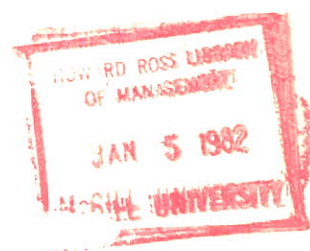


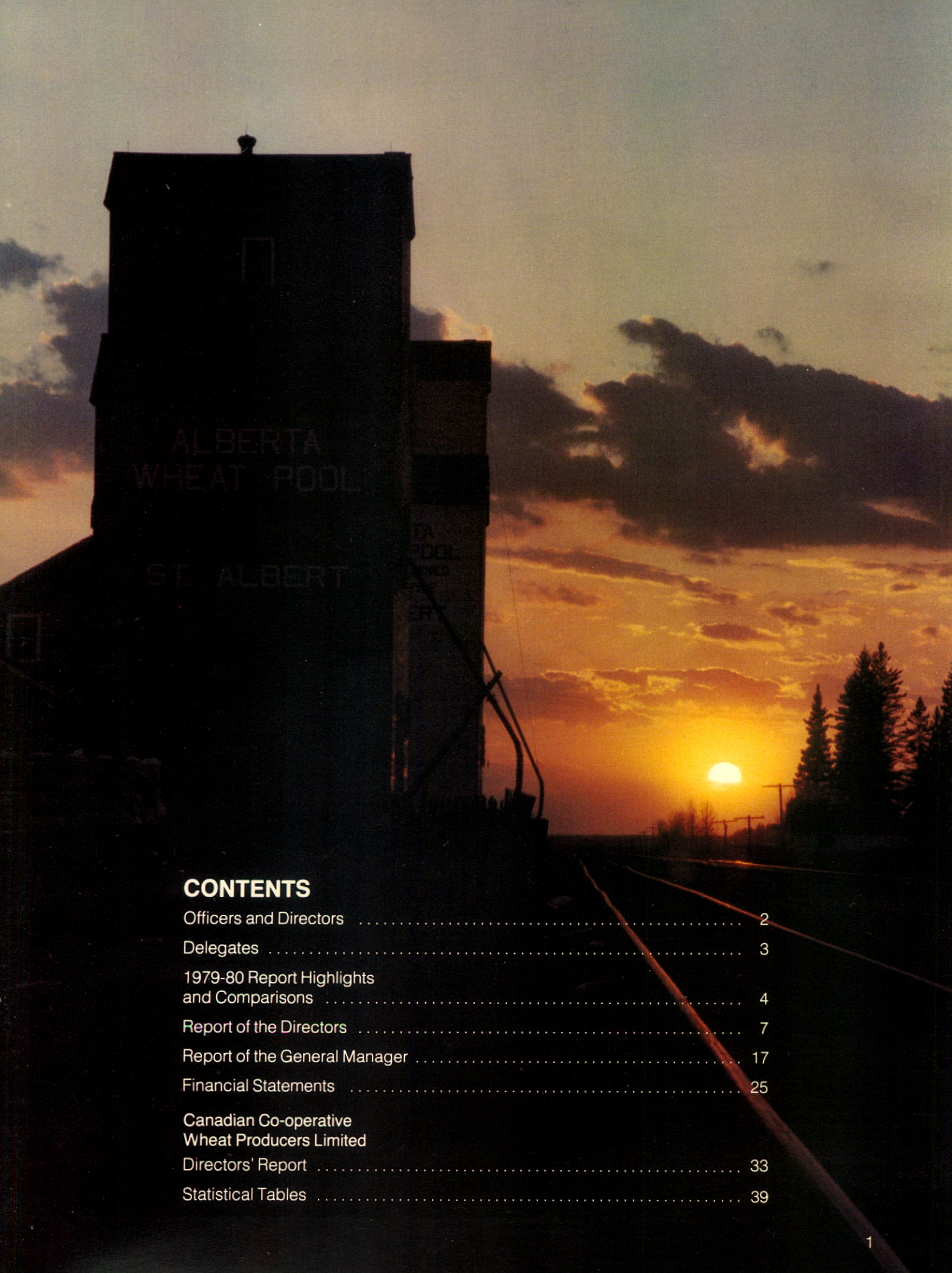
ALBERTA WHEAT POOL



ANNUAL REPORT 1981







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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

MANAGEMENT EXECUTIVE

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

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

LEGAL COUNSEL

MacKIMMIE MATTHEWS

AUDITORS

TOUCHE ROSS & CO.

BANKERS

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

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



DELEGATES

LETHBRIDGE — District One

101	Gogolinski, Barney	Orion
102	Schmitt, Ray C.	Milk River
103	Hutchinson, Howard	Skiff
104	Wocknitz, Robert	Magrath
105	Maloff, Peter C.	Cowley
106	Orcutt, Darrel	Coaldale
107	Nemeth, Frank	Picture Butte
108	Rempel, Henry S.	Vauxhall
109	Thurston, Clarence F.	Bow Island
110	Lewis, Stanley J.	Claresholm

CALGARY — District Two

201	Chambers, William E.	Lomond
202	Williams, S. Evan	Vulcan
203	Berger, John C.	Nanton
204	Rogers, Edward L.	High River
205	Burne, George W.	Gleichen
206	Duhn, Robert L.	Delacour
207	Schmaltz, Clarence M.	Beiseker
208	Fowler, Alvin W.	Airdrie
209	Carney, Pat F.	Three Hills
210	Bird, Lionel M.	Carstairs

DRUMHELLER — District Three

301	Bayer, Robert	Schuler
302	Lemare, Carl	Acadia Valley
303	Aasen, Alfred Lawrence	Brooks
304	Axelsen, Eric	Drumheller
305	Johnson, Jim G.	Drumheller
306	Nelson, Norman E.	Craigmyle
307	Johnston, Vernon R.	Oyen
308	Kloberdanz, John	Kirriemuir
309	Hepp, Melvin F.	Castor
310	Petersen, Leslie M.	Ersine

CAMROSE — District Four

401	Redmond, Donald R.	Edgerton
402	Chynoweth, Stanley J.	Wainwright
403	Harbin, Clifford T.	Rivercourse
404	Livingstone, Douglas E.	Vermilion
405	Oberg, Wilmer L.	Forestburg
406	Ash, Robert W.	Viking
407	Pearson, John F.	Donalda

408	Pepper, Clifford G.	Ochaton
409	Baker, Donald	New Norway
410	Rude, Lars	Tofield

RED DEER — District Five

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

VEGREVILLE — District Six

601	Bober, John R.	Derwent
602	Pidruchny, Albert L. D.	Myrnam
603	Farion, Orest	Vegreville
604	Hennig, Harold H.	Andrew
605	Galloway, Kenneth D.	Fort Saskatchewan
606	Mulligan, Earl	Bon Accord
607	Ewaskow, Russel F.	Thorhild
608	Din, Alexander	Warspite
609	Shalka, Kenneth Rudy	Fort Kent
610	Zachkewich, Emil	Boyle

PEACE RIVER — 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	Graham, T. Alex	Spirit River
707	Vander Linden, Dale	Clayhurst
708	Sydnies, Kenneth J.	Brownvale
709	Kosiorek, Con	Hotchkiss
710	Morrison D. James	Bluesky



1980-81

REPORT HIGHLIGHTS AND COMPARISONS

	1981
Handling — Country Elevators, in tonnes	6 392 558
— Forage Seed, in kilograms	10 002 202
— Cereal Seed, in kilograms	18 813 822
Percentage of Alberta Grain Deliveries Handled	66.8%
Gross Value of Board Deliveries Other Sales and Revenues	\$1,390,978,341
Marketing Division Sales (included above)	\$ 120,310,267
Gross Margin	\$ 148,246,404
Total Expenses	\$ 114,502,508
Depreciation	\$ 9,722,170
Earnings before Taxes	\$ 34,591,919
Current Assets	\$ 386,638,088
Current Liabilities	\$ 313,408,413
Working Capital before Disposition of Earnings	\$ 73,229,675
Capital Expenditures on Properties and Equipment	\$ 18,380,376
Total Invested in Capital Assets	\$ 168,832,404
Patronage Refunds Distributed (out of previous year's earnings)	\$ 28,057,584
Reserves Held by Members	\$ 75,855,717
Percentage of Member Business prior year	94.66% Est.
New Members	2,257
Total Membership	57,446
Number of Country Elevators	645
Elevator Capacity — in tonnes — Country	1 807 210
— Terminals	481 980
Number of Employees July 31	2,112

1980	1979	1978	1977	1976
5 582 811	4 167 989	4 483 130	4 758 639	4 396 102
6 042 824	5 913 623	7 264 818	7 698 852	4 785 377
19 791 476	13 615 808	15 095 193	12 687 619	8 430 643
66.9%	64.4%	66.2%	65.5%	65.7%
\$982,420,430	\$629,600,962	\$642,329,306	\$671,537,175	\$637,312,255
\$ 94,283,451	\$ 72,845,164	\$ 64,545,177	\$ 52,501,150	\$ 45,967,767
\$123,823,526	\$ 91,088,196	\$ 77,610,900	\$ 74,302,981	\$ 75,026,276
\$ 95,024,483	\$ 69,571,549	\$ 61,822,952	\$ 59,247,505	\$ 53,267,755
\$ 8,581,259	\$ 6,264,236	\$ 5,128,396	\$ 4,338,905	\$ 4,065,341
\$ 29,560,915	\$ 22,346,864	\$ 15,787,948	\$ 15,055,476	\$ 21,758,521
\$268,261,256	\$197,888,159	\$163,385,607	\$146,100,934	\$171,518,425
\$207,674,585	\$153,162,831	\$139,785,804	\$114,259,407	\$137,242,865
\$ 60,586,671	\$ 44,725,328	\$ 23,599,803	\$ 31,841,527	\$ 34,275,560
\$ 15,647,451	\$ 23,360,174	\$ 23,758,912	\$ 11,536,831	\$ 8,019,122
\$152,368,833	\$139,971,526	\$118,439,698	\$ 96,020,615	\$ 86,618,037
\$ 21,001,982	\$ 15,179,288	\$ 14,703,791	\$ 20,834,407	\$ 12,705,372
\$ 65,953,690	\$ 58,811,946	\$ 52,256,211	\$ 45,927,406	\$ 36,875,466
94.66%	96.6%	96.5%	96.2%	96.7%
2,130	1,808	2,404	2,768	2,855
57,324	56,705	56,375	55,880	56,590
670	711	735	742	782
1 852 120 1 185 120	1 929 970	1 958 000	1 962 120	2 041 620
481 980	481 980	403 580	403 580	432 700
1,975	1,878	1,817	1,752	1,691



**REPORT OF THE BOARD OF DIRECTORS
ALBERTA WHEAT POOL
TO FIFTY-NINTH ANNUAL MEETING OF DELEGATES**



Board of Directors — Front Row: P. Dobson — District 4; G.W. Braithwaite, 2nd Vice President — District 5; W. Davidiuk — District 6. Back Row: H.R. Patching, 1st Vice President — District 1; J.C. Riddle — District 2; A.J. Macpherson, President — District 3; N.M. Lorencz — District 7.

Gentlemen:

The 1980-81 crop year was one of challenge for Alberta Wheat Pool and its farmer members. Farmers were encouraged to increase grain production and they responded by producing record crops in Alberta and Northeastern British Columbia. The strengthening grain prices in the first part of the crop year were most encouraging, however the later downturn added to the farmers existing hardships of high inflation, soaring interest rates and a higher cost for agro inputs.

With a major crop to move, Alberta Wheat Pool responded by handling a record volume of grain through its country elevator system. Maximum performance of Alberta Wheat Pool's elevator and terminal capacity remained untested because of inadequate transportation and terminal congestion.

➤ Alberta Wheat Pool continued its leadership role in the Prince Rupert Consortium; a major expansion and upgrading program at Western Co-operative Fertilizers Limited was researched

and approved; innovative elevator technology was pursued; Buffalo concrete elevators were built at Fort Saskatchewan and Vegreville and a Buffalo 2000 was approved for Lyalta. As instructed by the delegate body, your association participated in formation of the Co-op Energy Program.

Alberta Wheat Pool policies were presented to several groups, individuals and legislators on matters affecting farmers or their Association.

SUMMARY OF OPERATIONS

For the second consecutive year, Alberta Wheat Pool has handled a record volume of grain in the country. Total handlings for 1980-81 were 6.4 million tonnes. In establishing this record, the average handle per elevator increased by 28% to 18 000 tonnes which reflects a considerable increase in productivity. Alberta Pool's percentage of provincial deliveries decreased slightly to 66.75% which is due to congestion and car allocation procedures.

At Vancouver, total receipts for all terminal operations increased by 4% to 8.3 million tonnes. However, the receipts at the two terminals managed by Alberta Pool were down from last year. Pool No. 1 received 2.4 million tonnes and Pacific Elevators received 1.9 million tonnes of grain. Jointly the two terminals handled 51.2% of port grain compared to 63.7% last year. Both terminals are capable of handling and processing much larger volumes of grain. Shipments of grain by Alberta Pool to eastern destinations were up by 372 000 tonnes and totalled 1.4 million tonnes.

Farmers spent a record \$115.7 million to purchase agro products from their Pool organization, which is an increase of 28% from last crop year.

The consolidated net earning of Alberta Wheat Pool for the 1980-81 crop year is \$33.7 million. It is the largest earning ever recorded by Alberta Wheat Pool and reflects the continued support of members. This money will be returned to active Pool members who worked together through their Alberta Pool co-operative to earn this saving.

This year's earning will enable the organization to continue accelerating the upgrading and construction program and improve service to the farmer.

CANADIAN MARKETING SUMMARY

Canadian exports of the six major grains and oilseeds during the 1980-81 crop year totalled 21.2 million tonnes, 2% less than last year's record movement. There was an increase in export volume from last crop year for wheat by 1.9%; durum 6.5%; rye 12.5%; and flax 13.9%. Exports were down for oats by 55.9%; barley 15.5% and rapeseed 21.3%.

