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Corporate Highlights

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

Through subsidiary organizations, Alberta Wheat Pool is active in west coast grain terminal operations, export grain marketing, fertilizer manufacturing and grain handling engineering services. Alberta Wheat Pool was incorporated in 1923 and today has 98,700 farmer members and 1,500 employees. Since inception, Alberta Wheat Pool has handled more than 112 million tonnes of grain and has returned $258 million dollars in patronage refunds to its members.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Revenue</th>
<th>Earnings Before Income Tax</th>
<th>Total Assets</th>
<th>Working Capital</th>
<th>Total Funds Invested</th>
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<tbody>
<tr>
<td>1983</td>
<td>$1,364,159,000</td>
<td>30,173,000</td>
<td>502,040,000</td>
<td>70,949,000</td>
<td>$219,225,000</td>
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<tr>
<td>1982</td>
<td>$1,455,539,000</td>
<td>24,761,000</td>
<td>464,018,000</td>
<td>56,048,000</td>
<td>$196,073,000</td>
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Alberta Wheat Pool's research programs involve the development of new crop varieties.
Report of
The Board of
Directors

To Sixty First Annual Meeting of Delegates

A snapshot of the past crop year shows Alberta Wheat Pool strengthened the economic position and emerged with new, improved performance records. Indeed, the year-end financial results for both the Pool and Pool Elevators were uniformly strong. A reduction in the level of grain transportation and handling costs was the major contributor to this year’s improved financial results.

In the Pool’s second quarter financial statements, the total funds available for distribution amounted to $34.1 million. Of this amount, $32.4 million went to the farmers and Pool Elevators, representing a 54% increase over the prior year’s distribution. The remaining $1.7 million was set aside for future capital needs.

Summary of Operations

Farmers delivered 2.6 million tons of grain to Alberta Wheat Pool Country Managers during the past crop year. This was a significant increase over the previous year’s crop. The volume of grain deliveries was also affected by weather conditions. The crop year witnessed a mild winter, which resulted in good growing conditions and a larger grain harvest.

The Pool’s operations were characterized by a strong emphasis on efficiency and cost reduction. The Pool achieved a 10% reduction in transportation costs, a 5% reduction in the cost of handling grain, and a 2% reduction in the cost of Pool operations.

Record demand for grain in the Pool’s overseas markets resulted in record sales and earnings. The Pool’s overseas sales and earnings for the past crop year were $3.5 billion, a 20% increase over the previous year.

Canadian Wheat Board

Throughout the year, the Board continued to focus on improving the efficiency of the Pool’s operations and increasing the competitiveness of the Pool’s grain sales. The Board is committed to ensuring that the Pool continues to be a driving force in the Canadian grain industry, providing farmers with a competitive, efficient, and fair market for their grain.
the Board, your Board of Directors believe the
Canadian Wheat Board has performed very well
for western farmers. During the past crop year, a
senior United States Department of Agriculture
Economist publicly stated, Canada benefits from
“very aggressive marketing” and Canadian sales to the
Chinese, Asian, and Soviet markets are areas
where the Canadian Wheat Board remained
strong during the recession, while the United
States and other countries faltered.
Six years ago the
Wheat Board stated
that Canada should be
prepared to export 30
million tonnes of
canadian grain, oil
seeds, and their pro-
ducts by 1986. This
target may be met
during 1986 as a result
of a strengthened
marketing effort.
It was largely the
Wheat Board’s effort
that led to the
Canadian grain terminal expansions, freights charges,
and system upgradings in recent years. Alberta
Wheat Pool, partly in response to its initiative,
in the past six years has invested $55
million in country elevators and has sponsored
a further $42 million in terminal expansion
and upgrading.
For the future, the population estimates indicate
that we should plan to increase grain production
by roughly the equivalent of Western Canada’s
crop of 1982-83. The Wheat Board has estimated
Canadian exports at 30 million tonnes by 1983. A
Berta Wheat Pool is confident the terminal system
will be qualified to handle the volume by
the end of the century. A new terminal "near"
canada’s youngest and most efficient grain
terminal operating in 1985 with a project
jested maximum throughout of over 3.8 million
tonnes a year. Expenditures are being reduced
costs and are very close to budget.
During the year Michael Thomson, President and
Chief Operating Officer of Prince Rupert Grain
Ltd., and I will be responsible for managing the
260,000-tonne grain terminal in Prince Rupert. The
Alberta Wheat Pool continues to manage the existing
Prince Rupert
Terminal and reported record throughput and
earnings to the shareholders.

WCCS: Grain marketing has
crushed WCP’s expansion plans. With the Canadas
now in the position of being a grain exporter, the
WCP Board of Directors decides to continue grain
marketing plans but no major changes. Early in
1983 the two foot WCP’s Executive was restructured
and Alberta Wheat Pool’s J.W. MacMillan assumed the
senior management post on an interim basis. Major cost
cuts have had a major impact on the future
in the Alberta Wheat Pool’s operations. New
grain storage has been completed and
with the exception of a few locations the
Future WCP terminal will be
more efficient and better
for farmers.

WCP’s active participation in
the Canadian Wheat Board’s
new marketing plan has
delayed the new terminal
project.

The Prince Rupert Grain
Terminal is progressing
as scheduled and will open
in the near future.

Prince Rupert Grain
Terminal

The Prince Rupert Grain
Terminal is progressing
as scheduled and will open
in the near future.

RCS: Royalty marketing plan
will remain in effect.

BLC 155
Working to fulfill the Alberta Wheat Pool Delegates
polling for directors in the primary election in the western
region, the Wheat Pool announced the Government’s
“Western Transportation
Initiative.” Following this
announcement, Alberta
Wheat Pool moved into
an intensive lobbying effort as a legitimate and essential
component of the democratic process.

