

A **LBERTA**
WHEAT
POOL
ANNUAL
REPORT
1 9 8 4



Table of Contents



Corporate Highlights	1
1983-84 Highlights and Comparisons	2
Board of Directors' Report	4
Chief Executive Officer's Report	16
Financial Section	
Auditor's Report	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Operations	26
Consolidated Statement of Earnings Retained from Prior Years	26
Consolidated Statement of Changes in Working Capital	27
Notes to the Consolidated Financial Statements	28
Delegates	32
Corporate Information	IBC

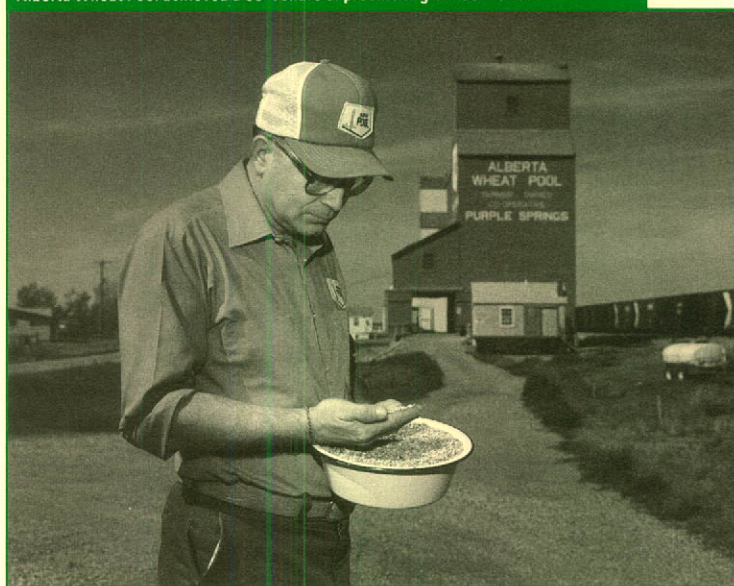
Alberta Wheat Pool is a farmer owned cooperative providing fully integrated grain handling, grain marketing and farm supply services to its members. Country elevator grain facilities are located throughout the grain growing regions of Alberta and north-eastern British Columbia. Grain exports are handled through the Pool's Vancouver terminal, the largest on Canada's west coast. A canola crushing plant supplies domestic and export markets with canola oil and meal.

Through subsidiary organizations, Alberta Pool is active in west coast grain terminal operations, export grain marketing, fertilizer manufacturing and grain handling engineering services.

Alberta Wheat Pool was organized in 1923 and today has 59,700 farmer members and 1,950 employees. Since inception, Alberta Wheat Pool has handled more than 125 million tonnes of grain and has returned \$284 million in patronage refunds to its member owners.

	1984	1983
Gross Revenue	\$1,522,056,000	\$1,364,159,000
Earnings Before Income Tax	33,706,000	30,173,000
Total Assets	486,215,000	502,040,000
Working Capital	70,871,000	70,949,000
Total Funds Invested	\$ 235,395,000	\$ 219,225,000
Financed by:		
Members' and Term Loans	\$ 49,297,000	\$ 44,777,000
Long Term Debt	36,572,000	36,753,000
Equity	149,526,000	137,695,000

Alberta Wheat Pool achieved a 66% share of provincial grain deliveries.



1983-84 Report Highlights and Comparison

2

Handling: Country Elevators, in tonnes
Handling: Forage Seed, in tonnes
Handling: Cereal Seed, in tonnes
Percentage of Alberta Grain Deliveries Handled
Gross Value of Board Deliveries, Other Sales and Revenues
Farm Supplies Sales (included above)
Gross Margin
Total Expenses
Depreciation
Earnings Before Taxes
Current Assets
Current Liabilities
Working Capital Before Disposition of Earnings
Capital Expenditures on Properties and Equipment
Total Invested in Capital Assets
Patronage Refunds Distributed (out of previous year's earnings)
Reserves Held by Members
Percentage of Member Business Prior Year
New Members
Total Membership
Number of Country Elevator Operating Units
Country Elevator Capacity, in tonnes
Terminal Elevator Capacity, in tonnes
Number of Employees July 31

1983-84 Report Highlights and Comparison

3

1984	1983	1982	1981	1980
6,825,191	6,810,480	6,705,770	6,392,558	5,582,811
6,685	10,862	9,554	10,002	6,043
15,129	15,861	14,193	18,814	19,791
66.1%	66.5%	66.4%	66.5%	66.9%
\$1,522,056,029	1,364,158,673	1,455,639,058	1,390,978,341	982,420,430
\$ 148,939,577	125,203,856	112,772,630	120,310,267	94,283,451
\$ 175,537,445	160,575,706	159,731,722	148,246,404	123,823,526
\$ 139,544,020	130,182,430	137,603,922	114,502,508	95,024,483
\$ 14,027,338	13,372,628	11,974,311	9,722,170	8,581,259
\$ 33,705,951	30,172,682	24,704,397	34,591,919	29,560,915
\$ 321,691,424	353,765,000	322,907,008	386,638,088	268,261,256
\$ 250,820,190	282,815,683	267,941,957	313,408,413	207,674,585
\$ 70,871,234	70,949,317	55,045,051	73,229,675	60,586,671
\$ 26,341,175	19,417,921	39,322,416	19,305,769	15,647,451
\$ 257,005,955	231,997,279	214,231,624	170,652,955	152,368,833
\$ 26,013,326	18,131,558	32,707,288	28,060,145	21,001,982
\$ 96,115,100	91,460,667	87,619,569	75,855,717	65,953,690
96.1%	95.8%	96.2%	96.1%	94.7%
2,270	2,423	2,185	2,257	2,130
59,691	58,747	58,042	57,446	57,324
323	332	342	358	373
1,690,170	1,724,880	1,772,320	1,807,210	1,852,120
481,980	481,980	481,980	481,980	481,980
1,950	1,908	2,094	2,112	1,975

To Sixty-Second Annual Meeting of Delegates

A great deal was accomplished by Alberta Wheat Pool in the 1983-84 crop year, despite the recessionary environment. From the beginning, challenging objectives were set in place as your Board and Management were determined to improve farmer service at Alberta Wheat Pool, to show financial responsibility and to demonstrate industry leadership.

impressive pace and farmers purchased from their Alberta Wheat Pool the largest dollar value of farm supplies in the history of the organization.

The challenge of acquiring a larger share of Alberta's fertilizer market was achieved.

The services offered grain producers were more varied than ever and were unmatched by any of our competitors. Alberta Pool has produced its second highest level of

have dramatically increased food production, they have not profited from their productivity gains. The benefits have generally gone to industrial and financial sectors, and to consumers. Your Board is concerned about the serious impact on farm businesses and the future of men and women who labour to produce food.

In addition to the financial plight, southern Alberta farmers faced the worst drought in years and the normal crop they were counting on for 1984 to pay bills and support families won't fully materialize. It will eventually impose secondary impact on scores of businesses, rural communities and local governments. Precise measurement of how severe these effects will be can not yet be made.

Alberta Wheat Pool's participation in agricultural related policy development was strong and reminiscent of other troublesome periods in Alberta history. Several amendments to Bill C-155, prior to its passage, were achieved while briefs and submissions were presented to a variety of hearings on topics ranging from transportation to land use. In the cost of railway capital hearings the three Pools co-operated and the exhaustive work may well save western farmers some \$90 million every year.

Summary of Operations

In 1983-84 Alberta Wheat Pool handled a record volume of grain as farmers delivered 6.8 million tonnes. Alberta Pool's percentage

Board of Directors



Seated left to right:
G. W. Braithwaite - Second Vice-President,
A. J. Macpherson - President,
D. E. Livingstone - First Vice-President.
Standing left to right:
J. C. Riddle, H. H. Hennig,
T. A. Graham, R. C. Schmitt.

With the books now closed and audited, Alberta Wheat Pool's record is ready for Delegates to inspect and we think you will be pleased.

During the crop year, Pool country managers handled a fifth consecutive record volume of grain, terminal operators worked at an

earnings and each of our subsidiaries completed the year with positive financial positions.

The darkest cloud in the years review hangs over the subject of farm income. After allowing for inflation the 1983 realized farm income is similar to that earned in the early 1970's. Even though farmers

of provincial deliveries at 66.06% was just slightly below that of a year ago.

Handlings at Pool Terminal No. 1 in Vancouver were at a record setting pace as unloads reached 3.5 million tonnes or 15% over the previous year. At Pacific Elevators, unloads of 2.4 million tonnes represent a 10% increase from last year, but do not constitute a record handle. Early congestion, reduced canola volume late in the year and the inability of this terminal to handle larger vessels were the main constraining factors.

Unloads at Prince Rupert terminal, which was managed by Alberta Pool until January 1984, totalled 1.4 million tonnes or less than one percent under last year's record. Shipments from the terminal during the year did represent the highest volume of grain ever moved through the Prince Rupert Terminal and was equal to approximately 11% of the total west coast activity.

Approximately 1.3 million tonnes of grain were shipped by Alberta Pool to Thunder Bay.

Our Grain Sales Department sold numerous quantities of Board and non-Board grains valued at \$304 million. With the reduced barley stocks in the province, a growing number of livestock feeders came to Alberta Wheat Pool for steady supply of feed grain. Late in the crop year, when it became evident a number of feeders had not taken steps to secure their required feed grain stocks, Alberta Pool gave the domestic feeder first

priority on available stocks. Early in the 1984-85 year a large volume of high quality terminal screenings were sold into the southern Alberta feed market to assist the feeder industry.

Alberta Pool's Seed Sales Department worked aggressively during the year to sell our members' products on export markets for the best price, while satisfying the domestic market at fair price levels. In export sales, 2,500 tonnes of rye was negotiated for sale to Korea and Alberta Pool penetrated the Chinese market with a sale of red clover. By year end, total sales resulted in virtual complete disappearance of available legume seed supplies in Alberta and northeastern British Columbia, based on sales to some eleven countries.

The federal government recognized Alberta Pool's efforts by awarding the 1984 Canada Export Award for excellence in identifying and servicing new markets in the past three years.

The Alberta Government presented Alberta Pool with the "Export Achievement Award" for initiatives in export seed sales.

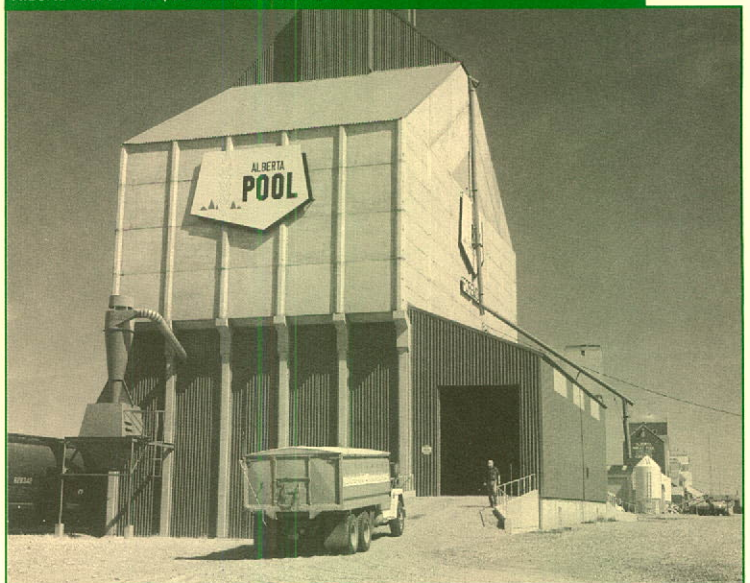
Farmers purchased a surprising volume of farm supplies from their Alberta Wheat Pool country managers valued at \$139 million. Fertilizer sales exceeded budget by 6% and crop chemicals by 29%.

Producers have become increasingly dependent on these products as they push the productivity of their farm to the limit. The sales activity in agro equipment was

under budget by 21% reflecting the generally depressed market.