The Soviet Union took 28% of Canada's grain exports during the year and was the largest buyer of wheat, barley and rye. Other major buyers of Canadian wheat were China, the United Kingdom, Japan, Brazil, Poland and Italy. The major barley buyers in addition to the U.S.S.R. were Japan, Italy, Poland, Israel and the United States. Rapeseed exports went to Japan, Netherlands, West Germany and Bangladesh.

Domestic consumption in Canada of the six major grains was 6.7 million tonnes or 7.9% below last crop year's level.

PRINCE RUPERT

The process of guiding the Consortium through a complicated maze of legal, financial

and construction agreements continued. Some of the key issues to be settled involved internal agreements, tax rulings, financial arrangements and site preparation costs on Ridley Island.

As the Consortium worked for reasonable settlements, Alberta Wheat Pool maintained its leadership role in the project.

After a lengthy negotiation with the National Harbours Board the actual site was changed slightly resulting in a cost reduction in site preparation expense. Site preparation work is underway and should be completed in May 1982.

The terminal will be a slip form concrete structure and the completion date is still set for 1984. Engineering work is well under way and tenders for the major part of construction should be called early in the new year.

In the planning stage the Consortium gave serious consideration to the Canadian Wheat Board's offer to finance additional surge capacity at the terminal. The value of this proposal was recognized but the decision was not to proceed at this time.

Alberta Wheat Pool continued to manage the existing terminal at Prince Rupert. The Consortium has invested over a million dollars in upgrading the structure.

In the Spring of 1981 the Consortium was faced with a shocking new capital cost estimate of \$260 million for the projected 200 000 tonne facility. To date members have held to their initial commitment. The planned deadline for a final decision on this project is March 1982.

The Alberta Government has been very supportive in this terminal project and recently signed a financial agreement with Ridley Grain Ltd. The Provincial Government's assistance will be in the form of debentures and first mortgage bonds.

WESTERN CO-OPERATIVE FERTILIZERS LTD.

The fertilizer year 1980-81 was the 15th full year of operation for Western Co-operative Fertilizers Ltd. During the year 546 120 tonnes of dry fertilizer was produced and Alberta Wheat Pool received 185 856 tonnes of product.

The season began with demand for urea and phosphates exceeding supply. Near the end of the year shipments of all products, especially phosphates, were reduced and large inventories resulted. Interest rates and dry farming conditions caused some decline in sales.

Throughout the year W.C.F.L. had ample supplies of all raw materials. Prices of raw materials and production costs continued to escalate. The wellhead tax placed by the Federal Government raised the cost of ammonia fertilizer by \$20 per tonne. Transportation costs which represent about 30% of the final price of fertilizers, also contributed to the price spiral. Near prospects are for the cost of raw materials, transportation and production to continue an upward trend.

There was considerable discussion on the capital needs of the fertilizer plants during the year and the W.C.F.L. Board eventually approved a multi-million dollar upgrading and expansion program. Almost half of the expenditure will be to satisfy regulations of the Department of Environment.

Action was taken to increase capacity at the Condo-Idaho phosphate ore mine by adding a 4th calciner that would increase production from 1,675,000 to 2,000,000 tons per year.

The earnings of W.C.F.L. since its inception show a total net outflow of cash to the principals of \$31.7 million, \$5.8 million as cash patronage refunds and \$25.9 million as interest.

W.C.F.L.'s commitment of assuring Western Canadian farmers a supply of fertilizer first remains intact.

ALBERTA FOOD PRODUCTS

The canola crushing plant owned by Alberta Wheat Pool and its Japanese partners completed its first full year of operation. Management continued to fine tune mechanical operations and the result was a very satisfactory output of high quality product.

Early in the crop year Alberta Food Products joined a consortium of shippers and purchased shares in Neptune Terminals at Vancouver. Alberta Food Products' 1% share in the terminal provides access to port facilities capable of storing oil and loading ships.

During the first half of the crop year the sale of processed oil and meal from the plant was buoyant. However in the second half, the large inventory of soybean oil and meal in the U.S. began to effect Canadian markets and prices for rapeseed products. The immediate result was a sharp decline in crushing margins and the practise of buying unpriced rapeseed at the plant became less desirable.

The long term outlook for the crushing industry is good, but in the short term the problems

of adequate seed supply, pricing practises and transportation will be crucial to this value added industry.

CO-OPERATIVE ENERGY PROJECT

Early in 1981 Senior executives of Canadian co-ops met at the Annual meeting of the Co-operative Union of Canada to discuss participation in the development of Canada's energy resources. This interest from the co-operative section coincided with a renewed desire by the Federal Government to increase the percentage of Canadian ownership in the energy industry. Preliminary discussions between the Co-op Steering Committee and the Federal Government resulted in the concept of an investment fund and repayable loans from Federal funds.

The Steering Committee also established a basic proposal for the Co-op Energy project and then asked Canadian Co-ops for financial commitment.

On April 22, 1981, Alberta Wheat Pool delegates reviewed the proposal and authorized Alberta Wheat Pool participation with an investment of \$8 million over a period of 4 years. Co-ops from across Canada committed over \$70 million to the concept.

Progress in coming to an agreement on the Federal Government's participation in the co-operative has been slow and at the time of writing no final agreement has been reached.

Co-operatives are prepared to move ahead on the project, but only if their independence to operate without undue influence by any Government is assured.

The Energy Co-operative is now called Co-Enerco, and Mr. Madiill is a Board member.

CANADIAN WHEAT BOARD

At the beginning of the crop year estimates on world grain production, consumption and projected trade stimulated a rise in grain prices. By November export wheat prices were at record levels. Canadian Wheat Board asking prices at Thunder Bay for No. 1 C.W. 13.5% protein were around \$270 per tonne and at Vancouver over \$280 per tonne. The quotes on export barley were well over \$200 per tonne at both ports.

The Canadian Wheat Board responded to the market situation by increasing the announced initial payments early in the crop year for wheat and barley, and by making a further upward adjustment in the middle of the crop year.

The buoyant prices and general good movement of grain in the early stage of the crop year was little comfort for farmers in southern Alberta. Elevators in blocks 81, 82, 83 and 84 were congested and there was no Hard Red Spring wheat quota until October 16 in these blocks. The problem was a labour dispute in the C.P. Rail system and it lined ships up at Vancouver waiting for higher grades of wheat, as well as backing up farmers' deliveries. Despite the Board's efforts to send more cars into the blocks, the shortfall (cars ordered but not spotted) was over 1,500 by the end of Week 10.

Early in 1981 wheat prices began a gradual decline as reports predicted record crops of winter wheat in the United States and larger corn acreage.

The Canadian Wheat Board negotiated its largest single long-term agreement when the Soviet Grain Trading Corporation signed a new 5 year contract for 25 million tonnes of Canadian wheat and feed grains. Farmers were pleased with this assurance of market. Just prior to this the U.S.S.R. had purchased 2.1 million tonnes of grain comprised of C.W.R.S. wheat, feed barley, durum wheat and some winter wheat. Other major contracts were with Japan for 1.3 million tonnes of wheat and 850 000 tonnes of barley; and with China for 2.8 million tonnes which completed the second and third year of a 3 year agreement.

Throughout this crop year the Canadian Wheat Board negotiated sales of grain to 48 countries.

Alberta Wheat Pool met with Board Commissioners and Senior Staff on several occasions throughout the year to communicate particular concerns and to make positive suggestions on improving Board operations. Alberta Wheat Pool continues to support the Canadian Wheat Board concept and is interested in making it work in a manner that will serve our members in the best way possible.

The Canadian Wheat Board Advisory Committee conducted two main programs during the year. For the Prairie Production Symposium 31 scientists, senior representatives from Government, Western Universities, the Canadian Grain Commission and the Canadian Wheat Board met at the University of Saskatchewan. The Symposium addressed three main questions: — can Prairie farmers increase production by 50% by 1990, how can it be done, and what needs to be done to bring it about? The conclusions were mailed to all permit holders in Western Canada.

The most controversial and probably least understood program was the Market Assurance Plan. Eventually it was withdrawn to await more widespread producer support.

CANADIAN GRAIN COMMISSION

The Canadian Grain Commission has the responsibility of setting the maximum tariffs grain handlers can charge for elevation, removal of dockage and storage. During the crop year the Commission made no changes in these maximum tariffs.

Grain handlers can set their tariffs at any level providing it does not exceed the maximum. The tariffs for all points are submitted independently to the Grain Commission for approval. With the exception of Creston, Alberta Wheat Pool elevation tariffs for the year were considerably under the maximum figures allowed for the six major grains.

The average increase filed by Alberta grain handlers for elevation during the crop year was as follows: wheat 70¢ per tonne, oats \$1.00 and barley 90¢ per tonne.

The Canadian Grain Commission announced some changes in utility wheat grades that were implemented August 1, 1981. Only Glenlea, or any future licensed variety that has similar quality characteristics will qualify for the 1 C.U. or 2 C.U. grades. Pitic and Nugaines will only qualify for the "Canada Feed" wheat grade.

COMPENSATION PAYMENTS

When the Russian grain embargo was implemented and supported by the Canadian Government, Alberta Pool's Board took the position that farmers should not be expected to carry the full cost of this national action. Late in the crop year, after repeated submissions from Alberta Pool and other sources, the Federal Government announced producers would receive compensation payments based on records held by the Western Grain Stabilization Administration.

GRAIN STABILIZATION PROGRAM

In 1980, 125,900 grain producers in Western Canada contributed \$48.8 million in levies to the Western Grain Stabilization Program. This represents an average of \$388 per participating farmer and records for the year indicate 76% of eligible producers participated in the program. Contributions from the Federal Government for the year totalled \$97.6 million and the Government ab-

sorbed all administration costs. At the end of 1980 there was a total of \$174.5 million in the fund. Payouts to producers since start up were \$115 million in 1977 and \$253 million in 1978.

RAIL ABANDONMENT HEARINGS

The Canadian Transport Commission (C.T.C.) has held hearings in seven Alberta communities for the purpose of receiving briefs on the future of nine rail lines. Alberta Wheat Pool presented a brief to the Commission at each hearing and worked in several communities to help interested local residents prepare briefs.

On November 24, 1981, a C.T.C. Hearing will be held for the Furness line in Paradise Valley. A date had not been set (at time of writing) for Bodo.

Abandonment orders were issued for the Gem Spur, Alberta Central (Benalto), the Strathmore and Langdon Sub-divisions, and for Coronado Lindbergh to Heinsburg).

Retention of a line by the Commission is both good and bad news. The Commission has the authority to order retention of a line for up to 5 years. Nomination to the permanent rail network can only come from the Minister of Transport. Five years of assurance without continued certainty does not justify major elevator upgrading or the construction of new facilities.

HOPPER CAR UPDATE

The railways' fleet of hopper cars improved considerably during the crop year. The Federal Government obtained 2,000 cars on a lease arrangement and the Alberta and Saskatchewan Governments bought another 2,000 cars. Since 1972 the Federal Government has financed the acquisition of 10,000 hoppers, the Canadian Wheat Board 2,000 cars and the Provincial Governments 2,000.

Your Board has taken steps to support the call by the Grain Transportation Authority for the purchase of 1,300 cars each year for the next four years and approximately 900 cars per year from 1985 to 1990.

PRODUCER CARS

The right of grain producers to order grain cars for their own use is a part of the Canadian Grain Act. In the last crop year producer car use increased by 43% (2,954 cars) in Western Canada compared to the previous crop year. Alberta and British Columbia shipped 1,338 cars or 45% of the total. Alberta Wheat Pool believes the

producer car is a right and is prepared to offer assistance with documentation for these cars and in selling the grain.

Early in the crop year the producer car right was exploited for the purpose of shipping rapeseed to Vancouver. The cars were consigned largely to Pacific Elevators Ltd. without a vessel being nominated to receive the rapeseed. Winnipeg Commodity Exchange provisions enabled producers to deliver rapeseed at Vancouver to a futures contract. However, major grain handlers had to indicate which vessel the rapeseed shipment would serve prior to a car being allocated. In addition, any major shipper delivering to a futures contract would have had problems in meeting export sales. Early in the crop year the terminal became congested with uncommitted stocks and Alberta Wheat Pool was unable to meet export sales commitments. These stocks were being held for premium prices.

In summary, the majority of rapeseed growers were disadvantaged by the few producers and small shippers who used the producer car right.

GOVERNMENT PARTICIPATION

During the crop year the Heritage Savings Trust Fund grain cars were added to the rail fleet. This investment was timely and appreciated as transportation is truly the weak link in the grain export business. Your Board is of the opinion that if the Alberta Government plans to continue its involvement in the grain industry efforts should be concentrated on the transportation issue. Taking a supportive stand on the Western Agriculture Conference position would be most helpful; investing in partnership with industry to research ways of reducing energy consumption in crop production, or implementing measures that would reduce the cost of farmers' petroleum-based inputs, could reduce the financial pressure facing farm people. The areas for Government to avoid are duplication of handling services and any action that would fragment jurisdiction in the industry.

Your Board remains committed to its objective of being non-political, but more than ever there is a need to work with the Government of the day for the benefit of the agriculture industry.

Your Board has instituted a program that involves close monitoring of Federal and Provincial Governments and communication with Governments will be more frequent on issues that affect this organization and its members.

GRAIN ACADEMY

With the announcement of a permanent home for the Museum in Calgary's Stampede Park, work began to adapt the existing models to the space provided. New models and original displays were developed and artifacts and photographs were collected from around the Province.

To co-ordinate the numerous projects the Wheat Pool Grain Museum Society appointed Donald Freed as Manager-Curator.

"The Grain Academy" was selected by the Society as the official name and its doors opened to the public on July 3, 1981.

The Academy is the only place of its kind in the world where people of all ages can learn the story of grain.

ALBERTA 75th ANNIVERSARY

Your Board chose to participate in the Provincial birthday celebration by sponsoring a 13 week television series entitled "There's No Free Lunch." The programs were aimed at urban and rural audiences and the objectives was to provide a better understanding of rural life.