Bill C-155 was intro-
duced into the House
of Commons on May
16, 1983 for first reading.
Following second
reading, the Bill was referred to the Commons
Transport Committee for public hearings. Your
department participated by making a submission.
A Senate hearing was held by the Committee’s chairman.

The Transport portfolio has now been passed to
the honourable Lloyd Axworthy and the House
of Commons is addressing the numerous amendments.

Prime Minister Trudeau and President Mulroney
in conversation.
Alberta Wheat Pool's involvement throughout the entire process would require a separate volume to describe, but it can be documented and the Board believes that very significant progress was made in the first year of operations. The Board also appreciates the work of the Alberta Wheat Pool Board of Directors and the Alberta Wheat Pool staff.

In June 1983, the Legislative Assembly of Alberta approved a bill to amend the Alberta Wheat Pool Act as requested by the Alberta Wheat Pool Board. Section 8 was amended to give the Board of Directors the ability to cancel the membership of any member whose services are no longer necessary.

In 1984, Alberta Wheat Pool Delegates voted in favor of investing $8.9 million in a new flour mill. This mill is scheduled to be completed in 1986. The mill will produce flour for domestic and export markets.

In 1984, the Board of Directors approved a budget of $12.5 million. Once again, the Board's investment is significant, but it is now in the hands of the management team to ensure its successful implementation.

Rail Line Closures

The Canadian Transport Commission announced decisions to abandon three Alberta rail lines: the erstwhile railway lines between Edmonton and Calgary, and the lines between Calgary and Alberta. The decision was made to reduce costs and improve efficiency.

Properties

The Alberta Wheat Pool has properties throughout Alberta, including grain elevators, warehouses, and processing facilities. The company is well-positioned to serve its customers in the agricultural industry.

Election of Delegates

At the annual meeting of the Alberta Wheat Pool, delegates are elected to represent the members of the Pool. The election process is designed to ensure that the Board of Directors is representative of the membership.

The Board of Directors has approved a total capital budget for 1985-1986 of $12.5 million. Once again, the investment is significant, but it is now in the hands of the management team to ensure its successful implementation.
Report of The Board of Directors

Board of Directors

Board of the Canadian Council of Canada, Western Region, Research Foundation, and served as Chairman of the Wheat Pool's Grain Industry and Technical Council.

A. J. Marchetti, Vice-President; J. D. Bannister, Second Vice-President; O. O. Bradshaw.

Mr. Marchetti, the Chief Executive Officer of the Board of Directors, continued to act as Chairman of the Prince Rupert Grain Corporation, and was elected President of the Prince Rupert Grain Corporation.

Chief Executive Officer, J. M. Millet, served as President of the Prince Rupert Grain Corporation, and was elected President of the Prince Rupert Grain Corporation.

The Board of Directors also elected a new Chairman of the Wheat Pool's Grain Industry and Technical Council.

Public Relations

The Public Relations Department, under the direction of A. W. Brandt, was responsible for the

Board of Directors continued the tradition of communicating with members and the public at large on a variety of issues. The Department's work is conducted within the framework established by the Board and the Board of Directors.

Member Survey

Over 4,500 active Alberta Pool members were surveyed during the year and the additional member was identified as the one most likely to turn up at the Annual General Meeting. The results indicate that the Board of Directors, in cooperation with the Canadian Cooperative Grain and Wool Commission, has achieved an increase of 50% of the farmers who declared their intention to join the Alberta Pool.

Affiliation

Alberta Pool is a member of the Uniform and is affiliated with the Canadian Federation of Agriculture. The Board of Directors has recommended that the Alberta Pool member of the Canadian Federation of Agriculture be appointed to the Board of Directors of the Uniform.

Canadian Co-operative Wheat Producers

This company, once used as a selling agency for the three Pools, had two formal meetings during the year. The three Pools reviewed operations and marketing. The three Pools reviewed operations and marketing. The Board of Directors, in cooperation with the Canadian Federation of Agriculture, was asked to consider the possibility of providing information on the Canadian Federation of Agriculture, to research railway traffic for the grain industry. It is hoped to develop a system of agreement for transportation on the

Staff

The Uniform is more highly valued than ever during the year and the performance and dedication of staff, members, who worked as a team throughout the year to meet the objectives of the Alberta Pool and its member.

Grain Academy

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Membership

During the 1982-83 season, 2,624 new members were admitted by the Board, compared to 2,186 during the 1981-82 season.

Transport Committee hearings on Bill C-106. The Uniform is more highly valued than ever during the year and the performance and dedication of staff, members, who worked as a team throughout the year to meet the objectives of the Alberta Pool and its member.
60th Anniversary
Alberta Wheat Pool’s Sixtieth Anniversary was officially celebrated on October 29, 1983. To commemorate the anniversary, the Board authorized publication of a booklet entitled “Trails in the Wheat” Specialiscof pen and case were designed and manufactured for distribution to members and employees.

Challenges
The cost price squeeze continued to plague producers in the past crop year and is described by some analysts as the worst since the 1930s. In 1982, the Alberta farmers expected net income to drop by 22% from the previous year and for 1983, the anticipated declines to 25%. It should not be surprising that farm families stress levels are high and financial constraints are widespread as years of low commodity prices and high operating costs catch up with producers.

A recent observation is that in Western Canada, economic diversification is not taking place and that agriculture’s troubles are the result of a fundamental problem of economic growth. Farm leaders and both levels of government must plan to initiate programs that are stimulating programs. One suggestion could be the elimination of a tax on natural gas used to manufacture fertilizer. This action would benefit both agricultural producers and the local community. The cost of natural gas constitutes about 30% of the cost of producing fertilizer and the tax portion of the cost per unit of gas is over 50%. This action would benefit both the provincial government’s capital accumulation and the farmers’ capital. The government could stimulate the local economy and help the farmers. This suggestion is a good idea and should be implemented.

