontario.....	37	730.1	345	7,246.3
Quebec.....	14	343.9	207	3,560.2
New Brunswick.....	2	48.8	8	205.1
Nova Scotia.....	—	—	5	59.6
P.E.I.	—	—	12	221.0
Newfoundland.....	1	4.0	2	79.0
CANADA.....	105	\$2,091.5	1,247	\$22,055.7

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.