50 YEARS OF YOUTH SUPPORT

1980 marked Alberta Wheat Pool's 50th year of working with young people through the 4-H program. The late Deputy Minister of Agriculture, Dr. J. O'Donohue presented Alberta Wheat Pool with an art work to mark the occasion. Alberta Wheat Pool's support of this rural youth development program demonstrates your organization's belief in the need to work with the farmers and rural leaders of tomorrow who are today's 4-H members.

MEMBERSHIP

During the 1980-81 season, 2,257 new members were accepted by the Board as compared to 2,130 during the 1979-80 season.

A total of 661 deaths were reported and 1,474 memberships were cancelled.

The net increase in membership totalled 122 members, increasing the membership strength from 57,324 to 57,446 members as at July 31, 1981.

CANADIAN CO-OPERATIVE WHEAT PRODUCERS

Following the July 1981 Interprovincial Pool meeting, the Presidents of the three Pools met

with three key Cabinet Ministers in Ottawa to emphasize the need for immediate investment in the rail transportation network. Increased funds for rail branch line rehabilitation were requested and the Presidents recommended the purchase of additional hopper cars.

The three Pools, which constitute C.C.W.P., commissioned a survey of Western Canadian grain producers to measure grain producers' attitudes, expectations and perceptions.

C.C.W.P. also sponsored a study on the costs of moving grain by rail and the accuracy of estimating techniques. The study is in progress and may have a considerable effect on final costing figures. More details on this subject and a review of economic and trade policies affecting farmers are included in the full report of C.C.W.P.

AFFILIATION

Alberta Wheat Pool continued to hold membership and participate in the work of Unifarm, and through it the C.F.A. Memberships were continued in the B.C. Federation of Agriculture, and Co-op Union of Canada, the Canola Council of Canada, the Credit Union Central of Alberta, the Co-operators, the Canadian Co-op Credit Society, Co-op College, the Co-operative Future Directions Committee, Canfarm, Western Transportation Advisory Council (Westac) and the Canada West Foundation.

Alberta Wheat Pool's shares in Northland Bank were sold during the year.

BOARD OF DIRECTORS

The elected officers of your Board for the year were as follows: President, A. J. Macpherson; First Vice-President, H. R. Patching; Second Vice-President, G. W. Braithwaite. Other members serving on the Board were Parke Dobson, Nick Lorencz, William Davidiuk and Jack Riddle.

The three Presidential Directors were elected to the Boards of Canadian Co-operative Wheat Producers, Canadian Pool Agencies Limited and Pool Insurance Company. Messrs. Macpherson and Patching served on the Board of Western Co-operative Fertilizer Limited and the Management Committee of Alberta Food Products.

Mr. Macpherson serves on the Executive Committee of W.C.F.L., as President of Prince Rupert Grain Ltd., Western Pool Terminal Ltd., Ridley Grain Ltd. and Chairman of Pacific

Elevators Ltd., the Management Committee of Alberta Food Products, Vice Chairman of XCAN Grain Ltd. and he is a Director of W.C.F. (U.S.) Inc., and Goldeye Foundation.

Mr. Patching was elected to the Unifarm Provincial Council, the Unifarm Board of Directors and Executive and the Board of the Canola Council of Canada. He also worked as Chairman of the Wheat Pool Grain Museum Society and was recently elected to the Board of the Western Grains Research Foundation.

Director Braithwaite continued his appointment on the R.E.D.A. Policy Council, was elected Director of XCAN Grain Ltd. and the Co-op College of Canada. He was Vice-Chairman of the Alberta Regional Council for the College and represented Alberta Wheat Pool on the Co-op Future Directions (Alta) Program as well as the Committee for Co-op Curriculum Resource Material.

Director Riddle was elected to the Board of Directors of Unifarm and the Unifarm Provincial Council. Former Director N. Jacobson also represented Alberta Pool on the Provincial Council.

Director Lorencz represented Alberta Pool on the Canadian Water Resources Association and served on the Western Grains Standard Committee as did Delegate Eric Axelsen.

Directors Dobson and Patching were appointed to the Advisory Council of The Co-operators.

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

The Senior staff of your organization served on numerous industry associated committees during the year.

ELECTION OF DELEGATES

Elections held this year in even-numbered sub-districts resulted in 25 delegates being elected by acclamation. Twenty-four members of this group were sitting delegates and in sub-district 702 Doug Galigan was re-elected after an inactive period. More than one nomination was received for 8 sub-districts and in the elections which took place, four new delegates were elected: Robert Wocknitz 104, Del Bonita; Stanley

Lewis 110, Claresholm; Lionel Bird 210, Carstairs and Emil Zachkewich 610, Boyle, Alberta. Sitting Delegates re-elected were John Klobberdanz 308, Robert Ash 406, W. Lappenbush 508, and Laurence Rimmer 510.

In sub-district 607 Dave Barnes resigned and in the by-election Russel Ewaskow of Thorhild was elected.

Other by-elections were held in sub-district 410 where Lars Rude of Tofield was elected and in 204 Edward Rogers of High River was elected by acclamation.

The Board congratulates all delegates who were successful in the election process. To those who were unsuccessful we thank you for your willingness to commit yourself to this farmers' organization. We hope you will remain active in Alberta Pool democracy by continued participation wherever an opportunity arises.

PROPERTIES

The Board's desire to accelerate modernization of facilities continued and new elevator construction was approved for Craddock, Elk Point, Gibbons, Hines Creek, Lyalta, Tempest and an undetermined off-line location. Annexes were approved for Didsbury, Fairview, Foremost, Fort Macleod, High Prairie and Vauxhall. Seven annexes are scheduled for moving.

The 1981-82 capital budget is a record \$27.5 million and when the \$15.9 million carryover from 1980-81 is added the total capital expenditure budget exceeds \$43 million.

This money will provide members with 7 new elevators, 6 annexes, 11 steel storage tanks, 3 bag warehouses, 2 bulk fertilizer plants, 5 elevator conversions to fertilizer plants, the installation of 10 fertilizer blenders, 16 new scales, 5 second leg installations, plus numerous other capital improvements.

The Board approved the construction of new elevators at Rosedale and Niobe by Jacobsen Bros. as a means of accelerating construction progress after the setbacks caused by fire.

PUBLIC RELATIONS

The Public Relations Department continued its practice of effective two-way communication. Education and stimulation of members was combined with reflection of member opinions and concerns to the Board of Directors and Senior management. The Department had a very busy year and proceeded to emphasize the positive

aspects of Pool membership and participation. The co-operation of all departments was solicited.

EXECUTIVE ACTIVITIES

In the past year your Board Executive has accelerated the frequency of contacts with Federal and Provincial Cabinet Ministers and their senior advisors. The influence of government on the grain industry and agriculture in general has grown drastically and the need to communicate prior to policy development has never been greater. Trips to Ottawa and Edmonton were conducted to present Alberta Wheat Pool's views on subjects such as the grain embargo payment, hopper car purchases, railway rationalization, branch line subsidies, the Crow rate issue, rapeseed movement, and the energy proposal. Recently the Executive presented a paper to the Provincial Agriculture Committee and discussed several topics of interest with the M.L.A.'s

The Prince Rupert grain terminal involved a major time commitment of your President and Senior Management as Alberta Wheat Pool continued its leadership role in the Consortium of Canada's six major grain handlers. The multi-million dollar upgrading and expansion proposal for W.C.F.L. was another demanding project that will have a long term impact on the organization and its members.

Throughout the year President Macpherson participated in national and international conferences and acted as a guest speaker and panelist on a number of occasions. The President's key objective continues to be the fulfillment of Alberta Wheat Pool policies and objectives.

GOLDEYE LAKE FOUNDATION

Over \$420,000 was raised to upgrade the Goldeye Centre. Some construction has been carried out at this educational facility, but more funds are presently needed for the sewage system which is now a priority. A submission for funds has been made to the Provincial Government and at the time of writing it rests with the Priorities Committee.

The Fund Raising Committee for Goldeye Centre will continue its work by repeating some projects and organizing new ventures to generate capital for this very worthwhile project.

Mr. Macpherson is a Board Member of this Foundation.

STAFF

The level of service extended to members during the year was made possible by a staff of knowledgeable, dedicated and loyal men and women. The Board extends its gratitude to those employees who fostered initiative and maintained a sense of responsibility in meeting Alberta Wheat Pool's goals.

IN MEMORIAM

Sympathy is extended to the relatives and friends of those former elected officials of Alberta Wheat Pool who passed away during the year.

Mr. Tom Howes, formerly of Millet and in recent years of Wetaskiwin, passed away on April 5, 1981 at the age of 93 years. Mr. Howes was an original contract singer and served as Delegate for 17 years from 1937 to 1954.

Norman Stewart of Edmonton passed away October 10, 1980 at the age of 90 years. He was a founding member of the Alberta Wheat Pool, served as delegate from 1927 to 1935 and as Field Man of the Pool organization from 1939 to 1956.

CHALLENGE FOR THE FUTURE

In the 1980's the demands on grain production, handling, transportation and marketing will be greater than at any time in history. World grain trade will grow significantly and prairie farmers are being asked to meet a 36 million tonne export target by 1990. The Canadian Wheat Board advisory committee symposium and the recent C.C.W.P. survey of producers indicate higher levels of production are achievable. It will require more fertilizer, less summerfallow, improved varieties, better weed and pest control and the development of new land. To handle and transport this volume of grain, massive capital inputs will have to be directed to projects such as the Prince Rupert Terminal, rail grade reduction in the mountains and double tracking, plus continuation of the country elevator construction and upgrading program. If the grain industry is to capture market opportunities, immediate action is required to develop and implement sound, sensible programs that will encourage farmers to increase production and the industry to expand handling and transportation capacity. Achieving the goal of increased grain exports will require co-operation of each industry segment. Innovation, research and supportive agricultural policies are equally essential.

Today's farmer is very dependent on a narrow base of plant genetic material. To achieve consistent production of food and higher yields, work at universities, Research Stations and private industry needs to be expanded. Practical agricultural research is vital if we are to have an industry committed to quality and an adequate production of food. Alberta Wheat Pool is acting by expanding its internal research and plant breeding program, by investing in University research, and by fully supporting the establishment of the Prairie Grains Research Check Off Fund. In the past, the return from dollars invested in agricultural research has been greater than almost any other kind of investment.

Any "challenge for the future" has to address inflation and interest rates. The inflationary disease continued to the point where many respected analysts believe it is here to stay. Economists point out that Government policies are at the root of inflation and millions of Canadians are feeding it with over-consumption and a lack of productivity. Even though Canadian farmers have an excellent productivity record, external factors such as inflation and high interest rates have a debilitating effect on agriculture.

It appears that survival will mean learning to live with inflation and increased government intervention. For the farmer and his Alberta Wheat Pool, inflation has developed a real thirst for operating capital. Farmers will augment operating capital by keeping abreast and incorporating the latest agronomic and mechanical developments into their operations. Alberta Wheat Pool will increase its efficiency in serving farmers by developing and refining innovative grain handling systems and by adopting advanced electronics. Computer technology is rapidly expanding. Mini-computers in the farm home and elevator office will soon be as commonplace as the radio. The speed and efficiency of electronic mail, instant inventory analysis and automatic transmission of records are just a few examples of Alberta Pool's adaptation to the computer. As farmers and grain handlers accept technological change, there will be a real demand for training programs and new skill development courses. Alberta Wheat Pool is taking a leading role in this area.

Agriculture is intensely energy consumptive and the newly signed Energy Agreement could have serious repercussions on the economic viability of western agriculture. Farmers are major users of petroleum based products and will be faced with rapid price escalation on fuel, fertilizer

and chemicals in the next five years. The agreement is expected to cause the price of crude oil to increase \$39 a barrel by mid-1986 (depending on world prices). It is expected that this increase in crude oil price will add \$39 per acre to the cost of producing grain on stubble land by 1986.

In 1981, the tax on natural gas used to manufacture fertilizer at Medicine Hat represented 25% of the cost of that gas (60.5 cents tax/1000 cu. ft.). By 1985 the tax will triple to \$1.80 and will represent 33% of the cost of gas. At the same time the Energy Conservation Board's border price will double at the manufacturing plant by moving from \$1.79 to \$3.60/1000 cu. ft.

The increased natural gas prices will have a substantial effect on the cost of fertilizer. For every one dollar increase in the cost of 1000 cu. ft. of natural gas, ammonia fertilizer price will increase by over \$40 per tonne. Today \$25 is added to every tonne of ammonia fertilizer to recover tax and by 1985 it is projected to be \$72 per tonne. In addition there will be other cost increases such as refrigeration of ammonia and transportation.

The farm cost-price squeeze may lead to further pressure for higher minimum price levels for grain with annual indexation clauses and renewed interest in a guaranteed marketing plan.

Your Board believes that a proposal to settle the transportation issue will be presented to the Federal Cabinet in the near future. Considering the recent subsidy reduction programs of the Federal Government, the importance of having the Crow-Snavely Gap payment made directly to the railways makes more sense. Rail capacity to the west is desperately in need of expansion. Transportation is now the most important issue facing the grain industry and the Canadian Government. To prevent car rationing, action must be immediate and your Board intends to continue presenting the transportation policies of this organization for the long term benefit of the agricultural industry.

It is the Board's hope that the Delegates will look seriously at these challenges and work towards practical solutions and policies that will benefit producers and their Alberta Wheat Pool co-operative.

All of which is respectfully submitted.

A. J. Macpherson
H. R. Patching
G. W. Braithwaite
J. C. Riddle

P. Dobson
N. M. Lorencz
W. Davidiuk



**REPORT OF THE GENERAL MANAGER
on the 1980-81 Crop Year**



J. W. Madill, General Manager

To: The President and Directors
Alberta Wheat Pool

Gentlemen:

Many new achievements highlight the 1980-81 Crop Year for Alberta Wheat Pool. Record country handlings, increased agro product sales, and good operations at terminal elevators resulted in improved earnings compared to one year earlier. Net earnings of \$33,744,000 represent an all-time record for your Organization. Factors contributing to this success were member loyalty, a good crop, relatively good rail service, careful stewardship of resources and employee dedication.