The overall results are gratifying and the farmers degree of support has kept Alberta Pool in a strong financial position, capable of returning not only a significant earning to our members but a continued high level of service. Consolidated net earnings for the year total \$33 million. This earning was largely generated by farmers patronizing their own organization and the

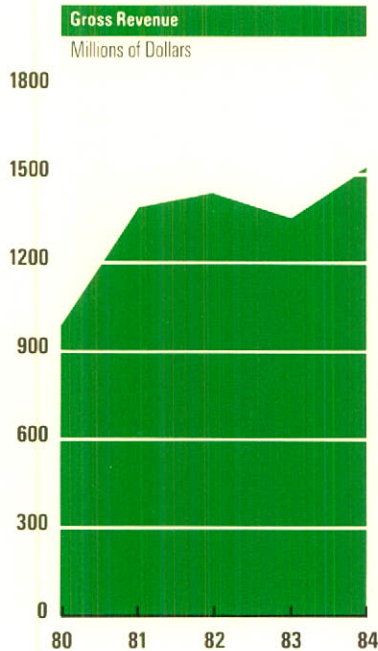
Alberta Pool earned \$33.2 million in 1983-84.



decision on allocating the earnings will be made by farmer Delegates attending this 1984 Annual Meeting.

Grain Prices and Marketing

World grain production in 1983 totalled 1.5 billion tonnes. This was a decrease of 4% from the previous year and was due primarily to



the severe drought which struck the United States during the 1983 growing season. World wheat production increased 2% from the previous year's level to 489 million tonnes while coarse grain production decreased 11% to 690 million tonnes. Grain production in Canada in 1983 was 51.4 million tonnes.

World trade in wheat remained near the previous year's level of 109 million tonnes. Canada's share of that trade was 21.7 million tonnes, or 20% of world wheat trade. World coarse grain exports increased by 4% over the previous year to reach 102 million tonnes. Coarse grain exports from Canada totalled 6.8 million tonnes, or 7% of world coarse grains trade.

Canadian grain was exported to 61 countries. The Soviet Union was Canada's major customer at 7.2 million tonnes which is a drop of 15% from the previous year. China was Canada's second major customer at 3.5 million tonnes which is down 23%. Other major purchasing countries were: Japan at 2.3 million tonnes, Brazil at 1.4 million tonnes and East Germany at 1.2 million tonnes.

Offsetting the reduced purchases by some of our customers were newly developed markets and increased shipments to countries such as India and Egypt.

In the 1983-84 crop year wheat accounted for 69% of Canada's total grain export with barley accounting for 18% and canola 5% (on a volume basis). Rye shipments more than doubled and comprised 2% of Canada's total grain exports.

Wheat exports during 1983-84 set a Canadian record. Approximately 50% of that wheat was exported to the U.S.S.R. and China. Inroads were made into markets in India, Egypt, Iran, Iraq and Mexico and several new markets were developed in Africa and Central and South America. The average asking price during the year for No.1 C.W.R.S. in store at Thunder Bay was \$215.30, a 5% improvement over the 1982-83 price. Domestic use of wheat increased by an estimated 45% in 1983-84, as compared to the previous year. This was due to tight world feed grain supply.

Canada's second major export grain is barley. East Germany, the E.E.C. and Japan accounted for over half of the 5.6 million tonnes exported from Canada in 1983-84. Major new barley export markets were developed in Singapore, Turkey, Syria, Mexico and Eastern Europe. Domestically, barley demand was strong, primarily because of its short supply and favourable price relative to corn. The average open market price basis in store Thunder Bay for 1983-84 was approximately \$30.00 per tonne higher than the previous year.

Canola exports increased by 18% to 1.5 million tonnes in 1983-84 mainly because of increased shipments to the E.E.C. to supplement its drought reduced rapeseed crops. Exports to Japan increased by 7% with Japan accounting for 75% of total canola exports. With increased domestic crushing and exports of

canola, stocks were very tight by the spring of 1984 and prices increased in a spectacular manner. The Vancouver cash price jumped from \$400 per tonne in February of 1984 to over \$700 by early June, but declined to \$380 in early September 1984.

Canadian Wheat Board

Five years ago, prairie grain exports were around the 20 million tonne mark. By July 1984 that volume had increased by 50% and the Canadian Wheat Board's goal of exporting 30 million tonnes was reached a year earlier than predicted. Grain producers, handlers and transporters can take much of the credit for the investment and gains in efficiency and productivity that made this record volume possible.

But credit for the initial planning and foresight in the export market belongs to the Canadian Wheat Board. It was the Board that set the target amid cries of "overly optimistic", it was the Board that purchased rail cars to bolster the rail road's capability, it was the Board that encouraged major terminal expansion and finally it was the Board that did an outstanding job of selling in fiercely competitive international markets. The record achieved this crop year has impressed international grain buyers who now recognize Canada as a reliable supplier of quality grain.

The next phase of the Board's long term plan calls for 36 million tonnes by 1990. By recognizing potential gains in production and increased elevator throughput capa-

bility, Alberta Wheat Pool believes this goal is achievable given normal conditions.

Farmers and their Alberta Pool will welcome higher exports over the long term, but there must be increased emphasis placed on prices for producers. Volume alone will not sustain economic farm units.

The price of No. 1 C.W.R.S. wheat in constant 1982 dollars was lower in 1982-83 than at anytime in the seventies decade except for 1971 and lower than most years in the sixties. Delegates to the International Wheat Council Annual Meeting were recently told that wheat prices in real terms have been on a long slide for the past century and today's prices are equivalent to returns made in the depression after adjusting for inflation. The only action the Canadian Wheat Board might take would be to put more cash into the farm business at an earlier date. Domestic and world grain prices and their relationship to cost of production, is a subject for study nationally and internationally.

The Canadian Wheat Board announced a new rail car allocation procedure in 1984-85. On August 1, 1984 car allocations by train runs was implemented to give farmers increased flexibility in delivery to the elevator of their choice and to increase the Board's effectiveness in serving markets. Alberta Pool supports this principle and will continue to work closely with the Board to refine the concept.

Alberta Pool's Directors believe the Canadian Wheat Board co-ordi-

nating and selling mechanism is the best any major exporting nation has in place. It is not perfect, but we intend to continue constructive dialogue to strengthen and support the existing structure and performance.

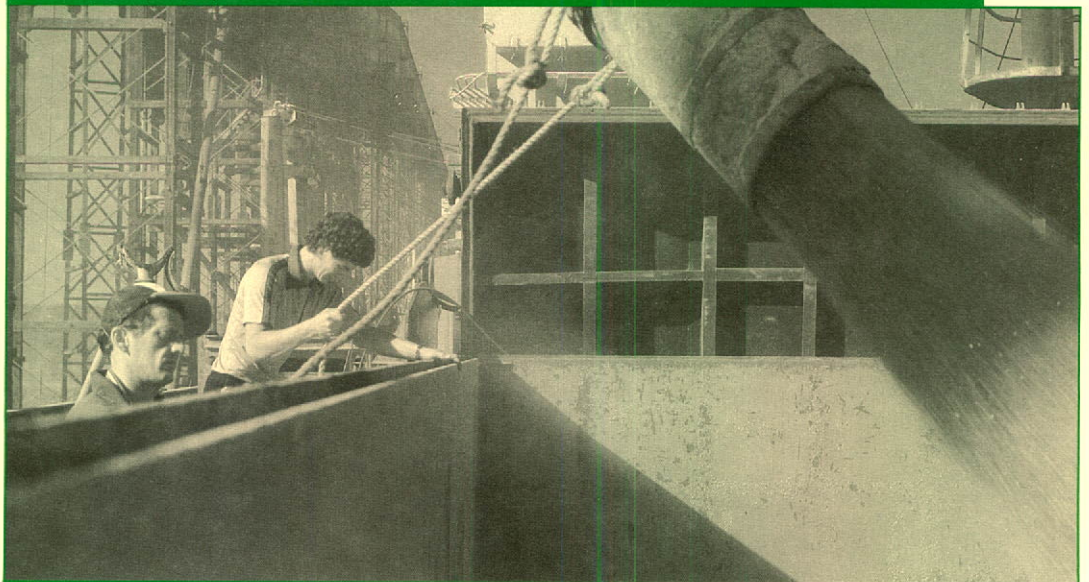
Canadian Grain Commission

During the crop year in review, the Canadian Grain Commission held a public hearing on "Primary and Terminal Elevator Costs and Charges." Your organization's brief to that hear-

declined by 34%, storage capacity dropped 20% and yet the volume of grain handled by the system increased by 96% from 1974-75 to 1982-83. Much of the effects of inflation on the country elevator capital and operating costs have been overcome by these improvements in productivity and volumes of grain handled.

At the beginning of 1983-84 when farm income had declined substantially, Alberta Pool acted

Canadian grain exports surpassed 30 million tonnes in 1983-84.



ing noted that since 1974-75 when the maximum elevator tariff concept was introduced, Alberta Pool has consistently set country elevator tariffs under the maximum.

Commissioners were reminded that during this past nine years the number of Alberta Pool elevators

responsibly by raising the country elevator tariff only 3% and the terminal elevation and cleaning tariff 5% even though it was known the system cost increases would exceed this level. For 1984-85 your Board has continued its pragmatic recognition of member's economic stress by authorizing Management to

request a 0% increase in country elevation tariffs and only 3% for terminal elevation and cleaning.

In 1982-83 the percentage of Alberta Pool's grain revenue generated in the country by elevation tariffs totalled 73% and storage provided only 10%. For 1983-84 the elevation tariff generated 77% and storage 11%.

Alberta Pool is concerned about the cost of our system and has been doing and will continue to do

elevator by 26%. No competitor can match that record.

Alberta Pool is continuing its drive for efficiencies within the entire grain handling and transportation system, but cautions members to identify the difference between efficiencies and cost transfers to the farmer.

XCAN

XCAN continued its role as an exporter of grain for the three Prairie

XCAN Shipping Ltd. chartered 66 vessels during the year for 1.6 million tonnes of grain loaded at terminals in Thunder Bay, the St. Lawrence and Canada's west coast.

The performance of all XCAN's subsidiaries which include XCAN Far East Ltd., TOKYO, XCAN Grain (Europe) Limited and XCAN Shipping Ltd. was satisfactory and contributed to the overall success of the parent company.

Prince Rupert

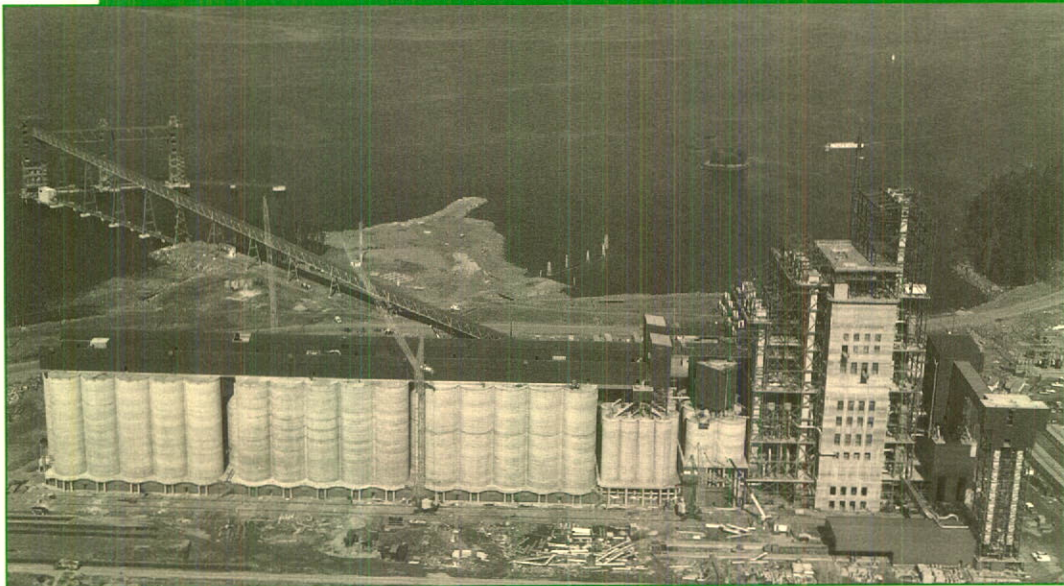
The vision of a grain terminal at Prince Rupert, British Columbia as first discussed at a special Alberta Wheat Pool Delegate's meeting in 1978, is now reality. On Ridley Island, south of the town of Prince Rupert, stands a 200,000 tonne grain terminal that is truly an impressive sight. We think grain producers all over western Canada will appreciate the very significant contribution this terminal will make to Canada's export capability.