In Memoriam
Sincere sympathy is extended to the families and friends of a former elected official of Alberta Wheat Pool who passed away during the year.
Mr. James Baker of Ponoka passed away in December 1982. Mr. Baker was an original contract signor with Alberta Wheat Pool, passed away in August 1983. Mr. Frey served as Wheat Pool Director on three occasions between 1924 and 1956.

Mr. James McFall of the Enniskillen area served as Director on two occasions between 1933 and 1936. Mr. McFall passed away in April 1983.
Chief Executive Officer's Report

A wide variety of challenges faced Alberta Wheat Pool in 1988-89. Alberta's economic conditions had a direct effect on the farm and business community alike. Low farm income in the province was down 29% in 1982, largely due to a decline in grain prices. In this environment, many farm operations as well as other businesses experienced severe setbacks. Associated operations, such as oilseed crushing and fertilizer manufacturing were similarly affected.

Nevertheless, Alberta Wheat Pool was able to respond to these conditions in a way that provided member investment and allowed the organization to record another successful year. Despite the adverse economic conditions, consolidated net earnings of $28,000,000 were up 28% from 1981-82. The second highest in record.

Record country grain handling, aggressive marketing programs, careful cost control and good support from members and employees contributed to this achievement.

Many new measures were adopted to meet the challenges of the times. An ambitious cost cutting program resulted in operating and administrative costs being well below budget.

Employee productivity reached new high levels and careful management of subsidiary operations helped reduce the impact of the economic downturn.

While operating losses occurred in oilseed crushing, the situation showed marked improvement over a year ago and the wholly owned subsidiary, Alberta Food Products, is now well positioned for economic recovery. Recent trends in product prices include a more optimistic future.

The fertilizer industry also faced difficult conditions in the past year. Since January 1988, Alberta Wheat Pool has been responsible for interim management of Western Co-operative Fertilizer Limited. Although the situation continues to be a difficult one, many cost-cutting measures were adopted to better equip the company to meet future conditions.

Emphasis continued on providing Pool facilities and services to meet member needs. An active building and maintenance program, along with strong attention to products when they were available, continued its major activities. At the same time, closing country grain handling at 85% of the rate at which it was operating in the previous year, affects concern for the members' situation.

Concentration on maintaining a modern and efficient grain handling system, good service and overall performance continue to provide members with a favorable return on the use of their own Pool facilities.

Country Operations

Alberta Wheat Pool's country grain handling system achieved record receipts for the fourth consecutive year. Handlings totaled 8,051,480 tons, up nearly 110,000 tons from last year, for an increase in market share from 66.4% to 69.3%. Contributing to the increase in handling were high levels of operating costs and staff productivity, resulting in division earnings of $11,293,000. However, reduced sales margins on farm grain and feed supplies were the main factors contributing to a decline in earnings from 1981-82. Grain shipments to Thunder Bay were up from last season to 1,341,000 tons.

Through the organization's handling agreement with Saskatchewan Wheat Pool, Thunder Bay earnings increased from $1,309,000 to 3,306,000.

1982-83 was an excellent year for grain movement from the province to export connections. However, the international demand for barley was not sufficient to allow the entire crop to be marketed. The crop year began with good protein allocations and relative few competitive elevators. Heavy deliveries through the harvest season to advanced against the beginning of November. This problem was solved by selling elevators at the west coast, resulting in 132 contracted Pool elevators by the beginning of November.

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Rail text shippers dropped by 6%, but the supply of hopper cars increased by about 13%, which combined with regular domestic trucks and shipments, allowed the elevation to increase. Alberta Pool continues to experience significant traffic shortages.

Alberta Wheat Pool's handling to capacity ratio was 4.0 for the crop year, compared to last year's average of 3.6. Country wheat and barley performed admirably, with station productivity continuing to increase. Seven stations handled over 50,000 tons this year and 104 handled over 25,000 tons. The average handling per operating unit reached 30,472 barrows, or over 1,000 tons from last year. The average handling per country employee was 8,931 tons, 726 tons greater than in 1981-82. Based on grain elevators at 220 stations, the average grain handling is down 10% to 172,481 tons, down 47,440 tons from the previous year.

A strong wheat market in Alberta allowed grain prices to remain steady, virtually the same as last year. In non-boarded grain areas, the market has been volatile, with significant fluctuations in all major Alberta wheat markets.

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Chief Executive Officer's Report

Farm Supplies

Alberta Wheat Pool members faced considerable uncertainty about grain prices and delivery opportunities when making crop plans for 1983. They relied on reducing their purchase of farm supplies and increasing spring purchased acres. Excess production capacity in the fertilizer industry, and the declining demand for fertilizer in North America, were factors in an 11% general decrease in provincial fertilizer prices. Alberta farmers increased their fertilizer usage by 33% to 868,116 tonnes in 1982-83.

Total sales of farm supplies by Alberta Wheat Pool rose 12% over last year to $123,651,000. Real growth in sales is estimated to be 14%, since the average price of Pool farm supplies declined slightly from 1981-82. Financial performance shows considerable improvement from last year, but still reflects the extremely competitive farm supply marketing environment. In addition, Alberta Wheat Pool's strategy to increase its share of the fertilizer and crop chemical markets affected the ability to generate a profit. The net operating loss for the department was $137,000, compared to a $2,393,000 loss last year.