Other achievements include the new experimental Buffalo Sloping Bin (B.S.B.) elevator at Magrath which performed well, handling over 31,000 tonnes during the year. At Fort Saskatchewan, an improved design B.S.B. elevator also operated satisfactorily and a third plant is nearing completion at Vegreville. A second-generation B.S.B. elevator at Lyalta is now under construc-

tion. Good interest in the new elevator design has been demonstrated locally as well as in a number of foreign countries.

Work on the design and planning for the Prince Rupert terminal is progressing, but escalating cost estimates are causing some concern. The important financing agreements with the Government of Alberta were satisfactorily concluded after many months of negotiations. Alberta Wheat Pool will have a 34% interest in the Prince Rupert project.

Despite record performance, operations in 1980-81 were carried on in a business climate characterized by a number of disturbing events. The year saw interest rates rise to record high levels creating difficulties for western farmers and the grain handling industry alike. High interest rates result in massive carrying costs for inventories of grain and farm supplies. Persistence of these high rates along with continued excessive inflation can undermine Canada's competitive market position and weaken the structure of the farm economy and the grain handling industry.

Other problems emerged during the year. The industry has experienced what appears to be a rationing of rail transportation to the West Coast. Interruptions caused by labour disputes, combined with an indication from both railways that each could not exceed a total of 1500 cars a week to Vancouver at a time when market demands are greater, indicate serious capacity limitations have been reached. Alberta's life-line for grain exports has been westward and last year, because of constraints, greater amounts were shipped from the Province eastward to Thunder Bay even though distances are longer. There is no doubt that this alternate move was important in maintaining a high volume of country deliveries and shipments in Alberta, but it is unlikely to provide a lasting solution.

With the Province's dependence on West Coast ports and the large investment in terminal facilities on the Pacific, including the proposed expansion at Prince Rupert, restriction of rail traffic westward must be viewed as serious. Unless rail transportation limitations are overcome soon, utilization of West Coast terminals will suffer, returns from new terminal investment will be inadequate, and market opportunities will be lost.

Crop and Market Conditions

Dry early spring conditions gave crops a slow start in 1980, but timely rainfall during the summer months improved prospects considerably. Adverse weather early in the harvest season delayed operations and reduced the quality of the crop. Harvesting was finally completed by the end of October. Record yields of wheat, oats and barley were established but grades were generally disappointing with approximately 35% of the wheat grading Canada Feed.

Grain production of the six principal crops in Canada in 1980 totalled 36.8 million tonnes, only slightly higher than the 33.4 million produced in 1979. In Alberta, production reached 14.0 million tonnes, compared to 11.4 million tonnes a year earlier with wheat accounting for 5.3 million tonnes, barley 6.0 million tonnes and rapeseed 1.1 million tonnes — for rapeseed it represents a reduction of 22% from 1979.

Prairie country elevator receipts during 1980-81 totalled 27.0 million tonnes, compared with 27.3 million tonnes a year earlier. Exports of wheat and wheat flour at 16.2 million tonnes compared with 15.8 million tonnes in 1979.

Farm stocks of the six major Canadian grains at the end of 1981 Crop Year stood at 3.6 million tonnes — well below the 6.7 million tonnes available in 1980 and the 13.9 million tonnes reported in 1979. In Alberta, farm stocks of all grains, except rapeseed and flaxseed, remained constant or decreased — wheat stocks which totalled 680,000 tonnes in 1980 compared to only 300,000 tonnes in 1981.

Country Elevators

Severe elevator congestion marked the beginning of the Crop Year for Alberta Wheat Pool with 1,145,816 tonnes of grain in store and 172 elevators congested, mostly in southern Alberta. The number of congested elevators peaked in October, then dropped to a low of only 20 in June but rose to 150 at year end. Stocks at the close of the Crop Year were slightly higher than at the beginning of the year, denying some producers the opportunity to deliver as much grain as they had anticipated.

Railway shortfalls in car spottings continue to be a problem for station allocations and member deliveries. At the start of the year the shortfall stood at 1,394 cars, almost equally divided between the two major railways. The shortfall grew to 3,250 cars in September, primarily in southern

Alberta. Labour problems for C.P. Rail slowed grain movement on their lines westward until January. This resulted in some grain being transferred to C.N. lines, affecting normal province-wide delivery patterns.

Our experience has been that the existence of a shortfall creates a tendency for railways to blanket spot in an attempt to catch up and to maintain flexibility in their own operations. Under these conditions it is the large points that are neglected and these locations do not receive service in proportion to need. This situation not only affects producers' delivery opportunities, but also acts as an impediment to consolidation by slowing the movement to a more efficient elevator system.

Alberta Wheat Pool has made significant investment in large scale country elevators, a number of which are new concept high throughput concrete plants. Obviously these are designed for high volumes and require adequate rail transportation service to operate efficiently.

High quotas during the year allowed Alberta Wheat Pool handlings to reach a record 6,392,558 tonnes surpassing last year's previous record of 5,582,811 tonnes. Your Organization's percentage of grain deliveries remained at a satisfactory level of 66.75% compared to 67.05% a year ago.

The average handling per elevator manager at 18,000 tonnes was up appreciably from 14,059 tonnes in 1979-80. Seventy-five stations handled over 25,000 tonnes each, while another 61 handled 20,000 to 25,000 tonnes.

Total shipments from country elevators increased from 73,734 cars in 1979-80 to 86,475 in 1980-81, as a result of a concentrated movement of wheat and barley from Alberta.

Selected barley sales to export and domestic markets increased to 275,500 tonnes from 221,300 tonnes a year ago. The Pool's share of the provincial over-quota barley permits increased substantially over the number handled in 1979-80.

The Grading and Selection Department experienced a sizeable increase in the total number of samples tested. Individual samples graded reached 44,219 as compared with 35,413 a year earlier. Much of the increase was due to the large number of malting barley selections made and the interest in wheat and barley protein tests.

It is encouraging to report that no elevators were lost during the year due to fire. A concerted

effort has been made to reduce the number of losses from fire and our country staff is to be commended for this achievement.

Grain sales' efforts and handling volumes are increasingly being influenced by factors over which Alberta Wheat Pool has little or no control. Car allocation policy is governed by the Grain Transportation Authority and their programs can have a marked effect on operations. For example, domestic feed grain sales to eastern markets were curtailed partly because of the Car Allocation Formula used. Sales dropped to 686,100 tonnes in 1980-81, as compared with 811,900 tonnes in 1979-80.

A more serious problem was encountered with the rapeseed sales program. An inadequate number of cars were allocated to meet sales commitments forcing default on contracts and creating additional carrying costs in the country. Eventually this resulted in your Organization being forced to curtail its country purchases of rapeseed.

We believe the present system of inflexible car allocation continues to disadvantage major shippers, which in turn acts as a strong disincentive in making new sales and has an adverse effect on the entire rapeseed industry. In fact, if this situation continues, the rapeseed industry, which has been built to important levels over many years, will experience a very serious setback.

Audits were completed at 193 stations. A slight gross overage of 0.12% was recorded which is well within the 0.25% tolerance permitted by the Canadian Grain Commission.

Terminal Operations

Terminal receipts through the Port of Vancouver reached a high of 8,458,827 tonnes surpassing the 1979-80 total of 8,135,124 tonnes. Receipts at Alberta Wheat Pool and Pacific Elevators Limited terminals, however, decreased to 2,442,304 and 1,886,379 tonnes respectively from year earlier record levels, accounting for 51.2% of total Port throughput. This share is down from 1979-80 and indicates problems encountered during the year.

Limitations on transportation along with car allocation procedures have affected utilization of your terminals at a time when additional capacity at the Port has become fully operational. In the past, allocation procedures have reflected some

degree of equity in that owners of terminal facilities were able to unload grain in proportion to their country originations. In order to fully utilize your investment in these facilities, a return to a more equitable approach is required.

Although a slight increase in barley shipments was recorded at the Alberta Wheat Pool terminal, all other grains show a reduction at both terminals. At Pacific Elevators Limited a substantial reduction occurred in handlings of both wheat and rapeseed.

Total cars unloaded in the Port at 129,023 compares with 126,177 in 1979-80. Of this total, 52.5% were hopper cars, an increase from 45.7% a year earlier. Few major interruptions occurred at the Port this year as compared to a year ago when the Second Narrows Bridge was out of service for four months, and a B.C. Railway strike slowed operations for a seven week period. Railway derailments and train crew job action particularly in the Revelstoke area, did affect operations but the increased efforts by the C.N.R. minimized overall effects. Late in the Crop Year a slow down in vessel arrivals for shipments of grain to China caused some congestion at the Port. A continuing shortage of longshore crews, especially during the summer months, at times severely hampered the orderly loading of ships.

However relatively few vessels had to wait for grain throughout most of the year. No vessels were delayed at the start of the Crop Year but the number of ships waiting increased to a high of 13 in October and then decreased to 4 by year end.

On March 23, 1981 rapeseed car pooling at Vancouver was implemented by the Grain Transportation Authority. Due to continuing space limitations, the six month trial period was considered inadequate to properly test the program, and so it has been extended for an additional six month term. The balancing of cars between terminals called for in the program appears difficult to achieve.

The terminal at Prince Rupert, managed by your Organization on behalf of the Consortium, experienced a good year with 21,036 cars unloaded, an increase over 1979-80. On August 1, 1981, the Consortium also assumed ownership of the pellet mill formerly owned by Arctic Grain Ltd.

Labour relations continued satisfactory during the year despite the absence of an Agreement since January 1, 1981. With the assistance of a Federal Government Conciliation Commissioner, agreement was finally reached in late Fall, 1981 with no interruptions in service.

Marketing Department

Alberta farmers continue to increase the use of farm inputs in their farming practices. Larger farms and high capitalization have forced farmers to adopt labour and time-saving technologies that produce maximum yields.

The use of most farm inputs increased, especially herbicides, and Alberta Wheat Pool sales of these chemicals were up by 40%. Fertilizer consumption increased in Alberta by 17.9% in 1980-81.

Total sales of farm supplies by Alberta Wheat Pool were \$115,704,000 a 28% increase over the previous year, and again set a new record for your Organization. Inflation continued to have a major impact because of increasing energy costs as well as other economic factors, and accounted for an estimated 16% of the sales growth, while real growth accounted for 12%.

The amount of forage seed purchased from Alberta growers increased by 55.9% for which producers were paid \$7,082,000. Domestic cereal sales rose by 48% because of increased plantings of wheat and barley, but rapeseed sales declined.

Your Organization continues to emphasize market development and is actively involved in testing Canadian seed varieties in several foreign countries and, as well, participated in seed missions to Czechoslovakia, Argentina and Alaska.

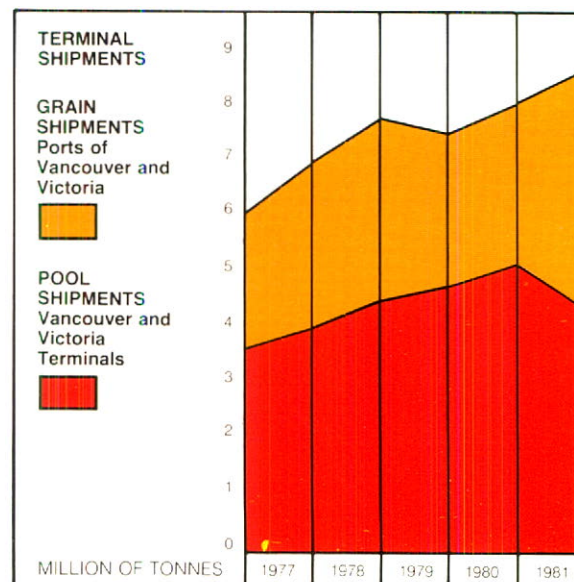
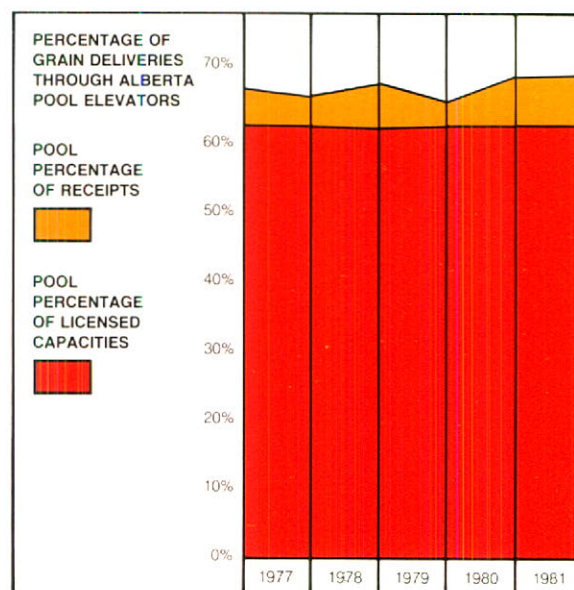
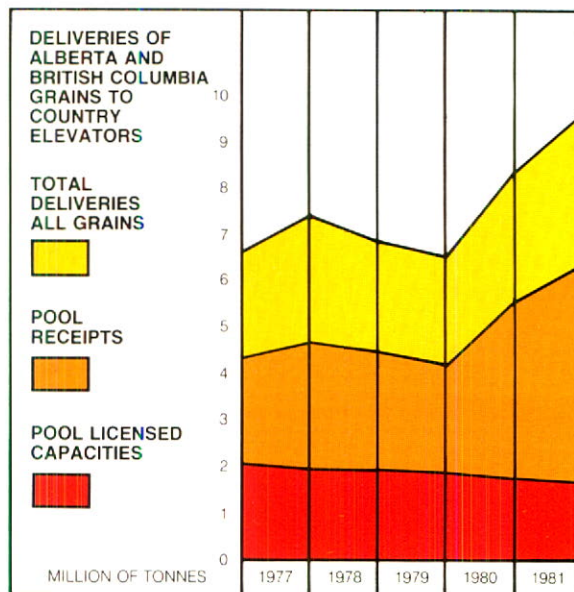
During the year, a Rapeseed Breeding Program was begun. The main objective is to increase the total Canadian effort in finding new high yielding, high quality varieties for the western Canadian market.