Grain has been received at the terminal to allow for the testing and refinement of the mechanical equipment, computerized components and general operation.

The terminal project is expected to be completed very close to the \$278 million budget and official opening is being planned for May 1985.

The Alberta Government has been a key player in this project and loaned the consortium 80% of the cost through a series of debentures and mortgage bonds. The six shareholders in the venture, of which Alberta Wheat Pool holds

The new Prince Rupert port terminal is scheduled to open in May, 1985.



everything possible to keep costs down. One significant advantage Alberta Pool members have in offsetting tariff costs is the receipt of consistently high cash refunds. For example the cash refund a member received for delivering a tonne of barley in 1982-83 offset his tariff assessment at the country

Pools with a sales volume of almost 2 million tonnes during the year.

Net income for the company increased by 72% from the previous year, however the margins on business transacted were very thin because of the severe market competition.

the major position at 34%, have financed the remaining portion with notes and debentures.

The new terminal is owned by the shareholders of Ridley Grain Ltd. and will be operated by Prince Rupert Grain Ltd., with Michael Thompson as Chief Executive Officer.

Western Co-operative Fertilizers Limited

The North American fertilizer industry achieved a moderate turn around in 1983-84. The recovery, still judged as fragile, was assisted by lower interest rates and slightly improved conditions in the economy but hampered by the industry's excess capacity. The past few years have been the most traumatic ever experienced by the industry as complete plant shut downs and bankruptcies were common.

W.C.F.L. operated and achieved a modest profit and a significant increase in sales volume. Market conditions, reduced interest rates, severe cost cutting measures and strengthened member support were all important factors in sustaining this co-operative and the benefits it provides producers. The relief in potential debt level achieved from the owners purchase of excess land associated with the Calgary plant and the re-negotiating of raw material contracts were the two major elements in keeping operating costs in control.

The Calgary manufacturing plant operated at capacity throughout the year. After a six month shut down the Medicine Hat facility was partially re-opened to fill a

contract for anhydrous ammonia.

Western Co-operative Fertilizers Limited production for the year increased by 13% to 331,716 tonnes of dry fertilizer. Shipment of fertilizer to W.C.F.L. owners increased by 20%.

In past years, competitors used Alberta Wheat Pool's price leadership status to advantage. However in the year under review the Pool's marketing strategy met every competitor head on. The results show more farmers chose Pool fertilizer. From the numerous comments received, the decision to purchase Pool fertilizer was not based on price alone, but also on the strong desire to have the co-operative presence in the market place.

The future success of W.C.F.L. will depend on a variety of factors, with one of the most important being strong member support as purchasing decisions are finalized on the farm.

The Board of Directors of W.C.F.L. appointed David Smith President and Chief Executive Officer of the Company. During the previous eight months J. W. Madill had interim management responsibility and is commended for the initiatives put in place. The Board welcomes Mr. Smith and notes his initial contributions have been extremely valuable.

Co-enerco

1983 was the first full year of operation for Co-enerco and the results reflect success. Oil and gas revenues for the year total \$23.8 million

and net earnings after taxes amounted to \$4.2 million.

Early in the year Co-enerco purchased the Canadian operation of Sabine Corporation and in the latter part of the year entered a joint venture with Voyager Petroleum Ltd.

In the first half of 1984 growth continued with gross revenue up 18% at \$14.4 million from the same period in 1983. Earnings before taxes increased 98% to \$2.7 million and after taxes totalled \$1.9 million.

Sales of farm supply products increased 19% to \$149 million.



Crude oil and liquids production to June 30, 1984 was up 16% and natural gas sales were up 32% from 1983.

Western Grain Transportation Act

On January 1, 1984 the W.G.T.A. replaced the statutory or "Crow" rate. The impact on grain

producers came quick as average freight rates jumped by 17.6% to \$5.75 on January 1, 1984 and by the start of the 1984-85 crop year a further increase of 35% to \$7.76 per tonne was applied on producer shipments. The fact that grain prices have not increased accordingly has put producers in an even greater squeeze.

For Alberta Wheat Pool, the structure of the elevator and transportation system remain uncertain under the Act and long term planning is most difficult. At one time the industry assumed lines in the permanent network were guaranteed until the year 2000 but, that may be so, only if existence of the lines can be justified.

We expect there will be a hard push for cost reductions which in many cases will mean less cost for the railways and government and more cost for producers as they are forced to haul further. This change is seen as efficiency by certain stakeholders, but in reality it is cost transfer to a collection point. Alberta Pool is supportive of real system efficiencies if no participant is harmed and cost changes are distributed equitably. Unfortunately producers' costs are open ended whereas railways have a guaranteed return on grain transportation and the government has placed limits on its future commitments.

In September, 1984 Canadians elected a new government and at the time of writing, members of Parliament are considering election promises of freezing freight rates, removing the 31.5 volume cap,

imposing a moratorium on branch line abandonment and emphasizing deregulation. Depending on implementation of these promises, they could either have no value or actually be a detriment to producers. For removing the cap and retaining branch lines more funds are required to make the proposals beneficial. Deregulation could benefit one group of producers at the expense of others.

Under a provision of the W.G.T.A., the Canadian Transport Commission (C.T.C.) Rail Transport Committee is conducting hearings into the issue of what railway companies should be allowed to charge as a cost of capital in the movement of grain. The cost of capital refers to the money railways can claim as the cost of equity and debt associated with owning their assets.

The C.T.C. now allows the railway to charge a cost of capital at 18% and for 1983-84 that translates into approximately \$100 million. The railways want it raised to 30% and a charge of some \$200 million.

Alberta Wheat Pool has joined forces with Manitoba Pool Elevators and Saskatchewan Wheat Pool to hire the best legal and accounting advice available for support of our position. The Pools' estimated railway cost of capital should be only about \$60 million for grain.

The Pools are the only producer representative in attendance at the hearings. The cost of our involvement to date is high, but justified on the estimated potential saving of \$90 million annually by all

western Canadian grain producers.

The question of who should receive the Crow benefit identified as \$658 million was given a lot of attention during the year as various individuals, organizations and governments prepared briefs for the Gordon Hall Commission of Inquiry. On October 19, 1984 Alberta Wheat Pool met with Justice Hall, appointed to examine the method of payment, and presented the first segment of evidence supporting Alberta Wheat Pool's policy that the payment should go to the railways. At the time of writing this report, further documentation is being assembled for the Committee and private technical sessions have been requested by Mr. Hall's staff.

In 1985-86 the Minister of Transport will by statute, carry out a comprehensive review of the Western Grain Transportation Act.

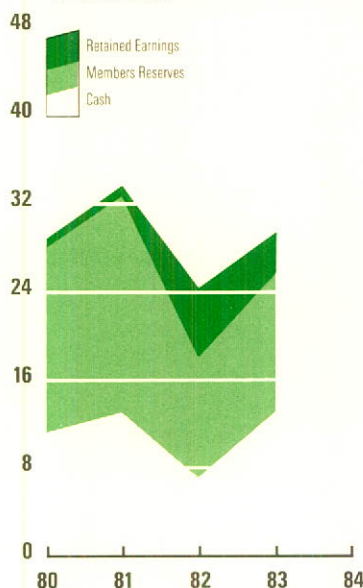
Producer Cars

The number of farmers Alberta Pool assisted in acquiring a producer car during the year grew substantially. Farmers in Alberta and British Columbia loaded in total 2,499 producer cars or 54.3% of all producer cars utilized on the prairies in 1983-84. The interest in this method of moving grain has obviously grown but the associated inequities remain.

Alberta Pool supports the basic principle of making producer cars available to those producers needing an alternative. This association desires, however, any practice which tends to inhibit service to export grain's market needs and

Distribution of Net Earnings

Millions of Dollars



requirements. Of equal concern is widespread use of any procedure which results in injury to the majority of grain farmers, even though a relative few may gain a monetary advantage. In short, the industry should retain its emergency mechanism, while devoting its energies to the service of its domestic and export markets.

The Board of Alberta Pool finds it difficult to identify any efficiencies in the single producer car spots, in adding four days to car turnaround time which results in higher freight rates for all shippers, in movement of grain that may not be in demand, or in storing small quantities of grain in a terminal that is not required. This Board also objects to the fact producer cars can be shipped to meet a "future" sale, but Alberta Pool, on behalf of our members, must ship to meet a committed sale. This means that with 7% of the movement to Vancouver set aside for uncommitted stock shipped in producer cars, Alberta Pool and other major grain handlers can only move enough to port to fill 93% of sales. Subsequently your association is frequently forced to pay premiums to acquire the "free stock" at Vancouver to meet sales commitments. The money for the premium is deducted from the country price offered to other farmers.

The Canadian Grain Commission has been lobbied to expand the use of producer cars and has asked the trade to make recommendations. There is a chance the Commission will react on the vocal minority and

your Board of Directors thinks it is time the silent majority of farmers speak on this matter.

If the consensus is farmers want more producer cars, then Alberta Wheat Pool can respond to that request as well as anyone. But before that happens, equity among farmers should be examined by reviewing the existing rules.

Properties

When farmers were seeding the 1984 crop, prospects were promising and your Board authorized a \$28.7 million capital budget for the 1984-85 crop year. However as harvest approached, the projected grain handle was cut 15% based on the devastating drought conditions in southern Alberta. The Board is determined to maintain a substantial construction and upgrading program and at the time of writing the final dollar value of the capital budget was being reviewed based on the impact of reduced grain handle. With farmers' bins less than full in southern regions, deliveries will be down and the impact on Alberta Pool's earnings could be substantial. Realistically, selected projects had to be deferred for a one year period.

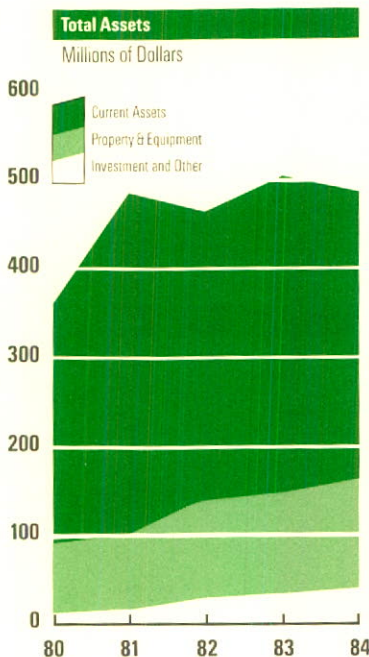
Members in the communities of Boyle, Dapp, Willingdon and Dunmore can expect new modern, high throughput elevators this year. Elevators for Vermilion and two other central Alberta locations (to be determined) have been put on hold for one year. New annexes are slated for Halkirk, Hawk Hills, Hughendon and Kitscoty with steel tank construction scheduled for

Chinook, Conrich, Empress and Picture Butte. Major elevator up-gradings will take place at Andrew, Clandonald, Conrich, High River and Spirit River. Five annexes will be moved to new locations. New warehouses are to be built at Provost, Myrnam, Taber and Iron Springs. Members served at Cardston, Provost, Ryley and Brooks are to receive new bulk fertilizer plants. The selection of projects to be deferred is under active consideration.