Fertilizer margins were the lowest of any farm supply product line, down 4% from last year. Alberta Pool's market plan for fertilizer and chemicals called for competitive pricing at individual stations and increased efforts in promoting the sale of Pool products. The sales efforts resulted in six stations selling more than $5 million in farm supplies and 26 stations registering over $1 million in sales. Alberta Pool's fertilizer sales increased 18% in volume and 5% in dollar terms resulting in our organization gaining 3% in market share. Bulk fertilizer increased by 84% of all fertilizer sales, up 13% from last season. With a trend to the purchase of farm supplies closer to the time of use, a change in available service in a few months' period became more of a factor. May through July were the principal months of farm supply sales, with 62% of the year's fertilizer sales and 70% of chemicals sales transacted in those months.

Fertilizer usage and services are becoming more sophisticated with increased use of soil testing and custom fertilizer blending. The Pool established its first Soy fertilizer facility at Drumheller in response to strong indication of member interest in the product.

Sales of crop chemicals rose 14%, to a record $4,832,000 and market penetration increased by an estimated 5%. Poor spray weather in June prevented chemical sales from being over 10% higher than the average year. The Alberta area treated with crop chemicals declined for the second consecutive year, due in large part to weather conditions during the spring planting season. A total of 27,745 tonnes of seed were purchased from members for $11.8 million, an increase of 15%. The U.S. payment aid program (PAP) took U.S. grain sales out of production causing prices for forage seed to increase. Demand was strong for flax, alfalfa, and sweet clover. In total, sales of forage seed increased 60% over 1981-82. Domestic sales decreases for pedigreed wheat and barley were particularly notable, up 60% and 23%, respectively, with 29% in Canada, 24% outside Canada. Pedigreed cereal seed sales decreased 36%.

Alberta Pool also contracted 11,000 acres of pedigreed cereal seed with members, providing them with an assured market for their production.

Alberta Wheat Pool continued to develop markets for forage seeds and began to participate in market development missions to Europe, South America and China. Pool seed is currently used in tests in foreign countries throughout the world. Long term research efforts continue towards development of improved varieties and forage varieties. Plant breeders are focusing on the development of forage seed barley varieties in particular, with very encouraging results achieved to date. Alberta Pool has entered into a joint venture with the University of Alberta to develop new varieties of forage seed barley.

Engineering, Construction and Maintenance

Provision of high quality, high maintenance, and farm supply facilities to serve the needs of members is a prime objective of Alberta Wheat Pool. In 1982-83, capital projects in country operations totalled $11.5 million. At year end, $11.5 million had been expended with the balance all under construction. New wooden elevators were constructed at Pool towns Crandall, Inglewood, Stavely and Templeton. Alberta Wheat Pool also constructed construction of four elevators, two in wood and two in concrete, which were completed during the year. The wooden elevators were constructed at Taber and Lethbridge; ABL Engineering Ltd. Pool at Lethbridge; designed and built concrete elevators at Lethbridge and Fort Macleod. These two facilities were the new Buffalo 2000 style of elevator designed specifically to meet the needs of Alberta Wheat Pool.
Chief Executive Officer's Report

In addition to these major projects, three elevator annexes and two steel bulk conveyors were added to existing elevator facilities. Upgrading projects involved five new bulk conveyors and six elevator modifications plus accelerated improvements to the equipment and plants. Sixteen receiving scales were installed at elevators to improve scale capacity for the larger and heavier trucks members are using to deliver grain. New office facilities were built at two stations and office renovations were completed at three other locations.

In the farm supply area, seven grain elevators were converted to bulk fertilizer plants to keep pace with the increasing demand for bulk fertilizers. Two new bulk plants were constructed and several existing facilities were relocated to new stations.

Nine berths were installed at bulk facilities to meet the need for custom transport loading.

As the elevator system undergoes consolidation and modernization, some elevators and annexes are no longer required. During the crop year, 24 elevators and 56 annexes were dismantled. Maintenance to existing facilities involved the expenditure of $24 million to ensure good operating conditions. At the year's end, Peak crews were building new elevators at Vancouer and Baffin.

Terminal Operations

West coast terminal receipts during the crop year were 1,245,000 tons, about 1% below the record volume established in 1981-82. Two major problems were a nine-day closure of the C.P. rail line through the Rogers Pass following the Rogers Pass fire, and lowvolume volumes. Receipts of wheat were up nearly 100,000 tons from 1981-82, but barley was down over 300,000 tons. Despite handling less grain, effective management and cost control allowed earnings to rise to $1,213,000, up 40% over the last year.

Alberta Pool also managed the terminal at Prince Rupert for the Prince Rupert Grain Consortium. This facility handled a record 1,375,447 tons of wheat during 1982-83, up 125,000 tons from last year. This was accomplished in spite of severe weather conditions and receipts of more grain than normal. The terminal, which has been in operation for 25 years, was substantially modernized in 1980-81.

Subsidiaries

Pacific Elevators Limited and Western Pool Terminals Ltd.

Pacific Elevators Limited, the operating company for the terminal, is owned by a 50/50 joint venture of the Pool and Pool Elevator Cooperative Limited. The operation is managed by Alberta Pool. The terminal's complex was designed under agreement to other grain and shipping companies to handle their grain volumes. It is thus an integral part of the Pool's total system.

Alberta Food Products

The canola crushing industry was again subjected to one of its costliest years. The low price of canola reduced the use of canola, and canola meal was in short supply, and at a price premium to soybean meal. With many crushing plants in the province of British Columbia during 1982-83, the Alberta Pool increased its canola crushing capacity from 940,000 tons to supply the canola meal requirements of other canola plant operators.