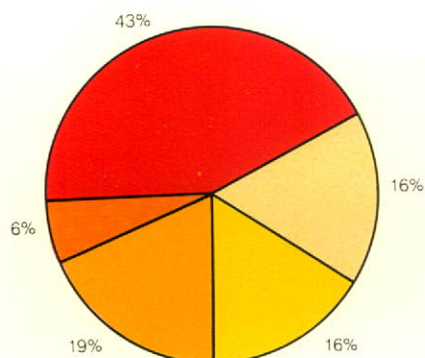
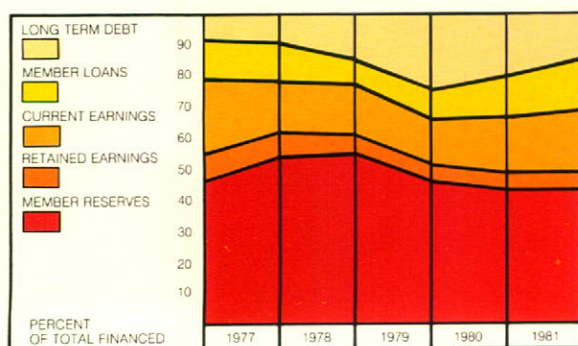
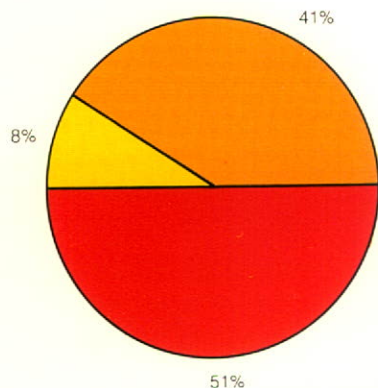
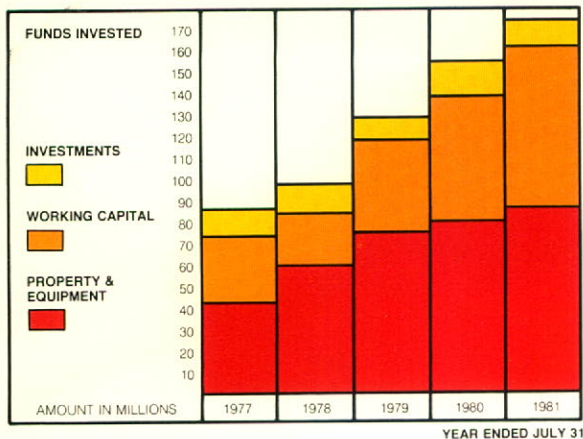
Testing of foreign-bred cereal lines continued with several lines reaching the advance testing stage, but none has been licensed to date.

The Bow Island Bean Plant operated satisfactorily during the year. Prices paid to growers for dry edible beans were up 14.4% from the year previous as a result of favourable market conditions, while Faba bean prices remained unchanged and the volume moved to market was substantially decreased.

Engineering, Construction and Maintenance

As a result of the high volume of grain now being handled through fewer elevators, the Con-





struction Department placed increasingly more emphasis on the overall repair and maintenance program. Two additional crews were hired during the year to keep repairs up to date. Elevator repair costs totalled \$3.8 million and were up 21% over the previous year.

An ambitious elevator construction program was also undertaken. Four new elevators were built during the year including two 4,760 tonne composites at Barrhead and Brooks, one 3,640 tonne composite at Forestburg and one 5,480 tonne precast concrete elevator at Fort Saskatchewan which was officially opened on June 25th, 1981. Additionally, the elevator at Beaverlodge was extensively remodelled and the largest relocation of an elevator ever undertaken by your Organization saw the single composite unit at Eckville moved from one site to another. At year end, eight elevators were under construction and of these, four were being built under contract. Retaining outside contractors to build some facilities has enabled the Construction Department to bring the overall construction program virtually up to date.

Another new innovation under test this year was the construction of a prefabricated steel elevator as a quick replacement for elevators lost by fire. This structure, now working at Penhold, can be used for temporary or more permanent operation, is portable and can be erected in three to four weeks' time. Operations to date have been highly satisfactory.

Cribbed annexes were constructed at Chipman, Enchant, Thorsby and Wanham while three steel tanks were installed at Rosalind. Four annexes were transferred and concurrently a number of improvements were made to the overall facility.

One bulk 400 tonne fertilizer plant, complete with hopper scale and blender was constructed at Wanham.

Elevators at Carseland, Galahad, Hay Lakes and Holden were converted for bulk fertilizer use. Ten more elevators were being readied for bulk fertilizer storage and use. Fertilizer warehouses were built at Fairview, Fort St. John, High Level and Kirriemuir, while blenders were installed at Grande Prairie, Lethbridge and Red Deer. Anhydrous ammonia tanks were installed at Innisfail and Ryley.

The upgrading and modernization program included the dismantling of 21 elevators and associated buildings, the erection of 9 seed storage bins, the installation of 18 larger scales, 5 ship-

ping legs, 8 dust collectors and improvements to 8 more, one car puller, 4 new offices, 2 office moves and conversion of receiving scales to metric. Seventy elevators were painted at an average cost of approximately \$8,000 per elevator unit. Eighteen new dwellings were built or purchased.

Subsidiary Companies

The Vancouver facilities operated by Pacific Elevators Limited, are owned by Western Pool Terminals Ltd. Ownership of both companies is on a 60%-30%-10% basis by Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators, respectively. Operating earnings of Pacific are distributed to the participants of the Pacific Shippers' Agreement in proportion to grain consigned to the terminal elevators. Rentals for use of the facilities are paid by Pacific to Western Pool Terminals.

On a line-by-line basis the accounts of Alberta Food Products are consolidated in proportion to the 60% ownership by the Pool. The remaining 40% is owned by Japan Alberta Oil Mill Co. Ltd. This partnership operates the rapeseed crushing facilities located at Fort Saskatchewan. The plant has been operating satisfactorily but difficult market conditions resulted in a loss during its first full year of operation.

During the year, ABL Engineering Ltd. was incorporated for the purpose of assuming the activities of Alberta Beton, a 50% owned partnership with Buffalo Engineering Ltd. ABL Engineering owns Buffalo Beton Ltd. which constructs the new Sloped Bin concrete elevators. The accounts of this group are not consolidated into the statements of Alberta Wheat Pool.

There was no activity during the year in Interior Feeds Limited and very little in Pool Feeds Alberta Limited.

Operating Results

Consolidated earnings of the Organization after provision for income taxes amount to a record \$33,744,000, an increase of \$4,945,000 over the previous year. Earnings of this magnitude are necessary to provide adequate cash flow to finance replacement of country and terminal facilities and to provide a broad base of services to members.

A record volume of country grain handlings was the major factor in achieving these results, together with good terminal performance. Better

earnings from the marketing operation than the previous year contributed to the net results, but inadequate returns continue to be experienced in some product lines.

Funds to provide for additions to property and for repayment of long term debt amounted to \$21,300,000. The major sources of these funds come from a retention of prior year's earnings of \$10,600,000, non-cash items of \$10,000,000 and increased Member term loans of \$8,300,000. Working capital was increased by \$12,600,000.

Member reserves increased by \$9,900,000 and now stand at \$75,855,000. This amount results from the disposition of previous year's earnings when \$16,919,000 of new reserves were created and were offset by \$7,017,000 used to revolve the reserve structure. Reserves were purchased from retired members, estates of members, members 66 years of age with no previous purchase and from a new category of members over 66 years of age who had no patronage participation for a three year period.

High inflation and record interest rates present a serious challenge to the continued successful operation of any Organization and Alberta Wheat Pool is not immune to these pressures. Alberta Wheat Pool's record high earnings were achieved in spite of some dramatic cost increases which are now part of the economic environment in which we must operate. Interest costs for the year just ended, for example, total \$29.3 million, an increase of about 33.8% over last year, but represent a full threefold increase over our 1979 costs. Little relief is expected in the immediate future, and the continuation of high interest rates now has become part of high inflation.

Operating costs have shown regular but persistent upward pressure. Construction costs for a standard wooden elevator, for example, have increased at an annual rate of 17.5% over the past two years. Startling cost increases have been experienced in the acquisition or rental of elevator sites and rail trackage required to serve these facilities.

Administration

The installation of mini-computers at selected elevator points is progressing rapidly. At year end, 12 computers were in operation and it is anticipated that all 231 units will be in place by April 1982. The benefits of this program are that more timely and accurate information can be rapidly communicated between all areas of operation. Eventually, selected information will be

transmitted electronically to other agencies in the grain industry.

Rapidly changing conditions require increasing attention to forward planning, both short and long term, to ensure that the services required by our members will continue to be provided. As part of this activity, Alberta Wheat Pool is continuing its close monitoring of the social, economic, political and physical environment in which we operate.

Special market and general economic situation and outlook reports are now being regularly prepared by our staff. This is being done to meet the growing need for more and better information for employees as well as for our general membership.

Alberta Wheat Pool has been active in various research projects looking at ways to alter or improve current practices. Through expanded efforts in these areas it is hoped that we might improve our efficiency or find new directions or opportunities which will provide the growth necessary for the continued vitality of your Organization.

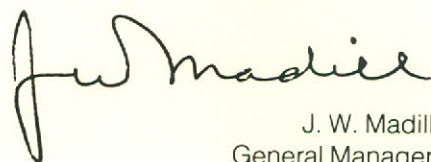
During the past Crop Year particular attention was focused on employee concerns, training and development programs, health and safety for

all employees, and the provision of good working conditions. These steps, coupled with competitive wage and salary levels, indicate the Organization's interest in employee welfare and job satisfaction.

The Elevator and Warehouse Managers' Training Program at Olds, in its fourth year of operation, graduated a further 30 potential Elevator Managers. Advanced training was provided in the areas of Management, Marketing, Salesmanship, and Communication Skills to 57 present Elevator Managers and Assistants.

Alberta Wheat Pool's concern for its employees, and the actions taken to ensure their continued welfare is reflected in the performance of staff members in all areas. Again this year our employees made an outstanding contribution to the successful results enjoyed by your Organization. Their dedication and positive response to challenge is appreciated.

Respectfully Submitted:

A handwritten signature in dark ink, appearing to read 'J W Madill', with a stylized, flowing script.

J. W. Madill
General Manager



**ALBERTA WHEAT POOL
and subsidiary companies**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JULY 31, 1981**

	1981	1980
Current Assets		
Cash	\$ 1,204,105	\$ 2,054,066
Inventories (Note 2)	265,289,800	192,898,640
Accounts and accrued items receivable	115,317,799	69,104,799
Prepaid expenses	4,826,384	4,203,751
	<u>386,638,088</u>	<u>268,261,256</u>
Current Liabilities		
Cheques and cash tickets outstanding	110,261,587	50,655,118
Bank loans (Note 3)	150,692,682	96,455,981
Call and short-term loans	1,993,200	22,536,700
Accounts payable and accrued charges	39,183,707	28,959,820
Staff savings	9,114,525	6,882,143
Current maturities of long-term debt	2,162,712	2,184,823
	<u>313,408,413</u>	<u>207,674,585</u>
Working capital	73,229,675	60,586,671
Property and equipment (Note 4)	88,528,071	80,798,477
Investments and memberships (Note 5)	11,658,476	9,769,062
Development and preoperating costs	1,579,910	1,792,711
Goodwill	180,516	361,033
Funds Invested	<u>\$175,176,648</u>	<u>\$153,307,954</u>
Financed By		
Term loans from members and co-operatives (Note 6)	\$ 28,519,914	\$ 20,229,707
Long-term debt (Note 7)	<u>27,662,580</u>	<u>29,669,872</u>
Members' equity		
Reserves (Note 8)		
Authorized: \$80,000,000		
Issued to members	75,855,717	65,953,690
Earnings retained from prior years	9,394,540	8,655,642
Net earnings for the year	33,743,897	28,799,043
	<u>118,994,154</u>	<u>103,408,375</u>
	<u>\$175,176,648</u>	<u>\$153,307,954</u>

Approved on behalf of the Board

A. J. MACPHERSON, Director

H. R. PATCHING, Director

See accompanying notes to the financial statements.