Alberta Pool expended \$12 million on country facilities in 1983-84.



Elevator closures were approved for Royal Park, Gadsby, Conrad, Millet, Lanfine, Hilliard, Groundbirch, Cranford, Idlesleigh and Redland. Pending a decision of the C.T.C. on the Stettler rail line and uncertain status on the Furness and Acadia Valley rail lines, there may be another 11 elevator closures.



At Pool No. 1 Terminal over \$3 million will be invested in a variety of projects that range from automation to safety. The first phase of a single pass wheat cleaning system was completed by staff during the year and it effectively increased cleaning capacity of these machines by 20%.

Three million dollars has been budgeted for Pacific Elevators (Alberta Wheat Pool's 60% share of total costs) with the major portion assigned to berth dredging and galley upgrading. These projects are expected to increase shipping throughput by 25%. The 45 foot water depth will accommodate vessels of 70,000 tonnes and enable the terminal to load the larger vessels that are becoming common in the Port of Vancouver.

This capital budget represents Alberta Pool's commitment to industry leadership in terms of farmer service and operational efficiency.

Election of Delegates

Three By-elections were called by the Board during the year. Following the election of Ray Schmitt and Harold Hennig to the Board of Directors, vacancies were declared in their respective sub-districts 102 and 604. In sub-district 608 the sitting Delegate Angela Clarke passed away. Following the by-elections, Les Lindeman of Milk River (102) was elected by acclamation; while David Fedun of Andrew (604) and William Carson of Waskatenau

(608) were elected to the Delegate body. In the two elections 58.5% of eligible members cast a ballot.

29,352 Pool members in the 35 odd-numbered sub-districts were mailed nomination papers and at the close of nominations 31 Delegates were declared elected by acclamation. Elected for the first time were Daniel Moe of Morrin (305) and Garry Brown of Stavely (203).

Elections were conducted in the remaining four sub-districts and following the audited ballot count incumbents Clarence Schmaltz (207) and Mike Nikolaychuk (703) were declared re-elected. Gary McMorris of Milo (201) and Ken Pratt of Esther (307) will serve for the first time. In the four elections held, 32.3% of the members participated.

The election procedure has added seven new Delegates to the Pool's governing body, and therefore a turnover rate of 10%. The average age of Alberta Pool's Delegate is now approximately 47 years and the average tenure is under 6 years.

The Board congratulates each re-elected and newly elected Delegate. The farmer members of this organization have designated you to provide leadership and representation in your community and the Parliament of Alberta Wheat Pool. Your acceptance of this responsibility is noteworthy.

Board of Directors

Officers of the Board of Directors elected for the year were as follows:

President,
A. J. Macpherson

First Vice-President,
D. E. Livingstone
Second Vice-President,
G. W. Braithwaite

Other farmers serving on the Board were Wm. Davidiuk, J. C. Riddle, T. A. Graham and R. C. Schmitt. Following the passing of Director Davidiuk on May 11, 1984 the Board declared the District vacant and at a special meeting of District Six Delegates, H. H. Hennig of Andrew, Alberta was elected to the Board.

President Macpherson acting in a full time capacity, but retaining his farm at Delia, Alberta continued as Chairman of Prince Rupert Consortium and was re-elected President of Prince Rupert Grain Ltd. (terminal operating company), Ridley Grain Ltd. (terminal holding company) and Western Pool Terminals Ltd., Chairman of Pacific Elevators Limited and Vice Chairman of XCAN Grain Ltd.

The Board executive was elected to the Board of Canadian Co-operative Wheat Producers Limited (now called Prairie Pools Ltd.). Messrs. Macpherson and Livingstone represented Alberta Wheat Pool on the Board of Canadian Pool Agencies Limited, Pool Insurance Company and Western Co-operative Fertilizers Limited.

First Vice-President D. E. Livingstone was elected to the Board of Canola Council of Canada, Western Grain Research Foundation and the Goldeye Foundation Society. He was also appointed Chairman of the Wheat Pool Grain Museum Society and Board

Liaison with the Alberta Food Products Advisory Committee.

Second Vice-President, G.W. Braithwaite served on the Board of XCAN and continued his work on the Rural Education and Development Association Policy Council.

Director Riddle was elected to the Unifarm Board and Provincial Council, the Co-op College of Canada Board and was an active member of the College Regional Council in Alberta.

Directors Livingstone and Schmitt represented Alberta Wheat Pool on the Co-operators Advisory Council.

Mr. Schmitt was also elected to the Unifarm Provincial Council.

Director Graham was appointed Chairman of the Board's Internal Review Committee consisting of Directors J.C. Riddle, R.C. Schmitt and H.H. Hennig.

All Board members were elected Directors of Pool Canola Holdings Limited, the wholly owned Company that controls the Alberta Food Products partnership with Alberta Wheat Pool.

Chief Executive Officer, J.W. Madill served on the Prince Rupert Grain Consortium, the Boards of Ridley Grain Ltd. and Prince Rupert Grain, W.C.F.L. Executive, XCAN Grain Ltd., Pacific Elevators Limited, Western Pool Terminals Ltd., and Co-enerco. He was Chairman of ABL Engineering Ltd. and Buffalo Beton Ltd., and Chief Executive Officer of Pool Canola Holdings Limited and acted as Alberta Wheat Pool's representative on the Senior Grain Transportation Committee.

Membership

During the 1983-84 season, 2,270 new members were accepted by the Board compared to 2,423 during the 1982-83 season.

A total of 549 deaths were reported to us and 777 memberships were cancelled.

The net increase in membership totalled 944 increasing the membership strength from 58,747 to 59,691 members as at July 31, 1984.

until his death in May 1984. Here was a man with principles and a keen sense of responsibility. His contribution to Alberta Wheat Pool is recognized and will be remembered.

In December 1983 Delegate Angela Clarke of Waskatenau passed away. Mrs. Clarke was elected to represent the members in Sub-district 608 in 1983 and was Alberta Wheat Pool's first lady Delegate.

Members delivered a record 6.8 million tonnes of grain to Alberta Pool elevators.



In Memorium

It is with extreme regret we must report the death of Director Bill Davidiuk of Grassland, Alberta. This dedicated farmer, family man and Pool supporter was first elected as a Pool Delegate in 1969. After eight years in the Delegate capacity he was elected to the Board in 1978 where he served

On December 6, 1983 Norman Nelson of Craigmyle passed away at the age of 65 years. Mr. Nelson had served Alberta Wheat Pool as a Delegate from 1958 to 1983.

Fred Domoney of Red Deer passed away January 4, 1984 at the age of 93 years. Mr. Domoney was Delegate of Alberta Wheat Pool from 1945 to 1955.

Fred Hallworth of Taber passed away May 26th, 1984 at the age of 76 years. He farmed for many years in the Barnwell district and served as Delegate for Alberta Wheat Pool from 1959 to 1967.

Sympathy is extended to the Davidiuk, Clarke, Nelson, Domoney and Hallworth families.

Affiliation

Alberta Wheat Pool is a member of Unifarm, the British Columbia Federation of Agriculture, Co-operative Union of Canada, Canola Council of Canada, Credit Union Central of Alberta, Co-operators, Canadian Co-operative Credit Society Limited, Co-operative College of Canada, Canadian Farm Management Co-operative, Westac, POS Pilot Plant Corporation, Western Grain Research Foundation and Canada West Foundation. During the year Alberta Wheat Pool acquired membership in Agaware. Representation in Canadian Federation of Agriculture remains through Unifarm and Prairie Pools Ltd.

Staff

The achievements of our employees in managing Pool business and serving farmers is recognized with considerable pride. Their hard work, skilled management and ability to meet challenging objectives contributed significantly to the success of Alberta Pool.

Challenges

The proportion of western Canadian farm businesses operating under threatening financial stress is alarming.

Even though an accurate measure of how many producers are or soon will be in serious financial problems is difficult to obtain, we need only note the discrepancies between the farm input price index and the depressed price of farm products and the severity of the problem can be better understood.

From 1978 to 1983 realized net farm income in Canada dropped 30% in inflation adjusted purchasing power. In Alberta, we must add the drought factor. It is estimated Canadian farm bankruptcies will be up 30% from the previous 488 recorded in 1983. For the coming year, the farm debt problem is expected to escalate rapidly as the problem of drought, falling net incomes and higher forecasted interest rates catch up to farmers.

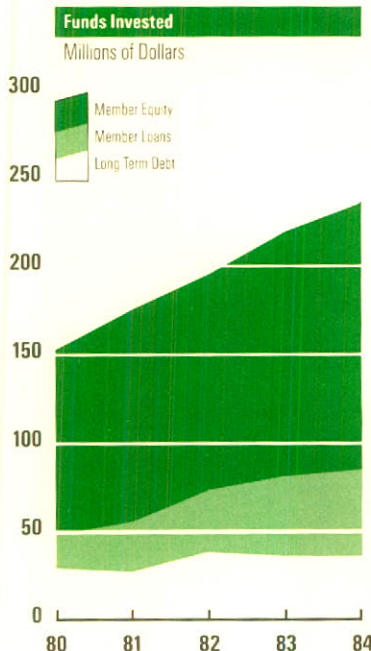
In a recent random survey of some 180 Alberta Wheat Pool members, producers were asked if in their opinion 1984 amounts to an emergency which justifies special government action. Sixty-two percent of the farmers responded "yes," 35% no and 3% had no comment. This indicates the need for serious consideration of farm debt.

Those farm businesses experiencing difficulty but judged to have future economic viability will need some form of modification to debt repayment. Re-structuring debt by lending institutions will buy some time, but may not be a satisfactory solution in the long term.

There are a number of ideas that are being discussed in farm organization circles that could positively stimulate the farm economy. Dele-

gates attending this annual meeting will undoubtedly voice opinions and take positions on topics such as Farm Credit Corporation interest rate levels, the need to have fixed rates on farm loans through Farm Credit Corporation, removing counter-productive taxes such as the federal 9% farm fuel tax and the petroleum and gas revenue tax, issuance of investment bonds that would provide investor tax concessions and a pool of capital for farmers on reasonable terms, the option to have land purchases financed by the vendor and guaranteed by a lending institution, the end of capital gains tax on farm land sold for agricultural purposes, interest shielding and finally the organization of more and better educational seminars designed to transfer financial management skills and the latest in production technology to producers. We know there are other ideas that farmers in this Delegate body can generate and develop and this is the forum for careful examination.

When reviewing the cost of stimulative programs for agriculture, Government leaders must keep in mind the significant economic stimulus agriculture provides. One econometric model at Alberta Agriculture shows that a one dollar increase in the Gross Domestic Product in agriculture can increase the provincial Gross Domestic Product by \$3-\$5. The model also notes that agricultural linkages for economic stimulus are similar to those of the oil sands or petrochemical plants. It is the feeling of this Board that Alberta's energy pre-occupation may have concealed



agriculture as an important source of growth and economic diversification.

Now, more than ever, farmers need a strong unified voice. It is most unfortunate that in the past 18 months the farm organization picture in western Canada has been weakened. Manitoba Farm Bureau and Saskatchewan Federation of Agriculture have ceased to function. In Alberta, both Unifarm and National Farmers Union are fighting for survival as they attempt to cut budgets and stimulate producer interest. Farmers all over the province will soon be asked to show their support for one of these general farm organizations. Their decision will be critical to the future voice agriculture has in Alberta and Canada.