The Pool's new A.P. plant in operation at a lower loss than would have been incurred by shutting down the plant. Stripper crop controls were put into place, and a number of new projects were initiated. Careful attention was given to providing the highest quality product to the consumer, and to being on budget.
Chief Executive Officer's Report

Affiliated Companies

Western Co-operative Fertilizer Limited
The fertilizer industry experienced one of its worst years in 1982-83. World-wide excess production capacity, surpluses, and weak prices adversely affected all North American producers. Large operating losses were common throughout the industry. The experience at W.C.F.L. was similar, and the company incurred a $725.5 million operating loss. To finance the loss, W.C.F.L. sold surplus lands located adjacent to the Calgary and Medicine Hat plants. As a result of the infusion of funds, consolidated net earnings for the year were $13.9 million. Nevertheless, the road to recovery will be slow and difficult.

Fertilizer shipments for the year totaled 643,619 long tons, slightly ahead of last year's volume. With lower production, year-end inventories were down 65%. Through tighter sales to the owners, the company was able to increase its grain market share by 1%. As a result, the company was able to increase its share of the market. The Medicine Hat plant was successfully concluded after the end of the 1982-83 crop year. The sale will allow the Medicine Hat plant to resume operations on a limited scale.

AFL, Engineering Ltd.
Operations at AFL, Engineering Ltd., were affected by the reduced demand for new elevator construction. With the completion of the Lysik and Foremost Buffalo 2000 grain elevators, the company's growth was hampered by the need for additional capacity. The company has continued to invest in new technologies, including the installation of new grain handling equipment, to meet the needs of its customers.

Finance and Administration
In response to the difficult economic conditions, management redirected its efforts towards improving management practices and financial controls with reduced capital expenditure programs. These efforts have been well received and are expected to continue.

Chief Executive Officer's Report

Sales and Earnings

The company's sales for the year ended March 31, 1983, were $1,985,000,000, compared to $2,010,000,000 in the previous year. The decrease was primarily due to lower grain prices and reduced sales volume.

Cost of Goods Sold

The cost of goods sold for the year ended March 31, 1983, was $1,785,000,000, compared to $1,800,000,000 in the previous year. The decrease was due to lower grain prices and reduced sales volume.

Operating Expenses

Operating expenses for the year ended March 31, 1983, were $370,000,000, compared to $375,000,000 in the previous year. The decrease was due to lower depreciation and amortization costs, as well as lower general and administrative expenses.

Earnings Before Income Tax

Earnings before income tax for the year ended March 31, 1983, were $90,000,000, compared to $95,000,000 in the previous year. The decrease was due to lower sales and lower operating expenses.

Interest Expense

Interest expense for the year ended March 31, 1983, was $30,000,000, compared to $35,000,000 in the previous year. The decrease was due to lower interest rates and lower debt levels.

Net Income

Net income for the year ended March 31, 1983, was $60,000,000, compared to $80,000,000 in the previous year. The decrease was due to lower sales, lower operating expenses, and higher interest expense.

Financial Highlights

- Net sales for the year ended March 31, 1983, were $1,985,000,000, compared to $2,010,000,000 in the previous year.
- Cost of goods sold for the year ended March 31, 1983, was $1,785,000,000, compared to $1,800,000,000 in the previous year.
- Operating expenses for the year ended March 31, 1983, were $370,000,000, compared to $375,000,000 in the previous year.
- Earnings before income tax for the year ended March 31, 1983, were $90,000,000, compared to $95,000,000 in the previous year.
- Interest expense for the year ended March 31, 1983, was $30,000,000, compared to $35,000,000 in the previous year.
- Net income for the year ended March 31, 1983, was $60,000,000, compared to $80,000,000 in the previous year.
Chief Executive Officer's Report

From the 1981-82 earnings, patronage refunds amounted to $2,278,377 in cash and $10,289,181 in member relatives for a total of $12,567,558. The reserves are Alberta Pool members' equity in the organization. As directed by delegates at the 1982 Annual Meeting, reserve provisions totalled $7,072,084. In addition to the revolving membership number basis reserves were purchased from retired members, estates, deceased members, members reaching 65 years of age and members over 68 years who have not received a patronage refund in the last three years.

Human Resources

The staff restraint program, which began in 1962, was initiated and supplemented with new procedures, resulting in the need for reorganization efforts by all staff members to achieve higher individual productivity. Your staff, in the country, on the west coast, in the Winnipeg office and the Calgary head office responded to the needs of the organization and are commended for their part in the Pool's successful performance. This year, Alberta Wheat Pool, as a member and co-operative, is critically dependent on its employee-memorandum relations. The high quality, effectiveness and integrity of your employees was readily evident in their achievements under the difficult circumstances of 1982-83.

At year-end, the Pool's staff members were 1,303, a reduction of 16% in 1982-83, bringing the total reduction since the program began sixteen months ago to 267. Most of the decrease was accomplished through normal attrition of staff and a rationalization of duties. A special early retirement program was offered to employees near their normal retirement age as part of the restraint program. Only essential recruiting was permitted and that will continue to be the policy for 1983-84.

In line with Alberta Wheat Pool's commitment to the principle of the federal government's wage restraint program, total human resource costs were only 9.5% above those experienced last year. Audits of the employee benefit plans revealed methods of reducing costs to the organization with little or no reduction in the benefits to employees.

The pool's training program which was terminated last year as part of the overall organizational restraint, will be reconstituted in 1984-85 to continue the development of staff management and Performance appraisal systems. In case of success planning will be intensified. Used to develop the potential of all employees and plans for the continuity of Pool management, safety and accident control continue to receive high priority. Alberta Wheat Pool mortality, staff availability and staff morale programs are standard for country operations employees.

Budget

The outlook for 1983-84 is more optimistic than last year. The general economy is beginning a slow recovery from the recession and farm income is expected to continue the decline experienced in recent years. Grain prices have strengthened and the international demand for barley has increased. The fertilizer industry expects an improved balance in supply and demand will reduce the losses incurred in 1982-83. Positive cash flow during the year as a healthy change from last year's situation.