**ALBERTA WHEAT POOL
and subsidiary companies**

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 1981**

	<u>1981</u>	<u>1980</u>
Sales and other operating revenue	\$1,390,978,341	\$982,420,430
Cost of sales	1,242,731,937	858,596,904
Gross margin	148,246,404	123,823,526
Expenses		
Country facilities	33,004,055	28,132,403
Terminal operations	20,381,020	19,387,385
Administration and supervisory (Note 1)	22,128,985	17,039,720
Interest	29,266,277	21,883,716
Depreciation	9,722,170	8,581,259
	<u>114,502,507</u>	<u>95,024,483</u>
Net earnings for the year	<u>\$ 33,743,897</u>	<u>\$ 28,799,043</u>

**CONSOLIDATED STATEMENT OF EARNINGS
RETAINED FROM PRIOR YEARS
FOR THE YEAR ENDED JULY 31, 1981**

	<u>1981</u>	<u>1980</u>
Net earnings for previous year	\$28,799,043	\$21,516,647
Less patronage refunds distributed		
In cash	11,140,655	8,223,887
In member reserves	16,919,490	12,772,562
	<u>28,060,145</u>	<u>20,996,449</u>
	738,898	520,198
Earnings retained at beginning of year	8,655,642	8,135,444
Earnings retained at end of year	<u>\$ 9,394,540</u>	<u>\$ 8,655,642</u>

**ALBERTA WHEAT POOL
and subsidiary companies**

**CONSOLIDATED STATEMENT OF CHANGES IN
WORKING CAPITAL**

FOR THE YEAR ENDED JULY 31, 1981

	1981	1980
Source of Working Capital		
Net earnings for the year	\$33,743,897	\$28,799,043
Add items not requiring a current outlay of funds		
Depreciation	9,722,170	8,581,259
Amortization of goodwill	180,517	180,516
Amortization of development and preoperating costs	213,299	127,709
	43,859,883	37,688,527
Increase in long-term debt	—	578,470
Proceeds from disposal of property and equipment	928,113	1,874,663
Increase in term loans from members and co-operatives	8,290,207	7,334,231
Investment tax credits	925,394	670,446
Decrease in current maturities of long-term debt	22,111	—
	54,025,708	48,146,337
Application of Working Capital		
Additions to property and equipment	19,305,769	16,317,897
Patronage refunds paid in cash	11,140,655	8,223,887
Members' reserves purchased	7,017,463	5,630,818
Increase in investments	1,889,414	1,022,950
Increase in development and preoperating costs	—	382,346
Decrease in long-term debt	2,029,403	—
Increase in current maturities of long-term debt	—	707,096
	41,382,704	32,284,994
Increase in working capital during the year	12,643,004	15,861,343
Working capital at beginning of year	60,586,671	44,725,328
Working capital at end of year	\$73,229,675	\$60,586,671

AUDITORS' REPORT

The Members
Alberta Wheat Pool

We have examined the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1981 and the consolidated statements of operations, earnings retained from prior years and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Alberta Wheat Pool as at July 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
October 16, 1981

TOUCHE ROSS & CO.
Chartered Accountants

**ALBERTA WHEAT POOL
and subsidiary companies**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 1981**

1. ACCOUNTING POLICIES

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

a) Principles of Consolidation

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

Subsidiaries

Western Pool Terminals Ltd.
Pacific Elevators Limited

Percentage ownership

60%
60%

Partnership Interest

Alberta Food Products

60%

The partnership interest is included in the consolidated financial statements on the "line by line" basis to the extent of Association's interest therein. 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 using the declining balance method at rates of 4% to 30%, designed to amortize the cost of the assets over their useful lives.

c) Investments and Memberships

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

d) Development and Preoperating Costs

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

e) Goodwill

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

f) Recognition of Income

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

g) **Foreign Currency Translation**

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

h) **Net Earnings for the Year**

Net earnings for the year, after providing for income taxes, will be distributed by way of patronage refunds according to the decisions of the delegates at the annual meeting. Income taxes of \$848,022 (1980 — \$761,872) are included in administration expenses.

2. INVENTORIES

Inventories are comprised of:

	1981	1980
Grain purchased for delivery to Canadian Wheat Board, valued at established delivery prices, after allowance for handling revenues yet to be earned	\$187,534,448	\$ 88,695,388
Grain valued on the basis of open sales contract and future contract prices, after allowance for margins yet to be earned	33,767,362	63,913,234
Other inventories, including seed and agro supplies, valued at the lower of cost and net realizable value	43,987,990	40,290,018
	<u>\$265,289,800</u>	<u>\$192,898,640</u>

3. BANK LOANS

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

4. PROPERTY AND EQUIPMENT

Property and equipment are classified by operating divisions as follows:

	1981	1980
Country operations	\$ 83,477,924	\$ 70,387,497
Terminal operations	51,837,623	49,697,581
Marketing and administration	20,639,302	18,090,773
Processing plant	14,698,106	14,192,982
	<u>170,652,955</u>	<u>152,368,833</u>
Less accumulated depreciation	82,124,884	71,570,356
	<u>\$ 88,528,071</u>	<u>\$ 80,798,477</u>

5. INVESTMENTS AND MEMBERSHIPS

Investments and memberships include the Association's investment of \$1,000,000 in preference shares of a company with operating losses which may reduce the value of this investment. As at July 31, 1981, no provision has been made in the accounts for any losses which may be incurred upon realization.

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

	1981	1980
Alberta Wheat Pool		
Income debenture	\$ 8,700,000	\$ 9,900,000
Western Pool Terminals Ltd.		
6 $\frac{5}{8}$ % mortgage	4,483,794	4,639,354
Advances from minority shareholders	3,289,653	3,189,737
Alberta Food Products		
9 $\frac{1}{4}$ % notes payable — U.S. \$12,000,000	13,296,240	13,950,000
8 $\frac{1}{2}$ % term bills of exchange	55,605	175,604
	29,825,292	31,854,695
Less current maturities	2,162,712	2,184,823
	<u>\$27,662,580</u>	<u>\$29,669,872</u>

- The income debenture is secured by a first mortgage on land and a first floating charge on all the Association's undertakings, property and assets. The debenture carries interest at half of prime rate plus three quarters of a percent, and is repayable in quarterly installments of \$300,000, 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 8 $\frac{1}{2}$ % term bills of exchange are repayable in semi-annual installments ending in 1982.
- 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 Partnership interests of Alberta Wheat Pool and Japan Alberta Oil Mill Co. Ltd. in Alberta Food Products and upon all of the property and assets of the Partnership, and by guarantees from the partners. This long-term debt is repayable in annual installments to 1994.

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

1982 — \$2,162,712
1983 — \$2,074,355
1984 — \$2,086,072
1985 — \$2,098,565
1986 — \$2,460,485

8. RESERVES

Details of reserves issued to members are as follows:

	1981	1980
Balance at beginning of year	\$65,953,690	\$58,811,946
Deduct members' reserves purchased	7,017,463	5,630,818
	58,936,227	53,181,128
Add patronage refunds allocated as members' reserves	16,919,490	12,772,562
Balance at end of year	<u>\$75,855,717</u>	<u>\$65,953,690</u>

9. COMMITMENTS

- The construction of certain property and equipment, which has been authorized by the directors of Alberta Wheat Pool, was uncompleted to the extent of approximately \$43,130,000 at July 31, 1981 (\$27,910,000 at July 31, 1980).
- 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, 1981, the balance of the debt instruments amounted to U.S. \$44,875,000 (Canadian \$53,296,263) 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.

- c) The Association is committed to investing a total of \$8,000,000 over the next four years in the Co-operative Energy Project, a company incorporated for the purpose of exploring and developing natural resources and other sources of energy.
- d) The Association has agreed to participate to the extent of a 34% interest in the construction and operating of a major grain handling facility at Prince Rupert, British Columbia. This venture is to be financed by the participating joint ventures and the Government of Alberta. In the event of construction proceeding as planned, the Association is committed to contribute significant capital which could be in excess of \$25,000,000. Should the project be terminated, the Association is committed under lease agreements to pay amounts up to \$1,020,000.

10. CONTINGENCIES

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

11. RELATED PARTY TRANSACTIONS

The Association conducts a significant portion of its business activities with related parties consisting of corporations, partnerships and co-operative joint ventures owned in concert with other organizations. Amounts due from and payable to related parties are included in the Association's assets and liabilities at July 31, 1981.



DIRECTORS' REPORT

1980-81

To the Shareholders

Canadian Co-operative Wheat Producers Limited
REGINA, Saskatchewan

Gentlemen:

The 1980-81 Directors' Report to the shareholders of Canadian Co-operative Wheat Producers Limited reviews economic and trade policies which affect farmers in Western Canada. Due to our reliance on export markets for a large percentage of agricultural production from this region, the report will review significant international events and will highlight policies and programs of your organization during the past year, designed to have influence on policies affecting farm members.

The world economic situation could be described as difficult, and full of challenges. The continued oil price shock, coupled with interest rates at record levels, has weakened demand for farm products and has delayed any recovery in the world economy. While the rate of inflation fell slightly in most developed countries, prices still rose substantially while in contrast many non-oil commodity prices fell during this period. Countries have pursued different economic policy mixes, leading to exchange rate fluctuations, imported inflation, and disruption to trade. The differences in economic performance of the major industrialized countries have resulted in balance of payments problems, with the developing countries without an oil base finding it increasingly difficult to finance their debt load, let alone improved economic development programs or increases in standard of living for their people.

The troubled situation in the world economy has contributed to a noticeable sharpening of international disputes, many of them over agricultural matters.

Concern about the common agricultural policy of the European Economic Community, with its high domestic prices, import levies and export subsidies, is being expressed by producers of many agricultural products in other countries which are restricted in entry to the EEC market or which face subsidized export competition from that area. It is essential that rational solutions be found short of export subsidy retaliation, which can only result in reduced returns to the world's agricultural producers.

During the year under review the USA ended its partial embargo on grain shipments to the USSR, which had been introduced in reaction to the invasion of Afghanistan by Russia. An evaluation of the embargo effect leads to several conclusions.

The United States, having no central marketing authority, had no effective means of controlling the destination of exports once the grain was in the hands of the major exporting firms or multinationals. Secondly, it is suspected that there were transfers in transit and changes in trade patterns, with grain getting to the USSR through satellite countries. As well other exporters increased their sales to Russia during this period. In the case of Argentina, there was no agreement to limit sales, while Australia and Canada moved volumes which neared record levels. Other exporters, including Brazil, Thailand and India, supplied some of the Russian market, with the net effect that USSR managed to import within three million tonnes of the record imports previously estimated for the year. In retrospect, it is clear that the conditions did not exist to make an embargo meaningful. Market disruptions and price depression did, however, occur.

The Government of Canada, late in the 1980-81 season, announced a payment to Canadian wheat, barley, oats and corn producers totalling \$81 million, \$68 million to Western Canada and \$13 million to wheat and corn producers in Eastern Canada, to offset producer losses which could be attributed to the embargo action.

An effect of more lasting significance could be the diversification of source of future USSR grain purchases. This could have a beneficial stabilizing effect on world grain trade and prices, as Russian dependence on American markets for surge requirements is reduced. As well, the USA may have started to establish a more stable and reliable trading pattern with other grain importers, so that less traumatic price swings caused by periodic massive Soviet purchases could occur.

The International Wheat Council has continued to operate the Food Aid Convention, and to publish production and market reports. As well, meetings have continued to discuss a possible format for an international wheat or grains agreement. In recent years it has been evident that participation of many Third World countries in these discussions has made it difficult for the major exporters and importers to achieve any formal agreement.

Your Board suggests that discussions continue between exporters to attempt to influence national production and trade policies, to provide desired price levels and price stability in world grain markets.

During the 1980-81 crop year exports of Canadian grains in total were near the record levels achieved in the previous year. Exports of wheat,

durum, rye and flax were up, while oats, barley and rapeseed were down significantly. Export wheat prices fluctuated widely during the crop year. Wheat Board selling prices at Thunder Bay rose rapidly from mid-August 1980 to a high of \$275.87 on January 5, 1981. Prices then fell during the early months of 1981 to a low point of \$232.37 on April 3, and fell again with slight recovery in July, so that at the end of the crop year Thunder Bay prices for 1 CW 13½ per cent protein stood at \$232.12 per tonne.

Deliveries of grain from western farms during the crop year totalled 27.3 million tonnes, down slightly from 28.5 million tonnes in the previous crop year. Deliveries of flax, rye and rapeseed were significantly lower, while durum and barley were higher than the previous year. There were some areas of elevator congestion during the year, and other areas where grain moved relatively freely. Car supply in total was not a serious limiting factor in grain movement, although there were regional and temporary shortages at some locations.

Cattle numbers on farms continued to decline during the past year, partly due to drought conditions in the spring of 1980 and partly due to lack of confidence among producers in the economic viability of the cattle business at this time. During the first half of 1981 cattle slaughter in all three of the Prairie Provinces exceeded that of the previous year as herds continued to be liquidated. Consumer resistance to retail beef prices has become a significant factor, and per capita consumption of beef and veal in 1980 dropped to an average of 91 pounds compared with 105 pounds in 1978. Prices for finished steers and heifers, while slightly above those of a year earlier, were insufficient to cover increased costs of feed, interest on borrowed capital, and other production costs. Hog numbers in Western Canada appear to have stabilized after a significant decline in recent years. Prices in 1981 have been running above those of last year, but only recently have approached a level sufficient to cover higher production costs.

Farm cash receipts in the three Prairie Provinces reached \$7.4 billion in 1980, up about 2.2 per cent from \$7.3 billion in 1979. Farm operating and depreciation expenses rose 10 per cent from 1979 to 1980. Interest charges were the largest single operating cost item, with an increase of 19 per cent over the previous year.

Because the increase in cash receipts was outweighed by farm expense increases, realized net income experienced a decline of 14.8 per cent to \$1.95 billion. If one considers the inventory drawdown, 1980 net income was reduced even further. Farm cash receipts for the first three months of 1981 were up substantially as a result of larger grain marketing volumes at higher prices in the earlier part of the year, together with substantial final payments. The increase was entirely in

the grain sector, and cash receipts from livestock were below those of 1980 for the same period.

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

MAJOR POLICY ISSUES

Your Board, in this annual report, wishes to comment on a number of major issues currently relevant to members of the three Pools:

Grain Transportation and Freight Rates

Grain transportation and freight rates are of vital concern to the agricultural economy of Western Canada. For a number of years, the capacity of the transportation system has been the principal limitation on the volume of grain which could be sold and exported from Canada. As a result of several actions taken over a period of time, transportation capacity has been significantly improved. The federal government, The Canadian Wheat Board, and the governments of the three Prairie Provinces have all taken action to add to the number of hopper cars available for the movement of grain. As a result of these actions there are now 14,000 hopper cars and approximately 14,000 boxcars available for grain service. These numbers are adequate for present levels of movement.

However, the average age of railway boxcars used for grain movement is approximately 35 years. Each year some 1,500 to 1,700 of these are retired from service and converted to scrap. The railway companies have given clear indication that they will not purchase cars for grain use under the present freight rates for grain; thus the entire box car fleet could be scrapped before the end of the present decade. Indeed, additional cars will be required before the end of 1982 to avoid a return to the car shortages of a few years ago.

The three Pool Boards at a meeting in July, 1981 urged the federal government to adopt a car purchase program of 1,400 cars per year over a period of years to assure an adequate hopper car fleet for the future. While reassuring statements have been made by ministers, no firm government commitment has been announced.