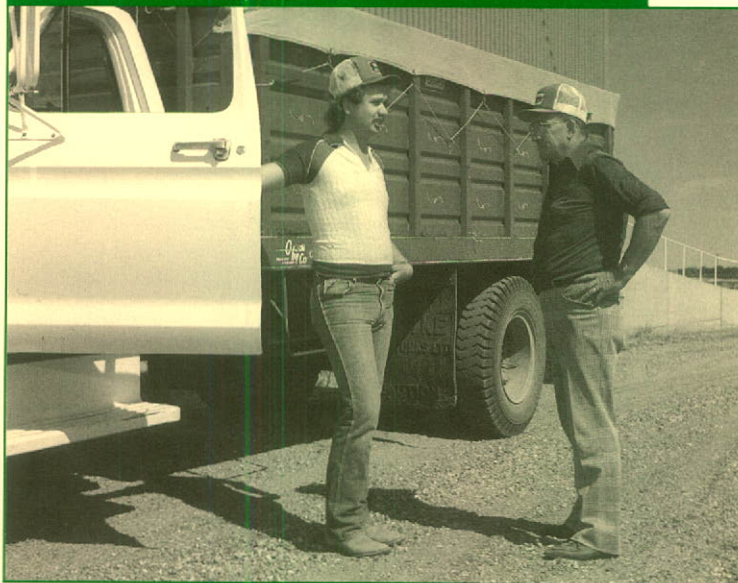
To further strengthen the impact of Alberta Wheat Pool policy as developed by its farmer Delegates, your Board has supported two key internal decisions in Prairie Pools. The first was membership in Canadian Federation of Agriculture, which has been accepted, and

secondly the placement of a full time Ottawa communicator. Javier Caceres is now fulfilling that role and will co-ordinate more frequent visits to the capital by members of this Board and our senior management.

The impact of the federal government on Canada's grain industry, agriculture, transportation, labour, environmental issues and several other areas is growing steadily. Your Board is committed to a strong presence in the government decision making process, based on our Delegate policy, the best interest of our farmer members and the efficient operation of Alberta Wheat Pool as it serves grain producers.

The Board is confident that Delegates will examine the issues and challenges presented to this sixty-second Annual Meeting of Alberta Wheat Pool in an objective manner and work towards sound policies that will benefit members and their Alberta Wheat Pool.

Alberta Wheat Pool membership rose to 59,691.



A stylized, handwritten signature of A. J. Macpherson in dark ink.

A. J. Macpherson
President

D. E. Livingstone;
G. W. Braithwaite;
J. C. Riddle;
T. A. Graham;
R. C. Schmitt;
H. H. Hennig

To the Board of Directors of Alberta Wheat Pool

The 1983-84 crop year was one of achievement for Alberta Wheat Pool, despite a general lack of economic recovery in the agricultural sector. Management resources were devoted to cost effective core operations and elimination of the losses in Pool subsidiaries and jointly owned companies. At the conclusion of the crop year, all Alberta Pool subsidiaries and affiliated

very favorable return on their investment in the Pool and the distribution of earnings to Pool members will be an important injection of funds into the agricultural economy in a year when farm incomes are continuing to decline.

The combination of members' support for the Pool, the provision of quality services and commendable performance by employees resulted in a record performance for Alberta Pool. Country grain elevator receipts and shipments established new record volumes at 6.8 and 7.1 million tonnes, respectively. The Pool's Vancouver terminal set a record for grain throughput at 3.5 million tonnes. Farm supply sales reached a record \$149 million and Alberta Food Products reported its first earning.

The difficult farm income situation caused Alberta Pool to react in very specific ways to reduce the costs of operating and administering the organization. For the 1983-84 crop year, country elevator tariffs were held to a 3% increase and for 1984-85, the Pool did not file for a country elevator tariff increase. The consequence of these decisions will be reflected in the future financial performance of the organization, particularly in 1984-85 when grain handlings will decline significantly.

tonnes, an increase of nearly 15,000 tonnes from 1982-83. Shipments from the country system exceeded receipts and totalled 7,118,000 tonnes, resulting in lower stocks in store at year-end. The Pool's market share, impacted by widespread congestion in the country system for several months, dropped 0.45% from last year to 66.06%. For the individual grains, Alberta Pool increased its market share of Board oats and barley and non-Board wheat, oats and barley, but lost market share in Board wheat and non-Board flax, rye and canola. Sales of farm supplies from country facilities established a record at \$123 million, up 22% from last season. Earnings for the division increased by 3% from last year to \$11,643,000, reflecting the larger volume of grain shipments and farm supply sales.

The crop year began with a strong barley movement, but the wheat producing areas of the province quickly became congested. Railway shortfalls and a reduced movement of high grade wheat led to 148 Pool elevators operating without sufficient space by mid-January. Congestion was most evident on CNR lines, despite the fact that CN moved more grain to port positions than CP Rail. The situation steadily improved in the following months until just ten elevators were operating under congested conditions in June. The crop year concluded with lower than normal deliveries during the last two months.

Management Executive



Seated:
J. W. Madill - Chief Executive Officer
Standing left to right:
T. M. Volk - Director Finance and Administration,
F. E. Ball - Director Country Operations,
G. J. Dewar - Director Terminal Operations,
G. C. Appleby - Director Human Resources.

companies were able to record positive earnings. Alberta Wheat Pool's consolidated net earnings for the year were \$33,196,000, an increase of 12% over last season. As a result, through use of their own organization, members realized a

Country Operations

Alberta Wheat Pool country grain receipts set a record for the fifth consecutive year at 6,825,000

Country facilities and employees performed admirably throughout the year. Average handlings per country employee were 8,800 tonnes, down slightly from last year, but sales of farm supplies rose 20% to \$158,000 per country employee. With the closure of four elevator locations, Alberta Pool's 332 elevators were organized into 323 operating units for a licensed storage capacity of 1,690,000 tonnes at July 31, 1984. On a per operating unit basis, average grain receipts increased by 2% over last year to 21,100 tonnes. Elevator turnover of storage capacity was up slightly from last year to 4.0 times annually. One hundred and two elevator operating units handled more than 25,000 tonnes during the year, including five which handled over 50,000 tonnes. Accuracy in grain weighing operations was again evident in the grain cut-offs undertaken at 162 stations. The average overage was 0.14%, compared to the maximum allowed under Canadian Grain Commission regulations of 0.25%.

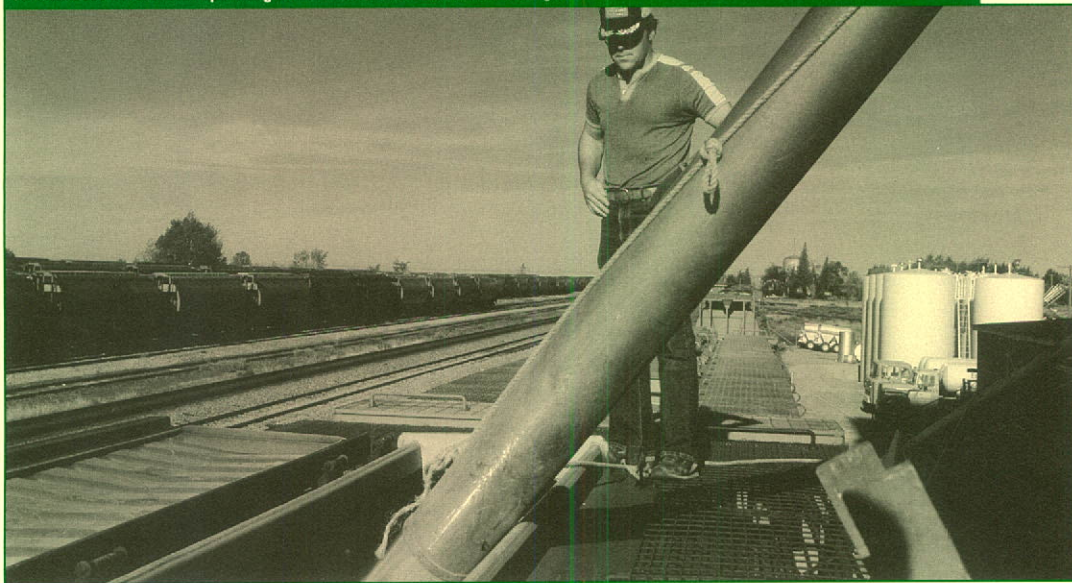
Alberta Pool expanded the grain marketing options available to producers during 1983-84. The organization received federal government approval to issue cash advances for farm-stored canola, flax and beans under the Advance Payments for Crops Act. A new forward pricing system was introduced for all non-Board grains and steps were taken to increase the Pool's participation in the adminis-

tration of producer cars. Non-Board grain deliveries to Alberta Pool were up over 1982-83 by 21%, while sales into domestic and export markets increased by 24%. Shipments of Alberta Pool Board and non-Board grain east to Thunder Bay totalled 1,335,000 tonnes, down 12% from 1982-83. Under the terms of a terminal handling agreement with Saskatchewan Wheat Pool, these shipments produced an earning for

25,000 tonnes of malting barley to the People's Republic of China.

Your organization responded to the large decline in farm income by applying for only a 3% increase in handling tariffs for the 1983-84 crop year. This was done despite the fact that operating costs were budgeted to increase. Then as 1984-85 approached and the forecast for farm income was for further declines, Alberta Pool decided not to increase handling charges in the

One third of Pool elevator operating units handled over 25,000 tonnes of grain.

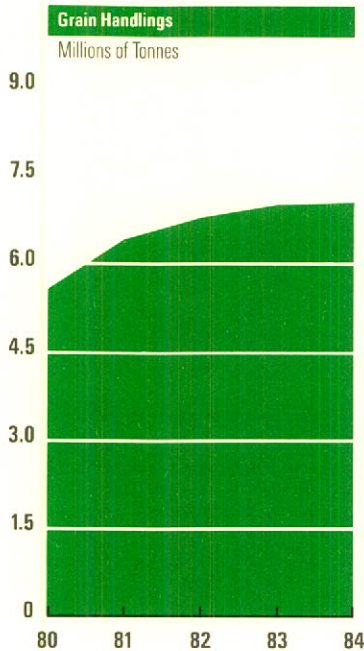


Alberta Pool of \$3,262,000.

Alberta Pool issued 61% of the malting barley permits in the province for a 6% increase in volume over the previous year. As was the case in the past two years, Alberta Wheat Pool participated in the Canadian Wheat Board sale of

new crop year. This decision will, however, reduce Alberta Pool's earnings and ability to fund capital expenditures in the future.

As one measure to increase the throughput capability of the country elevator system, Alberta Pool



proposed a pilot test of a solid train export program to CP Rail and the Canadian Wheat Board. Under the test program unit trains were loaded with one specific grade of grain on a designated train run for direct shipment to the Pool's Vancouver terminal. Potential benefits of broad application of the program would be increased country and terminal throughput, improved railway effectiveness and better delivery opportunities for grain producers, all without additional costs to the grain marketing system. It is expected that testing of the program may be continued when more normal crop volumes are available on the prairies.

Careful attention to country grain operations and facilities resulted in your organization experiencing no fire losses during the year. However, just after the crop year closed, the Pool lost an elevator at Granum when a nearby building fire spread to the newly renovated elevator.

Farm Supplies

Alberta Wheat Pool sales of farm supplies increased by 19% over 1982-83 to a record \$148,939,000. Real growth in farm supply sales, after allowing for inflation, is estimated at 15%. A highly competitive marketplace and the Pool's strategy of pricing to market resulted in a departmental loss for the year of \$1,137,000, compared to a loss of \$367,000 last year. However, when the earnings from farm supply sales at country elevators

are included, farm supply activities in total produced an earning of \$750,000 for Alberta Pool.

Favorable spring and summer weather for crop seeding and herbicide application plus the continued high volume of grain exports were the main factors contributing to producers' decisions to increase their use of crop inputs. Alberta's fertilizer usage was up 6% from last season and your organization maintained its share of the market by selling a record volume. In general, fertilizer prices increased 7% over 1982-83, but were still below the prevailing prices experienced two years ago. Bulk fertilizer sales represented 82% of the Pool's fertilizer volume. Year-end inventories of fertilizer were down for the third consecutive year. Farm chemical sales also set a record at \$64.5 million for a 44% increase over the sales value last year.