The Alberta Wheat Pool is in a very sound financial position to provide members with the best possible grain and farm supply services. It will be a year for careful stewardship of your organization with tight grain handling margins and continued competitiveness in marketing form and services. Management will continue to emphasize cost effectiveness and productivity in 1983-84.

The 1983-84 capital expenditure program of $1,1 million will allow Alberta Wheat Pool to maintain its leadership in providing modern member facilities and services. Through continued member support and employee dedication, Alberta Wheat Pool will be effective in maximizing returns to members from the use of their own organization.
Auditors' Report

The Members
Alberta Wheat Pool

We have examined the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1983 and the consolidated statements of operations, cash flows, and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted accounting principles, 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, 1983 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
October 12, 1983

Touche Ross & Co
Chartered Accountants

Consolidated Statement of Financial Position

Alberta Wheat Pool and
subsidiary companies
July 31, 1983

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 2,234,359</td>
<td>$ 1,688,858</td>
</tr>
<tr>
<td>Inventories (Note 3)</td>
<td>239,422,767</td>
<td>215,289,752</td>
</tr>
<tr>
<td>Accounts and accrued items receivable</td>
<td>103,484,685</td>
<td>100,765,032</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,502,289</td>
<td>5,182,886</td>
</tr>
<tr>
<td></td>
<td>353,759,000</td>
<td>329,367,688</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheques and cash items outstanding</td>
<td>91,488,413</td>
<td>84,075,562</td>
</tr>
<tr>
<td>Bank loans</td>
<td>125,621,591</td>
<td>118,049,628</td>
</tr>
<tr>
<td>Cash and short-term loans</td>
<td>19,939,600</td>
<td>22,116,775</td>
</tr>
<tr>
<td>Accounts payable and accrued charges</td>
<td>29,461,204</td>
<td>27,722,389</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>11,493,759</td>
<td>13,639,443</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>4,854,116</td>
<td>4,329,156</td>
</tr>
<tr>
<td></td>
<td>262,815,693</td>
<td>267,942,197</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>70,949,317</td>
<td>56,018,061</td>
</tr>
<tr>
<td>Property and equipment (Note 1)</td>
<td>116,003,770</td>
<td>112,239,794</td>
</tr>
<tr>
<td>Investments and membership interests</td>
<td>30,082,998</td>
<td>26,352,993</td>
</tr>
<tr>
<td>Development and preoperating costs</td>
<td>2,074,258</td>
<td>2,338,786</td>
</tr>
<tr>
<td>Deferred foreign exchange loss</td>
<td>1,114,208</td>
<td>1,114,208</td>
</tr>
<tr>
<td><strong>Funds Invested</strong></td>
<td>$2,188,254,541</td>
<td>$1,966,072,589</td>
</tr>
</tbody>
</table>

**Financed By**

- Term loans from members and cooperatives (Note 4) | $ 44,777,330 | $ 36,581,442 |
- Long-term debt (Note 6) | 36,252,389 | 39,069,180 |
- Members' equity | | |
- Reserves (Note 6) Authorised: $100,000,000 | |
- Issued to members | 91,460,687 | 87,019,068 |
- Earnings retained from prior years | 16,640,679 | 13,831,149 |
- Net earnings for the year | 29,552,276 | 24,367,286 |
- 137,684,222 | 122,392,006 |
- **Total Funds Invested** | $2,188,254,541 | $1,966,072,589 |

Approved on behalf of the Board:

A. J. Marshburn, Director
W. H. Petching, Director
Consolidated Statement of Operations
Alberta Wheat Pool and subsidiary companies
for the year ended
July 31, 1983

Revenue
Sales and other operating revenues $1,364,158,763 $1,435,639,026
Cost of sales (Note 2) 1,203,562,997 1,296,907,336
160,595,766 169,731,690

Expense
Gross margin 470,603,301 20,971,790
Depreciation 25,391,303 25,361,937
Interest 26,330,646 26,358,646
Terminal operations 24,478,656 24,095,926
Depreciation 13,372,628 11,794,631
120,182,430 117,005,217
Net earnings before extraordinary item 30,393,276 22,333,385
Extraordinary item (Note 8) 800,000 2,218,438
Net earnings for the year 5 29,333,276 24,551,823

Consolidated Statement of Earnings Retained from Prior Years
Alberta Wheat Pool and subsidiary companies
for the year ended
July 31, 1983

Net earnings for previous year $24,341,288 $23,743,897
Less: patronage refunds distributed
In cash 7,278,377 13,053,356
In member reserves 10,853,181 19,663,331
18,131,558 32,706,688
4,209,730 1,036,639
12,441,288 43,743,897
Working capital at beginning of year $70,945,317 $58,645,061
Working capital at end of year $55,045,051 $70,945,317

Consolidated Statement of Changes in Working Capital
Alberta Wheat Pool and subsidiary companies
for the year ended
July 31, 1983

Source of Working Capital
Net earnings for the year $29,353,276 $24,341,288
Less: items not affecting funds
Depreciation 13,372,628 11,794,631
Increase in investment 10,185,888 6,027,820
Increase in long-term debt 9,561,167 1,183,702
Proceeds from disposal of property and equipment 2,082,967 1,608,977
Increase in long-term debt 8,405,920 5,677,581
Increase in current liabilities 61,860,476 55,761,321