With respect to upgrading and rehabilitation of the branch line network, the federal government in 1977 committed an amount of \$700 million for this work, and by the end of the 1980 construction year \$193 million had been spent. Late in the year the Minister of Transport announced that the next three-year funding had been approved by the Treasury Board with a 10 per cent increase each year to take account of inflation. The Minister also estimated that the total program could be completed by 1991 at a cost of \$1.3 billion.

Recent estimates of shipments of bulk products including grain, coal, potash, sulphur and wood

products, mainly to West Coast export locations, have noted a possible doubling of traffic in the near future. The timely movement of this volume of products will require extensive and costly improvements to the main lines and other rail facilities in Western Canada, and the amount of time required for construction makes it necessary that an early start be made on the most critical of these projects. The following table shows forecasts of traffic by commodity:

Commodity	Actual	Fore cast	
	1980	1985	1990
	(million tonnes)		
Coal	13.9	33.1	40.6
Grain	10.0	15.0	19.0
Sulphur	5.4	6.5	6.8
Potash.....	3.6	5.9	9.0
Total.....	32.9	60.5	75.4

Your Board would emphasize that the consequences of inaction in solving the rail capacity problem are serious for all shippers, but particularly for grain shippers who are likely to be most severely affected by any shortage or rationing of railway main line capacity. Grain producers can ill afford to have grain remain unsold in their bins at current high interest rates while world demand is strong.

A number of solutions to the problem of rail revenues have been put forward. Nearly all parties in the discussion are agreed that some way must be found to improve the level of revenue to the railway companies, to adequately cover their cost of moving grain. Your Board has actively supported the compromise policy position developed through the Western Agricultural Conference of the Canadian Federation of Agriculture, which attempts to find a solution to the problems of freight rates for grain and railway revenue. The key elements of the WAC transportation policy include the following:

- 1) The rate paid by producers would remain statutory and distance-related. The concept of variable rates is rejected.
- 2) The railways would be adequately compensated for hauling grain, with the difference between the current rate paid by producers, and the compensatory rate, to be paid by the federal government directly to the railways.
- 3) Payment by the government to the railways would be conditionally related to levels of service being attained. This is very important, since individual farmers cannot really have influence on railway performance. Hence, the significant influence by government on behalf of producers would be essential.

The policy calls for negotiation between producers and government and the railways as to how future cost increases due to inflation would be funded, if the major elements of the policy are accepted by government.

The Government of Canada has avoided taking any specific action towards solution of the grain freight rate question, saying that it required consensus among western farm organizations and provincial governments. While the most serious problems in grain transportation may appear to have been largely solved due to hopper car purchases, branch line improvement and reduced grain supply, they will return with increased severity in the near future unless steps can be taken to find an acceptable long-term solution to the problem of adequate investment in rail capacity and to the question of rail revenue shortfall.

Your Board will continue to urge the federal government to take responsibility to assure adequate investment in railway capacity to meet the projected needs of all bulk shippers, and will work in the farm organization community and with the government in efforts to resolve the rate and revenue question.

Grain Marketing Methods

World trade in grain has changed dramatically in the last couple of decades, both in volume and in trading methods. The latest estimate by the International Wheat Council is for total world trade in wheat in the current crop year of 100 million tonnes. This compares with 52.4 million tonnes ten years ago (1971-72) and 47.5 million tonnes 20 years ago (1961-62). World trade in feed grains has expanded even more rapidly to a current projected level of 109 million tonnes in the current crop year.

At the same time the market structure in the world grain trade has changed significantly. At one time, purchasing decisions for wheat and feed grains were made by thousands of millers, processors and end users of wheat and feed grains, acting independently. Both buyers and sellers were numerous, and their dealings were conducted through grain or commodity exchanges in various areas of the world, usually in major areas of either production or consumption. There was little involvement of governments or government agencies.

Over a period of time the situation has changed. The European Economic Community established a common agricultural policy designed to create high prices for its own domestic producers of grain, and to discourage the entry of foreign grain by application of a levy system. The levies applied against imports were then used to provide adjustment support for agriculture within the EEC and to finance export subsidies at times when production was high within the EEC.

Japan established the Japanese Food Agency, which handles purchase tenders for all imported wheat and then resells that wheat to Japanese milling firms for a greatly increased price (typically more than double the landed cost of the imported wheat). Japanese wheat producers are paid very high prices for their production.

United States, which supposedly operates a "free market" for grain, has used embargoes, export subsidies, commodity loans, soil banks, deficiency payments, and food aid gifts to influence the terms of trade for its grain.

A number of other countries, including USSR, China and some Eastern European countries, have established government-controlled central buying agencies for grain. Canada and Australia have established wheat boards to market their grain on behalf of producers.

The result of these changes is that the significant buying and selling decisions for the wheat traded in the world are made by a relatively small number of individuals, probably fewer than 100 in total. In a market of this kind it is important for grain producers to have a strong, active and resourceful sales agent operating on their behalf. If the grain from a particular country is being offered on world markets by eight or ten similar selling firms, the intense competition among them can be expected to encourage price cutting. Canadian canola is a good example. There are currently about ten different exporting firms, all offering canola of the same grade and quality from the same ports in Canada. Japanese buyers, who purchase approximately three-quarters of Canada's exported canola, are in a strong bargaining position in dealing with any one of the ten selling firms. A single Canadian seller would be in a stronger position to bargain for the best possible price.

The primary objective of The Canadian Wheat Board is to market the largest possible quantity of Canadian-produced grain at the best possible price. The Board monitors weather conditions on a daily basis in both producing and buying countries around the world, in order to make its own estimates of the likely effective demand for grain, and it then adjusts its pricing and selling strategies accordingly. The Wheat Board has made projections of volumes of world trade for wheat and feed grains which offer the opportunity for Canada to export 30 million tonnes of all grains by 1985 and 36 million tonnes by 1990. The Board has given leadership designed to make possible this volume of export. It purchased 2,000 hopper cars to be used exclusively for movement of Western Canadian grain, at a time when cars were critically needed. The Board has encouraged construction of additional terminal elevator capacity at the ports of Vancouver and Prince Rupert, to better serve the markets of the Pacific Rim in the years to come. The Wheat Board gave essential leadership to development of the block shipping system, which has greatly increased the efficiency of grain movement.

The efforts of the Board have been successful in moving large quantities of grain from Canada with the result that, in two of the last three crop years, year-end carryovers of grain have declined. At the same time there are indications of a persistent

campaign by critics of the Wheat Board to discredit its marketing operations and to cast doubt on the ability of its personnel. Grain producers in Western Canada need to make their own assessment of the performance of the Board and to make clear their wishes with regard to the marketing responsibilities of the Board. The Pools have consistently supported the operations of the Wheat Board, and have urged that it be given responsibility for marketing of grains additional to wheat, oats and barley.

The Pools oppose the domestic feed grains policy which requires the Wheat Board to supply feed grains to the domestic market, using the corn competitive formula as a ceiling price. There is, however, no effective floor price for protection of the feed grain producer. The feed grains policy, in effect since 1974, has not increased the amount of western feed grains used in feed deficit areas, despite the fact that total grain consumption in those areas has expanded in recent years. For the five-year period prior to 1974 western feed grain shipments averaged 2.67 million tonnes, compared with 2.04 million tonnes for the five-year period following the establishment of the feed grains policy. Feed grain consumption in Eastern Canada and British Columbia increased to 7.45 million tonnes in 1979 compared with 6.9 million tonnes in 1974.

Agricultural Research

Canada's grain industry faces a number of challenges in the present decade, arising from the Wheat Board's prediction that there will be opportunity for export from Canada of 30 million tonnes of all grains by 1985, and 36 million tonnes by 1990. Exports of this volume will require total production volumes of about 48 million tonnes by 1985 and 55 million tonnes by 1990. The highest level of prairie production to date was over 38 million tonnes in 1976. Achievement of the suggested production targets will require substantial changes in production practices such as moisture conservation, soil management, rotations and cropping practices, and the breeding of improved varieties. Scientific agricultural research is required to determine the most suitable output-increasing techniques and to identify those which are economically most suitable to Western Canadian conditions.

Recent constraints on federal government expenditures have limited the amount of agricultural research. It will require greatly increased expenditure to reach the projected production targets. There has been some discussion about the possibility of producer contribution toward grain research through a check-off. A proposal has been prepared, and a Western Grain Research Foundation organized by a group of farm organizations to create a fund which would then be administered by a board representing producers.

Your Board will continue to participate, both

directly and within the Federation of Agriculture structure, to develop an acceptable producer check-off fund and agency to administer its use in agricultural research.

Grain Prices and Market Assurance

The challenge to increase production of grain in the years ahead will hinge essentially on whether or not producers consider it in their best interests to expand their output. The increase will not come about if price levels are insufficient to cover production costs, or if the grain cannot be moved to market within a reasonable time period. There will need to be a continued aggressive marketing effort for Canadian grain, as well as adequate development of Canada's transportation system.

There has been some discussion of a proposed Market Assurance Plan, under which each producer would commit a specified quantity of his grain production for delivery during the current crop year. Delivery quotas would be based on a percentage of this amount. At the end of the crop year, if any of the committed grain remained undelivered, the producer would be entitled to receive the initial payment plus a payment for storage of the undelivered amount. The plan was discussed in general terms at a series of Wheat Board meetings held in early 1981, but then was withdrawn because of uncertainty about the degree of producer support.

On the international scene, it is important that the grain producing and exporting countries reach some common understanding about marketing and pricing policies, to avoid destructive export competition during periods of temporary oversupply relative to commercial demand in the world.

STRUCTURE AND ACTIVITIES

Structure

The Board of Canadian Co-operative Wheat Producers consists of the president and vice-presidents or an executive member from each of the three Pool organizations. Secretarial services are provided by the Corporate Secretary of Saskatchewan Wheat Pool.

The Board meets two or three times a year and the executive, consisting of the three presidents, meets as the need arises.

Executive

E. K. Turner - Chairman
A. J. Macpherson - Vice-Chairman
W. W. Fraser - Third Executive Member

Directors

W. W. Fraser	E. K. Turner
W. J. Strath	D. M. Lockwood
W. H. Corbett	G. Stevenson
A. J. Macpherson	
H. R. Patching	
G. W. Braithwaite	

Activities

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

- 1) *Continued involvement in the study of the cost of moving grain by rail.* The report of the Snively Commission recommended a number of changes in the system of accounting used by the railways, and suggested some changes in cost estimating techniques which would improve the accuracy of calculations of the costs involved in moving certain commodities or operating particular types of service. In response to this the Canadian Transport Commission hired an accounting firm (Peat, Marwick and Partners) to study the recommendations and offer proposals for specific changes. In the course of its work the accounting firm consulted frequently with the railway companies and with representatives of provincial governments through the establishment of a committee. Rail shippers were not involved in this work. The members of the committee were able to reach agreement on a number of changes, and a public hearing was held in March, 1980 to deal with the remaining issues. The three Pools made a joint submission to the hearing. The CTC issued its decision in November, 1980 and committees of the interested parties were set up to deal with (a) the timing of implementation of changes, and (b) the identification of appropriate geographic cost centres. The issue of geographic cost centres was one of primary interest to the Pools, and work continued on this committee during the crop year with the assistance of a costing expert. It is anticipated that the final report of these committees will be completed in the fall of 1981.
By year-end your organization was studying the most effective method of involvement in the next phase of the CTC costing review, namely the very important item of cost of capital in establishing railway costs.
- 2) *Sponsored two full joint board meetings of the three Pools,* where policies and operations of the provincial organizations were discussed and joint action initiated. A farmer attitude survey was commissioned which it is hoped will help your Board evaluate knowledge and opinions on grain marketing methods.
- 3) *Maintained membership in the Great Lakes Waterways Development Association,* with W. W. Fraser and J. O. Wright as directors representing the Pools. Mr. Wright also represented the organization on a Users' Advisory Committee established to interface with the St. Lawrence Seaway Authority, where financial plans, capital and operating budgets, toll

levels and future developments of the Seaway are reviewed.

- 4) *Maintained membership in the Canada-China Trade Council.* E. K. Turner is the official representative of CCWP on the Council board. The Agricultural Committee of the Council is in the final stages of establishing a project for development and trade with a province in North China.
- 5) *Continued support of the Canadian Hunger Foundation.* The organization has continued as a core supporter of the Foundation, which has an excellent reputation in small appropriate technology and co-operative projects in underdeveloped countries.
- 6) *Maintained membership in the C. D. Howe Research Institute.* The Institute's policy analysis activity provides an essential non-governmental perspective on critical economic and trade policy issues. J. O. Wright represents CCWP and is a member of the Canadian-American Committee, which meets twice yearly.
- 7) *Continued membership in the Canadian 4-H Council.* This membership has provided an opportunity to give leadership to this important youth education activity. Duane Bristow, Director of the Member Relations Division of Saskatchewan Wheat Pool, is currently chairman of the Program Committee and is also a member of the Executive and Finance Committees of the 4-H Council.
- 8) *Continued support of the Canadian Agricultural Scholarship Association.* Your Board has authorized continued financial support toward the cost of a travelling agricultural study scholarship, with a student selected from Western Canada.

Other Memberships and Grants

Your Board has authorized membership in the Canadian Institute of International Affairs; the United Nations Association in Canada; the Canadian Water Resources Association; and has provided assistance to the Wheat Breeders and Plant Pathologists Societies toward the cost of publications, as well as providing a prize at the Royal Winter Fair for the World Flax Championship.

CONCLUSION

Steady rises in production costs, led by unconscionable interest rates, are putting extreme pressure on producers, particularly on younger farmers and those who do not have a high equity holding in their farm operations.

Your Board will continue to advocate policies which will bring adequate and more stable returns, and will place emphasis on efficient marketing services to serve members' needs.