Cereal and forage seed purchased from members decreased 18% from last year to 23,000 tonnes, including the production from 9,500 acres contracted with members. The decrease resulted from lower farm inventories of legume seed, less demand for cereal seed due to the good quality crop harvested in 1983 and weaker export seed markets. Overall, domestic forage and cereal seed sales were up 6% in value. Canola seed sales showed a 25% rise, reflecting the increase in that crop's planted acreage. Export forage seed sales declined, largely due to changes in the U.S. market,

particularly the elimination of the Payment-In-Kind program and generally lower seed prices. Just after the crop year concluded, Alberta Pool negotiated an 800 tonne sale of seed rye to Korea and an additional 1,700 tonnes was being prepared for shipment at a later date.

Sales of agro equipment were down 18%, reflecting the general state of the farm economy; however, the revenue from rental and service programs for crop input application increased by 5% over 1982-83. Revenues from the sale of grain bins declined 35% from last season due largely to reduced needs for on-farm grain storage. During the year, Alberta Pool undertook to dispose of its grain drier inventory and exit from that business.

As has been the case in recent years, Pool members purchased most of their farm supplies close to the time of use. Seventy-five percent of the sales occurred in the last four months of the crop year and 61% in the months of May and June. It is difficult to minimize farm supply inventories when the majority of sales occur in a short period of time. Forty farm supply outlets recorded sales of more than \$1 million, up from 28 outlets last year. Seven outlets had sales over \$2 million, including one which surpassed \$3 million.

World market conditions for dry beans improved significantly in 1983-84, resulting in better operat-

ing conditions at the Bow Island Bean Plant and better returns to bean producers. Sales of beans increased 70% in volume and year-end inventories were down 55% from the previous year. Prices paid to producers rose 62% to average \$23.38 per hundredweight.

Alberta Wheat Pool is keeping abreast of developments in the fields of biotechnology and genetic engineering relating to crop production. Steady expansion has been undertaken in the Pool's plant breeding research, focusing on improved canola varieties. Field trials on potential new crop varieties involved observations on 8,171 research plots. In 1984, the three prairie Pools submitted seven wheat lines, nine barley lines and four canola lines to the Western Canada Cooperative Tests, the final tests prior to licensing.

Engineering, Construction and Maintenance

Alberta Pool expended \$12.3 million in capital during 1983-84 to maintain and improve the Pool's country facilities. New high throughput elevators were completed at Blackfoot, Mundare and Rosebud and at year-end elevators were under construction at Bawlf, Myrnam and Dunmore. Major capital improvements were conducted at various stations to sustain high quality services to members. Storage annexes were erected at three stations and major renovations of elevators and annexes were completed at eight

stations. Sixteen elevator receiving scales were installed to better equip the facilities to handle large farm and commercial trucks. Three new elevator offices were completed and five others underwent major renovations. To improve our grain shipping capabilities, rail track improvements were completed at ten stations. The improvements included track upgrading, track extensions and double tracking.

To keep the existing elevator system in good operating condition, the repair program was expanded to \$4.5 million, an increase of 11% over last year. A total of 34 obsolete elevators and 52 annexes were dismantled during the year.

To maintain good quality farm supply facilities and services, one bulk fertilizer plant was constructed, two agro warehouses were erected, two former grain elevators were converted to bulk fertilizer storage, six fertilizer blenders were installed and one anhydrous ammonia facility was constructed.

Terminal Operations

1983-84 was a year for setting throughput records on the west coast. Exports reached 12.5 million tonnes, surpassing the previous high by 8%. At Vancouver, near optimal terminal and railway performance allowed the port to export 11.1 million tonnes, an increase of 7% from the previous record set in 1981-82. Shipments from Prince Rupert totalled 1.4

million tonnes, slightly ahead of the record set last year.

The trend to heavier grain carloads continued, with average car tonnages up 2.2% to 74 tonnes. Ninety percent of cars arriving at the west coast were hopper cars, reflecting the growing fleet of government-owned cars and the decision of CNR to only ship hopper cars to the west coast.

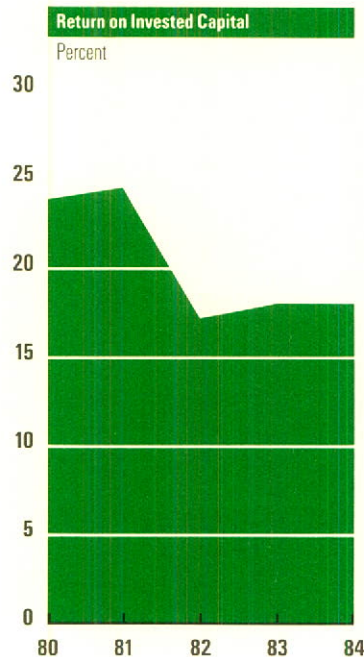
Alberta Wheat Pool's Vancouver terminal received a record

Alberta Pool's Vancouver terminal handled a record 3.5 million tonnes.



3,453,000 tonnes of grain during the crop year, an increase of 453,000 tonnes from last year. Earnings rose 5% over 1982-83 to \$14,930,000.

Receipts at the Pacific Elevators terminal, managed by Alberta Pool on behalf of the three prairie Pools,



were up 10% from last season to 2,384,000 tonnes. Earnings from Pacific Elevators' operations were \$10,355,000, a decline of 15% from last year. Most of the decrease in earnings resulted from lower grain revenues. The revenues on a per tonne basis declined by 9%, while costs per tonne increased by less than 1%.

Together, the two terminals under Pool management were able to handle 50.7% of the grain receipts at Vancouver, up from 50.2% in 1982-83. During the year, Alberta Wheat Pool handed the operating management and administration of the Prince Rupert terminal to Prince Rupert Grain Ltd.

The major capital improvement project at the Pool's terminal during 1983-84 involved the installation of an automated by-product reclaim system and changes to the wheat and durum cleaning processes. The result of these improvements has been a threefold increase in by-product cleaning capacity and a reduced labor component.

Pacific Elevators completed the conversion of the rotary wheat cleaning system to also process oilseeds. The result was an increase in oilseed cleaning capacity to 10,000 tonnes per day, the highest on the west coast. During the year, a \$4.7 million program was initiated at Pacific Elevators to improve the shipping capacity of the terminal. The project will involve dredging one berth to increase its depth of water to fifteen metres, adding a mooring

dolphin to the end of the wharf and changing the loading gallery to accommodate vessels to 70,000 tonnes dead weight.

To prepare for future volume increases through the Vancouver terminals, Alberta Pool undertook development of a computerized operations simulation model to maximize operating efficiencies. Following the completion of the simulation for Alberta Pool, the operations of Pacific Elevators were being subjected to the same critical examination. Both terminals will require major capital expenditures to maintain secure operations and to increase throughput.

Subsidiaries: **Pacific Elevators Limited and Western Pool Terminals Ltd.**

The Pacific Elevators terminal is owned by Western Pool Terminals Ltd., which in turn is owned by Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators on a 60:30:10 percentage basis. The operating company, Pacific Elevators Limited, has the same distribution of ownership as Western Pool Terminals Ltd. The earnings of Pacific Elevators Limited are distributed to grain shippers in proportion to their shipments to the facility. Alberta Pool's share of the earnings was \$3,433,000.

The net earnings of Western Pool Terminals Ltd. were \$416,000. As the owner of 60% of this company, Alberta Wheat Pool's share of the earnings was \$249,000.

Alberta Food Products

1983-84 was the most successful year for Alberta Food Products in its five year history. The canola crushing plant realized its first profit of \$2,007,000 on the sale of oil and meal from 169,000 tonnes of canola seed. The favorable results were derived from improved crushing margins, effective management of seed procurement and strict adherence to cost controls. The recovery from the \$3.4 million loss experienced last year is a significant accomplishment in view of the fact that the Alberta government subsidy for crushing plants was discontinued at the end of the 1982-83 crop year.

The year's crushing volume was less than planned due to the shortage of canola seed supplies late in the crop year. The plant, however, was able to operate longer than most other plants on the prairies.

The shortage of canola seed caused canola prices to rise dramatically and at one point during the crop year, the June futures price reached a record \$724 per tonne. In spite of a larger acreage seeded to canola in 1984, the outlook is for continued tight seed supplies due to the reduction in commercial and on-farm stocks. The expected competition between domestic crushers and exporters for seed supply will again put upward pressure on seed prices which will make profitable crushing operations more difficult to achieve, in light of the world surplus of vegetable oils.

Affiliated Companies: Western Cooperative Fertilizers Limited

With the beginning of a turnaround in North American fertilizer markets, Western Cooperative Fertilizers Limited experienced a considerably better year in 1983-84. Although excess production capacity still plagues the industry, lower interest rates, increased fertilizer sales, modest product price improvements and a continuation of the cost restraint programs allowed W.C.F.L. to achieve operating earnings of \$3,526,000.

W.C.F.L. shipped 13% more fertilizer into the western Canadian market in 1983-84. Year-end plant inventories of fertilizer were down 36% from last year. Operations at the Medicine Hat plant were limited to the production of ammonia to fulfill the sales contracts negotiated last year.

The outlook for 1984-85 is one of cautious optimism. The drought conditions across the southern prairies have the potential to have a negative impact on the volumes and prices of fertilizer. In addition, the costs of major fertilizer raw materials may continue to escalate, squeezing operating margins.

Prince Rupert Grain Ltd.

A record volume of shipments through the Prince Rupert terminal, a restriction of receipts to only red spring wheat, good performance from a new by-product reclaim system and minimal maintenance expenditures all combined to produce an earning of \$6,656,000,

up substantially from \$3,841,000 in 1982-83. Alberta Pool's share of the earnings was \$2,105,000 compared to \$661,000 last year.

ABL Engineering Ltd.

ABL Engineering Ltd.'s activities were confined to the transfer of technology for the design and engineering of five Buffalo Sloped Bin inland grain handling facilities in Brazil. All five facilities will be owned by Cibrazem, the Brazilian government's grain storage organization. Four of the five facilities will have a storage capacity of 26,000 tonnes and one will have a capacity of 100,000 tonnes. At the end of the crop year, the first 26,000 tonne facility at Campo Grande, Brazil was nearing completion and was scheduled to be officially opened on October 3, 1984. The other four facilities will be in operation by mid-1985.

Finance and Administration

Alberta Wheat Pool's pre-tax earnings were up 12% from last year to \$33,706,000. After provisions for income taxes, consolidated net earnings stood at \$33,196,000 the second highest on record. In addition to good financial performance in the Pool's core operations, all subsidiaries and affiliated companies also recorded positive earnings for the year. Alberta Pool's consolidated return on invested capital was 18%, unchanged from last year's figure. Average return on members' equity increased from last year to a very acceptable 23%.

The Pool's year-end working capital position remained virtually

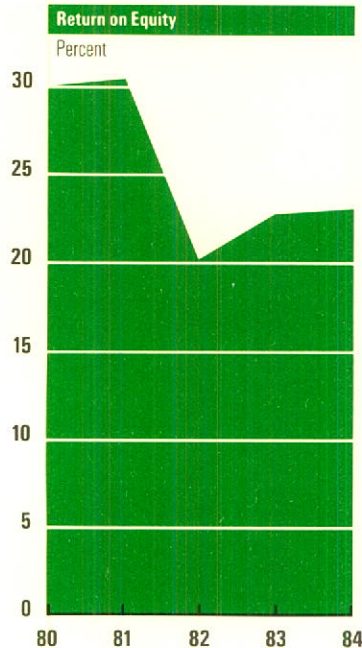
unchanged from last season at a healthy \$70,871,000. Capital provided by members through reserves and member loans increased 7% from 1982-83 to \$145,057,000. Member loans to Alberta Pool rose by 10% during the year to \$48.9 million.