Application of Working Capital
Additions to property and equipment 18,417,921 30,022,762
Increase in investments 8,796,971 15,473,920
Increase in current liabilities 7,278,377 30,022,762
Increase in long-term debt 7,012,084 7,803,681
Increase in current liabilities 1,820,788
Increase in long-term debt 1,114,208
Increase in current liabilities of long-term debt 515,961 2,166,440
Increase in current liabilities of long-term debt 45,956,210 77,550,364
Increase in long-term debt 75,934,266 11,194,924
Working capital at beginning of year 55,045,051 70,945,317
Working capital at end of year $70,945,317 $58,645,061
Notes to the Consolidated Financial Statements
Alberta Wheat Pool and subsidiaries, for the year ended July 31, 1983

1. Accounting Policies
Alberta Wheat Pool, the Association, is incorporated by special Act of the Alberta Legislature. In preparing its financial statements, the Association follows generally accepted accounting principles, the application of which is consistent with previous years. 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 and its subsidiaries:

- Western Pool Terminals Ltd: 60%
- Pacific Elevators Limited: 60%
- Alberta Food Products: 100%

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 Cooperative Elevators Limited and XPCAN Grain Ltd. In addition, there is a significant investment in Ralley Grain Ltd, relating to the Terminal project at Prince Rupert and in the Cooperate Energy Corporation.

Revenues from the two co-operative joint ventures are recognized in the accounts when all revenue elements are met.

d) Development and preoperating costs
Development and preoperating costs represent those incurred in the accounts of Alberta Grain Products Ltd prior to the start of operations.

e) Recognition of income
The basis of valuing grain held in country storage facilities results in a deferral of handling expenses until grain is sold to the terminal facilities.

f) Foreign currency translation
Foreign currency transactions are recorded at the rate of exchange in effect at the year-end. Exchange gains and losses on commitments and certain debt from the same are reflected in the accounts as they occur.

The adoption of this policy reflects a change from that used in the previous year and is consistent with the recently issued accounting recommendations of the Canadian Institute of Chartered Accountants.

g) Net earnings for the year
Net earnings for the year after providing for income taxes, will be distributed by way of dividends. As not according to the decisions of the delegates at the annual meeting, income taxes of $179,426 (1982: $636,139) are included in administrative expenses.

2. Inventories
Inventories are comprised of:

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat grain</td>
<td>$165,796.903</td>
<td>$162,951.581</td>
</tr>
<tr>
<td>Other</td>
<td>26,058.396</td>
<td>23,102.413</td>
</tr>
<tr>
<td>Total</td>
<td>$191,855.299</td>
<td>$186,054.004</td>
</tr>
</tbody>
</table>

3. Property and Equipment
Property and equipment are classified by operating segments as follows:

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>110,036.793</td>
<td>98,222.478</td>
</tr>
<tr>
<td>Total</td>
<td>111,600,037</td>
<td>111,236,724</td>
</tr>
</tbody>
</table>

4. Term Loans
Substantially all term loans from members and cooperatives are on a demand basis. However, recent elections have shown that such loans are outstanding for longer than one year and accordingly they are not included in current liabilities.
Notes to the Consolidated Financial Statements
Alberta Wheat Pool and subsidiary companies
for the year ended
July 31, 1983

5. Long Term Debt

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta Wheat Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income debenture</td>
<td>$6,300,000</td>
<td>$6,750,000</td>
</tr>
<tr>
<td>Promissory note</td>
<td>5,500,000</td>
<td>7,200,000</td>
</tr>
<tr>
<td>Capital lease</td>
<td>1,249,183</td>
<td></td>
</tr>
<tr>
<td>Western Pool Terminals Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6% mortgage</td>
<td>4,141,072</td>
<td>4,317,927</td>
</tr>
<tr>
<td>Advances from minority shareholders</td>
<td>3,429,250</td>
<td>3,380,596</td>
</tr>
<tr>
<td>Alberta Food Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9% notes payable – U.S. 017,000,000</td>
<td>20,978,000</td>
<td>21,014,800</td>
</tr>
<tr>
<td>Less current maturities</td>
<td>4,645,116</td>
<td>4,329,185</td>
</tr>
<tr>
<td>$36,752,389</td>
<td>$43,088,183</td>
<td></td>
</tr>
</tbody>
</table>

a) The income debenture is secured by a first mortgage on land and a first floating charge on all the Association's undertakings, property and assets. The debenture carries interest at half of prime rate plus three quarters of a percent, and is repayable in quarterly installments of $100,000, terminating in 1989.

b) The amount payable under the demand promissory note represents the Association’s liability for shares of Cooperative Energy Corporation. The terms provide for quarterly payments ending in 1986. Payments in arrears bear interest at prime rate.

c) The obligations under the capital lease expire in 1988. Interest is payable at 1.4% throughout the lease period.

d) The 6% mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual installments of $492,918, including interest.

e) The 9% notes payable to the Prudential Assurance Company of America are secured by a first fixed mortgage on the land, a first floating charge on the interests of Alberta Wheat Pool in Alberta Food Products, upon all of the property and assets thereof, and by guarantees of the Association. This long term debt is repayable in annual installments to 1994.

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

1984-85 $4,845,116
1985-86 $4,845,595
1986-87 $4,593,302
1987-88 $4,278,340
1988-89 $3,863,880

6. Reserves

Detail of reserves issued to members are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$97,619,569</td>
<td>$75,855,317</td>
</tr>
<tr>
<td>Deduct members’ reserves purchased</td>
<td>7,012,083</td>
<td>7,890,081</td>
</tr>
<tr>
<td>Add patronage refunds allocated as members’ reserves</td>
<td>10,883,181</td>
<td>19,653,933</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$91,406,667</td>
<td>$87,619,569</td>
</tr>
</tbody>
</table>

7. Cost of Sales – Government Assistance

During the year the Association recorded government assistance, principally from the Government of Alberta of $4,249,826 (1982 – $4,129,010), as a credit against cost of sales.