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

Respectfully submitted,

E. K. Turner)	
A. J. Macpherson)	Executive
W. W. Fraser)	
D. M. Lockwood		
G. Stevenson		
H. R. Patching		
G. W. Braithwaite		
W. J. Strath		
W. H. Corbett		

STATISTICAL TABLES AND ANALYSES

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8. Exports of Canadian Wheat (except Durum) to Major Importers
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**TABLE 1
WORLD WHEAT: HECTARES, YIELD, PRODUCTION
SELECTED YEARS**

Year	Area (Million Hectares)	Yield *(Quintals per Hectare)	Pro- duction (Million Metric Tonnes)
1971-72	215.0	16.5	354.5
1972-73	212.5	16.3	347.1
1973-74	220.9	17.2	378.9
1974-75	222.7	16.3	363.9
1975-76	227.4	15.8	360.0
1976-77	233.8	18.2	425.1
1977-78	228.2	16.9	386.7
1978-79	228.3	19.8	451.4
1979-80	229.0	18.7	429.0
1980-81 (provisional)	235.3	18.9	444.5

Source: International Wheat Council
World Wheat Statistics

* 1 Quintal = 100 kilograms
10 Quintals = 1 tonne

Table 1 — World wheat production in 1980-81 was 444.5 million tonnes, an increase over the previous year but below the record level of production during 1978-79. World wheat acreage was at a record level in 1980-81.

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

Year	Amount (Million Metric Tonnes)
1971-72	52.5
1972-73	68.3
1973-74	63.1
1974-75	63.4
1975-76	66.5
1976-77	61.8
1977-78	72.4
1978-79	71.7
1979-80 (provisional)	86.0
1980-81 (estimated)	93.0

Source: International Wheat Council
World Wheat Statistics

Table 2 — World exports of wheat and wheat flour continued to increase, reaching 93 million tonnes during 1980-81 compared with 86 million tonnes the previous year.

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

Year	Stocks (Million Metric Tonnes)
1971-72	51.2
1972-73	29.2
1973-74	26.9
1974-75	30.0
1975-76	37.3
1976-77	54.4
1977-78	52.2
1978-79	55.5
1979-80	48.3
1980-81 (estimated)	44.4

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

Source: International Wheat Council
World Wheat Statistics

Table 3 — Carryover stocks by the major exporters continued to decline, falling to 44.4 million tonnes (10 per cent of production) from 48.3 million tonnes the previous year.

**TABLE 4
GRAIN: ACREAGE YIELD, PRODUCTION — CANADA
1980 (Revised), and 1981 (September Forecast)**

	1980 (Revised)			1981 (September Forecast)		
	Acre- age (Mil- lions)	Yield (kg per acre)	Prod. (Mil- lion tonnes)	Acre- age (Mil- lions)	Yield (kg per acre)	Prod. (Mil- lion tonnes)
Wheat	27.4	699	19.2	30.2	806	24.4
Oats for						
Grain	3.7	809	3.0	4.4	819	3.6
Barley for						
Grain	11.5	983	11.3	13.3	999	13.3
Rye	0.8	585	0.4	1.1	862	1.0
Flaxseed ..	1.4	327	0.5	1.1	422	0.5
Rapeseed ..	5.1	483	2.5	3.6	498	1.8

Source: Statistics Canada, 22-002

**TABLE 5
GRAIN: ACREAGE, YIELD, PRODUCTION
— PRAIRIE PROVINCES
1980 (Revised), and 1981 (September Forecast)**

	26.6	679	18.1	29.4	793	23.3
Wheat						
Oats for						
Grain ...	2.7	815	2.2	3.4	824	2.8
Barley for						
Grain ...	10.7	969	10.3	12.3	995	12.2
Rye	0.7	545	0.4	1.0	860	0.9
Flaxseed ..	1.4	327	0.5	1.1	422	0.5
Rapeseed ..	5.0	485	2.4	3.5	502	1.8

Source: Statistics Canada, 22-002

Tables 4 & 5 — show revised production figures for 1980 and forecast production for 1981. The 1981 Canadian wheat crop is forecast at a record level of 24.4 million tonnes, up 26 per cent from 1980. The 1981 Canadian barley crop is also forecast to be a record at 13.3 million tonnes. Production of oats and rye is also expected to exceed last year, flaxseed production to be the same as 1980, while rapeseed production is expected to decline due to decreased seeded acreage.

TABLE 6
PRODUCER MARKETINGS — PRAIRIE PROVINCES
AUGUST 1 TO JULY 31, 1976-81
(Millions of Tonnes)

	1976-77	1977-78	1978-79	1979-80	1980-81 ⁽¹⁾
Wheat	14.9	19.1	14.5	18.7	18.6
Oats	0.9	0.8	0.4	0.4	0.4
Barley	5.8	5.2	5.4	5.4	6.4
Rye	0.3	0.2	0.2	0.4	0.4
Flaxseed ..	0.3	0.5	0.4	0.7	0.4
Rapeseed ..	1.0	1.8	2.9	2.9	2.1
Total	23.2	27.6	23.8	28.5	28.3

⁽¹⁾Preliminary

Source: Canadian Grain Commission
Grain Statistics Weekly

Table 6 — Prairie producers marketed 28.3 million tonnes of grain and oilseeds during 1980-81, only marginally below the record 28.5 million tonnes marketed during 1979-80.

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

	1979-80	1980-81 ⁽¹⁾	10-Year Average 1970-71 to 1979-80
Wheat (except Durum)	13.3	13.5	11.1
Durum Wheat	1.9	2.1	1.6
Flour	0.6	0.6	0.7
Total Wheat and Flour	15.8	16.2	13.4
Oats	0.1	—	0.1
Barley	3.8	3.2	3.6
Rye	0.4	0.4	0.2
Flaxseed	0.5	0.5	0.4
Rapeseed	1.7	1.4	1.1
Total	22.3	21.8	18.8

⁽¹⁾ Preliminary

* Less than 50 thousand tonnes

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

Table 7 — Exports of all grains and wheat flour were 21.8 million tonnes during 1980-81, a decline of two per cent from the record level of the previous year, but 16 per cent above the previous 10-year average.

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

	1979-80	1980-81	10-Year Average 1970-71 to 1979-80
USSR	2.3	3.5	1.6
People's Republic of China	2.5	2.9	2.5
United Kingdom	1.4	1.4	1.4
Japan	1.4	1.3	1.3
Brazil	1.2	1.3	0.8
Others	4.5	3.1	3.5
Total	13.3	13.5	11.1

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

Table 8 — During 1980-81 the USSR replaced the People's Republic of China as the major importer of Canadian wheat (except durum). The United Kingdom, Japan and Brazil remained as important customers.

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

	1978-79	1979-80	1980-81
USSR	1.6	3.8	6.2
Japan	3.3	3.4	3.8
People's Republic of China	3.1	2.5	2.9
United Kingdom	1.4	1.4	1.4
Poland	1.2	1.9	1.3
Others	8.4	9.3	6.2
Total	19.0	22.3	21.8

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

Table 9 — The USSR again imported the largest amount of Canadian grains, oilseeds and wheat flour, 6.2 million tonnes, for a significant increase over the previous year. Other important customers were Japan, the People's Republic of China, United Kingdom and Poland.

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

Port	1978-79	1979-80	1980-81
Pacific	8.3	9.1	9.5
St. Lawrence	7.9	9.9	9.7
Atlantic	0.6	0.8	0.7
Churchill	0.5	0.5	0.3
Thunder Bay (direct)	0.7	1.2	0.8

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

Table 10 — During 1980-81 record exports of 9.5 million tonnes were achieved through Pacific ports, while St. Lawrence ports, at 9.7 million tonnes, remained the most important export outlet for Canadian grains and oilseeds.

TABLE 11
CARRYOVER STOCKS OF GRAIN IN CANADA⁽¹⁾
AT JULY 31, 1979-81 AND 1971-80 AVERAGE
(Millions of Tonnes)

	1979	1980	1981 ⁽²⁾	Average 1971-80
Wheat	14.9	10.7	8.3	12.4
Oats	1.5	0.9	0.8	1.4
Barley	4.9	2.0	3.0	3.8
Rye	0.5	0.4	0.2	0.3
Flaxseed	0.4	0.6	0.3	0.4
Rapeseed	1.1	1.5	1.3	0.6
Total	23.3	16.1	13.9	18.9

⁽¹⁾ excluding Newfoundland

⁽²⁾ preliminary

Source: Statistics Canada
Stocks of Canadian Grain at July 31, 1981

Table 11 — Carryover stocks of Canadian grain at July 31, 1981 were 13.9 million tonnes, significantly lower than two years ago when stocks were 23.3 million tonnes. The level of stocks declined during the 1980-81 crop year for all of the major crops except barley.

TABLE 12
FARM STOCKS OF ALL GRAINS IN CANADA
AT JULY 31, 1979-81
(Millions of Tonnes)

	1979	1980	1981
Wheat	9.0	4.3	1.5
Oats	1.1	0.7	0.6
Barley	3.2	1.1	1.0
Rye	0.3	0.1	0.1
Flaxseed	0.1	0.2	0.1
Rapeseed	0.2	0.3	0.4

Source: Statistics Canada
Stocks of Canadian Grain at July 31, 1981

TABLE 13
CARRYOVER STOCKS OF GRAIN ON FARMS
PRAIRIE PROVINCES
AT JULY 31, 1979-81
(Millions of Tonnes)

	1979	1980	1981
Wheat	8.8	4.1	1.4
Oats	0.9	0.5	0.4
Barley	3.0	1.0	0.8
Rye	0.3	0.1	0.1
Flaxseed	0.1	0.2	0.1
Rapeseed	0.2	0.3	0.4

Source: Statistics Canada
Stocks of Canadian Grain at July 31, 1981

Tables 12 & 13 — Farm stocks of wheat declined to 1.5 million tonnes at July 31, 1981 from 4.3 million tonnes the previous year. With the exception of rapeseed for which farm stocks increased somewhat, stocks of the remaining crops also declined from the previous year.

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

	1978	1979	1980
Wheat	\$ 1,648,973	\$ 1,852,567	\$ 2,669,789
Wheat, CWB Payments	118,719	427,862	389,693
Oats	41,388	27,231	37,328
Oats, CWB Payments	4,997	—	442
Barley	386,084	478,593	513,952
Barley, CWB Payments	83,397	47,112	45,232
Western Grain Stabilization Payments	113,900	251,400	—
CWB Cash Advances	136,820	130,664	60,165
CWB Cash Advance Repayments	(119,154)	(172,252)	(82,875)
Deferred Grain Receipts	(351,921)	(405,571)	(611,088)
Liquidation of Deferred Grain Receipts	434,034	350,237	405,571
Rye	22,446	37,390	75,073
Flaxseed	102,118	137,703	177,279
Rapeseed	576,972	768,552	647,773
Other Crops	206,349	227,834	278,110
Total Crops	\$ 3,405,122	\$ 4,159,322	\$ 4,606,444
Cattle and Calves	\$ 1,658,876	\$ 1,978,673	\$ 2,188,891
Hogs	327,349	360,679	362,663
Sheep and Lambs	5,355	8,760	9,800
Other Livestock and Products	422,943	497,768	565,040
Total Livestock and Products	\$ 2,414,523	\$ 2,845,880	\$ 3,126,394
Other Sources ⁽¹⁾	\$ 58,700	\$ 35,199	\$ 55,771
TOTAL CASH RECEIPTS	\$ 5,878,345	\$ 7,040,401	\$ 7,788,609
TOTAL CANADA⁽²⁾	\$11,898,954	\$14,077,299	\$15,642,127

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

⁽²⁾ excludes Newfoundland

Source: Statistics Canada, Farm Cash Receipts

Table 14 — Farm cash receipts for the three Prairie Provinces for 1980 were \$7.8 billion, an increase of 11 per cent from 1979, due to an increase for both grains and livestock.

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

Year	Three Prairie Provinces	Canada except Newfoundland
1972	\$1,078.7	\$1,898.1
1973	1,449.9	2,650.3
1974	2,234.7	3,651.3
1975	2,439.6	3,874.5
1976	1,682.0	3,049.7
1977	1,426.4	2,702.4
1978	1,724.8	3,125.1
1979	2,290.6	3,848.0
1980	1,882.0	3,310.0
1981 ⁽²⁾	2,223.0	3,860.0

⁽¹⁾ Does not take account of changes in inventory

⁽²⁾ Estimate

Source: Statistics Canada, Farm Net Income

Table 15 — Realized farm net income for the three Prairie Provinces was \$1.9 billion in 1980, a decline of 18 per cent from 1979. Realized farm net income for all of Canada showed a similar decline to \$3.3 billion from \$3.8 billion the previous year.

TABLE 16
PRAIRIE GRAIN CASH ADVANCES
(Millions of Dollars)

Year	Number of Loans	Amount Advanced
1971-72	34,303	\$ 68.1
1972-73	9,092	20.7
1973-74	12,510	35.3
1974-75	14,136	46.6
1975-76	7,981	20.2
1976-77	22,801	130.6
1977-78	24,909	119.1
1978-79	28,998	151.3
1979-80	28,550	99.1
1980-81 ⁽¹⁾	8,465	61.6

⁽¹⁾ Preliminary

Source: Canadian Wheat Board

Table 16 — During 1980-81 there were 8,465 advances made under the Prairie Grain Advance Payments Act, down significantly from 28,550 the previous year. The amount advanced also declined to \$61.6 million from \$99.1 million.

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

Province	Fiscal Year 1979-80 Number	Fiscal Year 1979-80 Amount	Fiscal Year 1980-81 Number	Fiscal Year 1980-81 Amount
Alberta	948	\$ 99.8	640	\$ 71.7
Saskatchewan	1,570	149.6	1,346	128.5
Manitoba	567	58.0	470	47.1
Total Prairie Provinces	3,085	\$307.4	2,456	\$247.3
Total Canada	5,698	\$628.5	4,686	\$508.9

Source: Farm Credit Corporation
Annual Report

Table 17 — There were 4,686 loans made under the Farm Credit Act in 1980-81, down from 5,698 the previous year. Similarly, the amount loaned declined to \$508.9 million from \$628.5 million.

ALBERTA WHEAT POOL
ANNUAL REPORT 1981