Earnings of Alberta Wheat Pool's core operations, subsidiaries and affiliated companies are shown below with last year's comparable figures.

	1984	1983
Country Operations	\$11,643,000	\$11,252,000
Thunder Bay Operations	3,262,000	3,452,000
Farm Supplies	(1,137,000)	(367,000)
Terminal Operations	14,930,000	14,228,000
	\$28,697,000	\$28,565,000
Pacific Elevators Limited	\$ 3,433,000	\$ 5,049,000
Western Pool Terminals Ltd.	249,000	170,000
Alberta Food Products	2,007,000	(3,472,000)
Prince Rupert Grain Ltd.	2,105,000	661,000
	\$ 7,794,000	\$ 2,408,000
Extraordinary Items and Tax	\$ (3,295,000)	\$ (1,379,000)
Net Earnings	\$33,196,000	\$29,593,000

The cost of Alberta Pool's office administration and operations supervision declined slightly in 1983-84. Continued emphasis on productivity improvements and controlling costs has eliminated any inflationary impact and held administrative costs to \$19 million in each of the last three years.

Pool management has worked to maintain realistic cost restraints and adequate levels of working



capital to protect the organization in the event of a difficult financial year. The results of these efforts will become evident in 1984-85, when the organization expects grain handlings to decline. Alberta Pool is in a financially secure position from a working capital standpoint to withstand the effects of a significant drop in handlings. In anticipation of the lower Alberta grain production in 1984, new initiatives were undertaken to restrain costs in 1984-85 and to actively seek additional sources of revenue. The combination of the zero increase in country grain handling charges and the lower volume of grain deliveries will result in a significant reduction in Pool earnings next year. Management will endeavor to minimize costs and at the same time maintain acceptable levels of service to Pool members.

Administration of the Pool's credit system becomes particularly important during difficult farm income years. It is a time for prudent management of credit limits and collection practices, while at the same time maintaining as much sensitivity as possible to members' financial situations. During the 1983-84 crop year, Alberta Pool's accounts receivable reached a record high and the trend to more credit sales continued. Approximately 89% of farm supply sales were made under credit terms.

Alberta Pool continued its leadership in electronic data

processing in the grain and farm supply industries. With the basic network of 289 mini-computers installed in country elevators and farm supply centers, Alberta Pool's efforts have been focussed on enhancing and expanding the programs operating on the system for both management purposes and member needs. The record volume of grain handlings and farm supply sales during the crop year were able to be effectively processed using the computer network.

From the earnings of Alberta Pool in 1982-83, \$13,237,000 was paid to members as a cash patronage refund and \$12,776,000 was issued as equity to members' reserve accounts. As authorized by delegates at the Alberta Pool's 1983 annual meeting, \$8,137,000 of reserves were purchased from members, with \$6,125,000 of reserves purchased on a membership number basis. The reserve purchase program, designed to keep Pool ownership in the hands of active members is revolving Pool members' equity once every twenty years.

Human Resources

Alberta Wheat Pool's services to members are provided through both capital facilities and human resources. Your organization is fortunate in enjoying a staff complement that is dedicated and technically competent in managing a diversity of services to members.

Alberta Pool's staff was close to year ago levels at 1,950 employees during the 1983-84 crop year, despite the increased workload associated with the growth in volume of grain handlings and farm supply sales. To continue efforts towards improving employee productivity, Alberta Pool initiated individual performance management systems throughout the organization. To keep abreast of new technology and improve management skills, additional emphasis was given to training and development of employees. Four updating programs, each lasting four weeks, were conducted for elevator and assistant managers at Olds College.

Control of accidents and hazardous conditions received high priority throughout the year. Alberta Pool maintains high standards for facility safety and emphasizes employee safety awareness and safe work procedures. These efforts resulted in maximum premium rebates from the Workers' Compensation Board for the Pool's good accident record.

Alberta Wheat Pool experienced stable and productive industrial relations in Vancouver terminal operations throughout the year. The collective agreement between the B.C. Terminal Elevator Operators' Association and Grain Workers' Union Local 333 expired on December 31, 1983. Efforts to conclude a new agreement were unsuccessful and a Conciliation Board was appointed by the Minister of Labor in July 1984.

Outlook

The impact of the drought conditions in Southern Alberta will be significant on both grain producers and Alberta Wheat Pool. For grain producers, the combination of lower grain production, stable to lower grain prices and increasing production costs will have a major impact on farm incomes. In 1984, it is estimated that Alberta net farm income will decline by 13% from last year. Alberta Pool also expects to receive a major reduction in revenues and earnings due to a sizeable drop in country grain volumes.

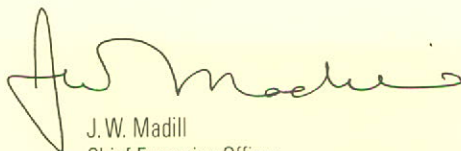
The lower volumes of handling in the country system will translate into reduced exports and terminal elevator throughput. Alberta Pool's base for operations involves a very high component of fixed costs and as a result, the organization is volume sensitive. The drop in grain handlings expected in 1984-85 has the potential to substantially reduce Pool consolidated net earnings. In order to reduce the impact of this situation, management has reinforced its cost

restraint programs, recommended deferrals of capital expenditures and is actively pursuing additional sources of revenue within the scope of our business. With the forecast of lower earnings in 1984-85, Alberta Pool will also be forced to restrict capital expenditures during the following crop year.

The future will require the industry to give careful attention to the fixed costs associated with the grain handling system. It is likely that the rates of cost increases in our industry will continue to outpace the rates of growth in volumes. As this occurs, the grain industry becomes more vulnerable to significantly reduced financial performance in a year of either low crop production or export volume.

As a result, 1984-85 may present a good opportunity to re-examine the way that Alberta Wheat Pool responds to members' needs for an efficient and financially successful organization that will be able to meet the challenges of the 1990's.

Pool plant breeding research is focused on improving canola varieties.



J. W. Madill
Chief Executive Officer

The Members

Alberta Wheat Pool

We have examined the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1984 and the consolidated statements of operations and 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 consolidated financial position of Alberta Wheat Pool as at July 31, 1984 and the results of its consolidated operations 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 16, 1984

Touche Ross & Co.
Chartered Accountants

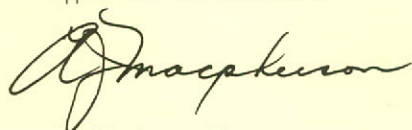
Consolidated Statement of Financial Position

Alberta Wheat Pool
and subsidiary companies
as at July 31, 1984

25

	1984	1983
Current Assets		
Cash	\$ 1,589,630	\$ 2,334,359
Inventories (Note 2)	194,580,855	238,442,767
Accounts and accrued items receivable	116,846,211	103,484,585
Prepaid expenses	8,674,728	9,503,289
	321,691,424	353,765,000
Current Liabilities		
Cheques and cash tickets outstanding	73,726,071	91,448,413
Bank Loans	75,686,622	125,621,591
Call and short-term loans	47,247,900	19,938,600
Accounts payable and accrued charges	35,472,642	29,481,204
Staff savings	12,826,860	11,480,759
Current maturity of long-term debt	5,860,095	4,845,116
	250,820,190	282,815,683
Working capital	70,871,234	70,949,317
Property and equipment (Note 3)	125,856,849	115,003,770
Investment and memberships (Note 4)	32,993,727	30,082,988
Other assets (Note 5)	5,673,177	3,188,466
Funds Invested	\$235,394,987	\$219,224,541
Financed By		
Term loans from members and co-operatives (Note 6)	\$ 49,297,350	\$ 44,777,329
Long-term debt (Note 7)	36,571,565	36,752,389
Members' equity		
Reserves (Note 8) Authorized: \$100,000,000		
Issued to members	96,115,100	91,460,668
Earnings retained from prior years	20,214,774	16,640,879
Net earnings for the year	33,196,198	29,593,276
	149,526,072	137,694,823
	\$235,394,987	\$219,224,541

Approved on behalf of the Board



A. J. Macpherson, Director



D. E. Livingstone, Director

Consolidated Statement of Operations

Alberta Wheat Pool
and subsidiary companies
for the year ended
July 31, 1984

	1984	1983
Revenue		
Sales and other operating revenue	\$1,522,044,449	\$1,364,158,673
Cost of sales	1,346,518,584	1,203,582,967
	175,525,865	160,575,706
Expenses		
Country facilities	45,834,142	40,609,176
Administration	28,851,340	26,330,667
Terminal operations	26,610,278	24,478,656
Interest	24,570,803	25,391,303
Depreciation	13,677,457	13,372,628
	139,544,020	130,182,430
Net earnings before the following	35,981,845	30,393,276
Provision for uncollectable advances	(2,060,647)	-
Extraordinary item (Note 9)	(725,000)	(800,000)
Net earnings for the year	\$ 33,196,198	\$ 29,593,276

Consolidated Statement of Earnings Retained from Prior Years

Alberta Wheat Pool
and subsidiary companies
for the year ended
July 31, 1984

	1984	1983
Net earnings for previous year	\$29,593,276	\$24,341,288
Less patronage refunds distributed		
In cash	13,240,142	7,278,377
In member reserves	12,779,239	10,853,181
	26,019,381	18,131,558
	3,573,895	6,209,730
Earnings retained at beginning of year	16,640,879	10,431,149
Earnings retained at end of year	\$20,214,774	\$16,640,879

Consolidated Statement of Changes in Working Capital

Alberta Wheat Pool
and subsidiary companies
for the year ended
July 31, 1984

27

	1984	1983
Source of Working Capital		
Net earnings for the year	\$33,196,198	\$29,593,276
Add items not affecting funds		
Depreciation	13,677,457	13,372,628
Provision for investment loss	725,000	800,000
Amortization of development and preoperating costs	349,881	264,540
	47,948,536	44,030,444
Increase in term loans from members and co-operatives	4,520,020	10,185,888
Investment tax credits	3,215,561	5,561,187
Proceeds from disposal of property and equipment	957,094	2,082,957
Increase in long-term debt	834,155	-
	57,475,366	61,860,476
Application of Working Capital		
Additions to property and equipment	26,341,175	19,417,921
Patronage refunds paid in cash	13,240,142	7,278,377
Members' reserves purchased	8,124,807	7,012,084
Increase in investments	5,997,753	8,796,871
Purchase of other assets	1,810,619	-
Deferred foreign exchange loss	1,023,974	1,114,208
Increase in current maturity of long-term debt	1,014,979	515,961
Decrease in long-term debt	-	1,820,788
	57,553,449	45,956,210
(Decrease) increase in working capital during the year	(78,083)	15,904,266
Working capital at beginning of year	70,949,317	55,045,051
Working capital at end of year	\$70,871,234	\$70,949,317

Notes to the Consolidated Financial Statements

Alberta Wheat Pool
and subsidiary companies
July 31, 1984

28

1. Accounting Policies

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

a) Principles of consolidation

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

Percentage ownership

Alberta Food Products	100%	Western Pool Terminals Ltd.	60%
Buffalo Beton Ltd.	100%	Pacific Elevators Limited	60%

All significant inter-company transactions have been eliminated.

b) Property and equipment

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

c) Investments and memberships

Investments and memberships are recorded at cost. Revenues from these investments are recognized when received.

d) Development and preoperating costs

Development and preoperating costs represent those recorded in the accounts of Alberta Food Products and are being amortized on a unit of production basis.

e) Recognition of income

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

f) Foreign currency translation

Foreign currency long-term debt financing has been recorded at the rate of exchange in effect at July 31, 1984. Exchange gains and losses on this long-term debt are deferred and included in other assets. The deferred balance is amortized over the term of the debt.

g) Net earnings for the year

Net earnings for the year, after providing for income taxes, will be distributed by way of patronage refunds according to the decisions of the delegates at the annual meeting. Income taxes of \$509,753 (1983 - \$579,406) are included in administration expenses.