8. Extraordinary Item

At July 31, 1983, the Association provided $100,000, to reflect a potential reduction in the realizable value of one of its investments.

9. Commitments

a) The construction of certain property and equipment has been authorized by the directors of Alberta Wheat Pool to the extent of approximately $21,140,000 (1982 – $22,300,000).

b) Western Co-operative Fertilizer 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 June 30, 1983, the balance of the debt instruments amounted to $443,875,000 (Canadian $232,864,646) repayable in annual installments until 1991. 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 arranged, through a contract to purchase specified annual quantities of phosphate rock. The rate of pay contract has been assigned to Western Co-operative Fertilizer Limited for the accomplishment of the arrangement.

c) The Association participates in the extent of a 34% interest in the construction of a major grain handling facility at Prince Rupert, British Columbia. This venture is being financed by the participating joint ventures and the Government of Alberta. The Association’s total investment will be approximately $20,400,000, of which $12,777,000 has been contributed to July 31, 1983. The remainder of the contributions are expected to be made over the next two years.

10. Contingencies

a) 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.

b) The Association guarantees, up to $4,000,000, in connection with the financing obligations of Western Co-operative Fertilizer Limited.

c) The Association is contingently liable for any deficiency in security pledged against a loan of $1,000,000 due by an associated company in 1988. The estimated current market value of the security is $1,400,000.

d) Income tax refunds of $2,570,000 are outstanding relating to inventory allowances claimed by the Association. No provision has been made in the financial statements for this amount as the Association has hedged its objective to these assessments.

11. Related Party Transactions

The Association conducts a significant portion of its business activities with related parties consisting of corporations, partnerships and cooperative joint ventures owned in concert with other organizations. Amounts due from related parties of $2,982,000 and amounts due to related parties of $92,989,000 are included in the Association’s assets and liabilities at July 31, 1983.
### Delegates 1983-84

#### District One
- 101. Goodwin, Barry B. Oyen
- 102. Grabert, Ray C. Millet
- 103. Gravelle, Vernion Ferintosh
- 104. Weddle, Robert Magrath
- 105. McKeen, Dennis H. Twin Butte
- 106. Hare, Ron A. Lehtmladge
- 107. Kellner, Frank Picture Butte
- 108. Rampel, Henry S. Vauxhall
- 109. Thorburn, Clarence F. Bow Island
- 110. Lewis, Stanley L. Cranston

#### District Two
- 201. Castell, William E. Clearwater
- 202. Williams, S. Evan Willock
- 203. Ben diger, John C. Nanton
- 204. McMillan, Henry R. Wainwright
- 205. Walker, Bruce Gleichen
- 206. Dufin, Robert L. Delacour
- 207. Wittgert, Clarence M. Drumheller
- 208. Dumerin, Patrick Kaysville
- 209. Cram, Ray T. Three Hills

#### District Three
- 301. Higgins, Donald J. Schuler
- 302. Luscombe, Carl Arcola Valley
- 303. Thomas, Robert Lamont \* Branch
- 304. O'Leary, Steven L. Bassano
- 305. Johnson, J. R. Drumheller
- 306. Deligney, Wayne L. Craigmore
- 307. Johnstone, Vernon E. Darcy
- 308. Kobierowski, John Kimberley
- 309. Hjep, Maxx L. Castor
- 310. Peterson, Leslie M. Irricana

#### District Four
- 401. Remenyi, Donald K. Edgerton
- 402. Chytry, Donald J. Wanstead
- 403. Jutras, Cliff & Edgewater
- 404. Thompson, William C. Mannville
- 405. Ogden, Wilmert L. Fortisburg
- 406. Ries, Robert F. Viking
- 407. Pearson, John E. Donalda
- 408. Pennington, Orton S. Chilton
- 409. Jankowski, Norman New Norway
- 410. Rude, Lyle E. Tofield

#### District Five
- 501. Siler, Neil B. Huxley
- 502. Schwan, Kenneth F. Irindale
- 503. Nelson, E. Carroll Bentley
- 504. Wagner, Albert F. Lacombe
- 505. Baker, Penny A. Ponoka
- 506. Waddell, John K. Watcreek
- 507. Heuss, John A. Shoreham
- 508. Lippert, W. P. (Bill) Mayerthorpe
- 509. Anderson, Hubert N. Basham
- 510. Stanley, Kenneth Westlock

#### District Six
- 601. Rock, John M. Devon
- 602. Rush, Anthony Albert L. Mymavn
- 603. Hair, Gert Vegreville
- 604. Hudson, Howard H. Andrew
- 605. Gilkison, Kenneth D. Fort Saskatchewan
- 606. McAllan, F. Bellevue
- 607. Isaksson, Russell F. Morinville
- 608. Cameron, Angela Westlock
- 609. Stark, Kenneth L. Fort Kent
- 610. Nikoletos, John Monte Boyle

#### District Seven
- 701. Ceren, James B. High Prairie
- 702. Olsen, Douglass Fort St. John
- 703. Winger, Mike Halkirk
- 704. Rieker, Jack E. La Grange
- 705. Erickson, Red C. Tupper
- 706. Welton, Allen B. Dawson Creek
- 707. Anderson, John H. Clairmont
- 708. Guen, Kenneth J. Beaverlodge
- 709. Kortekoeh, Don Chadron
- 710. Wilkins, Craig D. Fairview

### Board of Directors
- A.J. MacPherson President
- H.R. Pattington Vice-President
- G.W. Brathwaite Secretary-Treasurer

### Management Executive
- J.W. Veddadi
- R.H. Appleby
- G.E. Boll

### Auditors
- Touche Ross & Co.

### Management Executive
- J.W. Veddadi
- R.H. Appleby
- G.E. Boll

### Auditors
- Touche Ross & Co.