2. Inventories

Inventories are comprised of:

	1984	1983
Grain purchased for delivery to the Canadian Wheat Board, valued at established delivery prices, after allowance for unearned handling revenues	\$146,741,943	\$165,796,903
Grain valued on the basis of open sales contracts and future contract prices, after allowance for unearned margins	13,254,024	26,058,356
Other inventories, including seed and agro supplies, valued at the lower of cost or net realizable value	34,584,888	46,587,508
	\$194,580,855	\$238,442,767

Notes to the Consolidated Financial Statements

Alberta Wheat Pool
and subsidiary companies
July 31, 1984

29

3. Property and Equipment

Property and equipment are classified by operating division as follows:

	1984	1983
Country facilities	\$149,311,825	\$137,834,137
Terminal operations	62,800,572	58,274,930
Processing plant	26,512,566	25,890,097
Administration	18,380,994	9,998,115
	257,005,957	231,997,279
Less:		
Accumulated depreciation	123,365,963	110,035,793
Investment tax credits	7,783,145	6,957,716
	\$125,856,849	\$115,003,770

4. Investments and Memberships

Investments and memberships comprise:

	1984	1983
Co-operative joint ventures	\$ 9,774,707	\$ 9,577,463
Prince Rupert Grain Ltd.	19,924,251	14,140,511
Other co-operative investments, principally shares	8,456,688	9,190,032
Other investments	1,167,440	1,421,607
Memberships	20,241	20,241
	39,343,327	34,349,854
Less investment tax credits	6,349,600	4,266,866
	\$32,993,727	\$30,082,988

5. Other Assets

Other assets consist of:

	1984	1983
Goodwill	\$ 751,262	\$ -
Patent rights	967,890	-
Deferred foreign exchange loss	2,138,182	1,114,208
Development & preoperating costs	1,815,843	2,074,258
	\$5,673,177	\$3,188,466

During the year, the Association purchased the shares of Buffalo Beton Ltd. from ABL Engineering Ltd., an associated company. In addition, the Association acquired certain patent rights, which together with the goodwill, will be amortized over a ten year period, commencing in 1985.

Notes to the Consolidated Financial Statements

Alberta Wheat Pool
and subsidiary companies
July 31, 1984

30

6. Term Loans

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

7. Long-Term Debt

	1984	1983
Alberta Wheat Pool		
Income debenture	\$ 5,100,000	\$ 6,300,000
Promissory note	3,500,000	5,500,000
Capital lease	1,026,640	1,249,183
Agreement to purchase	4,400,000	-
Western Pool Terminals Ltd.		
6 $\frac{5}{8}$ % mortgage	3,952,500	4,141,072
Advances from minority shareholders	3,500,520	3,429,250
Alberta Food Products		
9 $\frac{1}{4}$ % notes payable - U.S. \$16,000,000	20,952,000	20,978,000
	42,431,660	41,597,505
Less current maturity	5,860,095	4,845,116
	\$36,571,565	\$36,752,389

- The income debenture is secured by a first mortgage on land, a first floating charge on all the Association's undertakings, property and assets. The debenture carries interest at half of prime rate plus three quarters of a percent, and is repayable in quarterly installments of \$300,000, terminating in 1988.
- The amount payable under the demand promissory note represents the Association's liability for shares of Cooperative Energy Corporation. The terms provide for quarterly payments ending in 1986. Payments in arrears bear interest at prime rate.
- The obligations under the capital lease expire in 1988. Interest is payable at 14% throughout the lease period.
- The obligation under the Agreement to Purchase is secured by an irrevocable bank letter of guarantee. The agreement carries interest at 9 $\frac{1}{2}$ % and is payable monthly. Principal is repayable in monthly installments of \$100,000 terminating in 1988.
- The 6 $\frac{5}{8}$ % mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual installments of \$462,918, including interest.
- The 9 $\frac{1}{4}$ % notes payable to the Prudential Assurance Company of America are secured by a first fixed mortgage on the land, a first floating charge upon the interests of Alberta Wheat Pool in Alberta Food Products, upon all of the property and assets thereof, and by guarantees of the Association. This long-term debt is repayable in annual installments to 1994.
- Interest on long-term debt was \$7,306,452 in 1984 (1983 - \$7,273,500).
Repayments of long-term debt for the next five years ending July 31 are as follows:
1985 - \$5,860,095; 1986 - \$6,358,422; 1987 - \$4,906,552; 1988 - \$4,691,590; 1989 - \$2,524,130.

8. Reserves

Details of reserves issued to members are as follows:

Notes to the Consolidated Financial Statements

Alberta Wheat Pool
and subsidiary companies
July 31, 1984

31

	1984	1983
Balance at beginning of year	\$91,460,668	\$87,619,571
Deduct members' reserves purchased	8,124,807	7,012,084
	83,335,861	80,607,487
Add patronage refunds allocated as members' reserves	12,779,239	10,853,181
Balance at end of year	\$96,115,100	\$91,460,668

9. Extraordinary Item

At July 31, 1984, the Association provided for \$725,000 (1983 - \$800,000) to reflect a reduction in the realizable value of an investment. This reduces the carrying cost of this investment to nil.

10. Commitments

- The construction of certain property and equipment has been authorized by the directors of Alberta Wheat Pool to the extent of approximately \$22,969,000 (1983 - \$21,140,000).
- Western Co-operative Fertilizers Limited, in which the Association has a 25% interest, has, through a U.S. subsidiary acquired a 50% interest in a phosphate mining and processing operation. As of July 31, 1984, the balance of the debt instruments amounted to U.S. \$43,329,721 (Canadian \$57,065,243) repayable in annual installments until 1996. Up to one third of the annual payments of principal and interest on these loan agreements are guaranteed by the Association, until the acquisition financing has been discharged, through a contract to purchase specified annual quantities of phosphate rock. This take or pay contract has been assigned to Western Co-operative Fertilizers Limited for the acquisition of raw materials in its normal course of business.
- The Association participates to the extent of a 34% interest in the construction of a major grain handling facility at Prince Rupert, British Columbia. This venture is being financed by the participating joint venturers and the Government of Alberta. The Association's total investment will be approximately \$20,400,000 of which \$19,752,000 has been contributed to July 31, 1984. The remainder of the contributions are expected to be made during the next year.

11. Contingencies

- In the ordinary course of its business, the Association is contingently liable to producers for the custody of grain delivered to country elevators on storage tickets.
- The Association guarantees up to \$8,000,000 in connection with the financing obligations of Western Co-operative Fertilizers Limited (WCFL). WCFL is currently renegotiating its long-term financing. Under the proposed arrangements the guarantee for \$8,000,000 will be eliminated and the Association will support the revised financing by committing to purchase, jointly with other organizations, certain specified minimum quantities of fertilizer annually until 1992.
- The Association is contingently liable for any deficiency in the security pledged against a loan of \$16,000,000 due by an associated company in 1988. An appraisal in 1983 estimated the market value of the security at \$14,400,000.
- Income tax reassessments for \$570,000 are outstanding relating to inventory allowances claimed by the Association. No provision has been made in the financial statements for this amount as the Association has filed its objection to these reassessments.

12. Related Party Transactions

The Association conducts its business activities as a co-operative and consequently, a significant portion of its transactions, including grain purchases, sale of farm supplies and financing transactions, are with members of the Association.

The Association owns in concert with other organizations certain corporations, partnerships and co-operative joint ventures and acquires from and sells to these related parties certain goods and services.

Amounts due from related parties of \$351,747 and amounts due to related parties of \$6,366,976 are included in the Association's assets and liabilities at July 31, 1984.

District One

101 Gogolinski, Barney	Orion
102 Lindeman, Les W.	Milk River
103 Simanton, Vernon	Foremost
104 Wocknitz, Robert	Magrath
105 McGlynn, Dallis H.	Twin Butte
106 Hanzel, Ron A.	Lethbridge
107 Nemeth, Frank	Picture Butte
108 Rempel, Henry S.	Vauxhall
109 Thurston, Clarence F.	Bow Island
110 Lewis, Stanley J.	Claresholm

District Two

201 McMorris, Gary	Milo
202 Williams, S. Evan	Vulcan
203 Brown, Gary G.	Stavely
204 McWilliam, Bernie	Blackie
205 Walker, Bruce	Gleichen
206 Duhn, Robert L.	Delacour
207 Schmaltz, Clarence M.	Beiseker
208 Durnin, Patrick	Kathryn
209 Carney, Pat F.	Three Hills
210 Bird, Lionel M.	Carstairs

District Three

301 Hagel, Robert J.	Schuler
302 Lemare, Carl	Acadia Valley
303 Aasen, Alfred Lawrence	Brooks
304 Bothi, Steven C.	Bassano
305 Moe, Daniel L.	Morrin
306 DeGiano, Wayne R.	Craigmyle
307 Pratt, Kenneth R.	Esther
308 Kloberdanz, John	Kirriemuir
309 Hepp, Melvin F.	Castor
310 Petersen, Leslie M.	Erskine

District Four

401 Redmond, Donald R.	Edgerton
402 Chynoweth, Stanley J.	Wainwright
403 Harbin, Clifford T.	Rivercourse
404 Thompson, William C.	Mannville

405 Oberg, Wilmer L.	Forestburg
406 Ash, Robert W.	Viking
407 Pearson, John F.	Donalda
408 Pepper, Clifford G.	Ohaton
409 Jacobsen, Norman	New Norway
410 Rude, Lars E.	Tofield

District Five

501 Silver, Neil D.	Huxley
502 Schaefer, Vernon F.	Innisfail
503 Nelson, Glen R.	Bentley
504 Wagner, Albert F.	Lacombe
505 Baker, Percy A.	Ponoka
506 Wedman, Johnathan K.	Wetaskiwin
507 Rebus, John A.	Stony Plain
508 Lappenbush, W.F. (Bud)	Mayerthorpe
509 Anderson, Hubert N.	Barrhead
510 Stanley, Kenneth	Westlock

District Six

601 Bober, John R.	Derwent
602 Pidruchney, Albert L.D.	Myrnam
603 Farion, Orest	Vegreville
604 Fedun, David	Andrew
605 Galloway, Kenneth D.	Ft. Saskatchewan
606 Mulligan, Earl	Bon Accord
607 Ewaskow, Russel F.	Thorhild
608 Carson, W.D.	Waskatenau
609 Shalka, Kenneth Rudy	Fort Kent
610 Nikipelo, John Morris	Boyle

District Seven

701 Crone, James B.	High Prairie
702 Galigan, Douglas	Falher
703 Nikolaychuk, Mike	Woking
704 Bohn, Jack F.	La Glace
705 Erickson, Rae G.	Tangent
706 Watson, Allen B.	Dawson Creek
707 Vander Linden, Dale	Clayhurst
708 Sydnies, Kenneth J.	Brownvale
709 Kosiorek, Con	Hotchkiss
710 Wieben, Donald O.	Fairview

Board of Directors

A. J. Macpherson

President

Delia

D. E. Livingstone

First Vice-President

Vermilion

G. W. Braithwaite

Second Vice-President

Bowden

J. C. Riddle

Carstairs

T. A. Graham

Spirit River

R. C. Schmitt

Milk River

H. H. Hennig

Andrew

D. V. Riddell

Corporate Secretary

A. W. Beattie

Director-Public Relations

Management Executive

J. W. Madill

Chief Executive Officer

G. C. Appleby

Director - Human Resources

F. E. Ball

Director - Country Operations

G. J. Dewar

Director - Terminal Facilities

T. M. Volk

Director -

Finance and Administration

R. W. Jiggins

General Manager -

Alberta Food Products

Legal Counsel

MacKimmie Matthews

Auditors

Touche Ross & Co.

Bankers

Bank of Montreal

Royal Bank of Canada

Bank of Nova Scotia

Canadian Imperial

Bank of Commerce

Toronto-Dominion Bank

Bank of British Columbia



