

Sask Pork Annual Report

2004 - 2005



sask
PORK

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Annual Report for the Budget Year August 1, 2004 to July 31, 2005
Published October 2005

Chairman's Letter



“*Sask Pork continues to work with various levels of government to ensure that our concerns and issues are communicated. The support of the provincial government through initiatives such as the Maple Leaf slaughter plant grant is essential to the future of the hog industry.*”

Many issues that affect our businesses are beyond our control. For instance, the countervail duty imposed on feeder pigs entering the U.S. was an additional and unexpected cost. Thankfully, the duty was removed and is in the process of being refunded. Rapid increases in fuel and energy costs have impacted many, including the hog industry. The strong Canadian dollar, while good for the economy, has a major impact on commodities that are based on the U.S. price.

Saskatchewan has the capacity to slaughter less than half of the hogs produced here. The recent closure of the World Wide Pork plant in Moose Jaw means a further decline in slaughter capacity and competition. Sask Pork has been committed to working on behalf of the industry to find a solution to packing capacity.

With insufficient slaughter capacity being a factor that limits growth in the province's pork industry, the announcement by Maple Leaf in July that they would construct a \$110 million packing plant in Saskatoon was welcome news for producers. This plant will process 20,000 hogs per week on a single shift basis with the capacity to double shift. Their investment in Saskatchewan displays a confidence in the future of the Saskatchewan hog industry.

The pork industry is continuing to evolve and present opportunities for smaller production units. Increasing opportunities for contract finishing allows producers to be involved in the industry while minimizing their risk.

I have a great deal of confidence in the ability of the Board of Directors to represent the Saskatchewan pork industry, and to provide direction and input to the staff of the organization. The Board is comprised of an excellent cross-section of farm businesses of various sizes, interests and locations; and individuals with a variety of backgrounds and strengths.

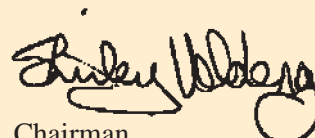
Saskatchewan producers are represented nationally on the Canadian Pork Council (CPC) and Canada Pork International (CPI) Boards of Directors. We played a key role in developing the U.S. Trade Action group that traveled to the U.S. to assist in the defense of the Canadian pork industry against the recent countervail and anti-dumping suit. Sask Pork also participated in the formation of an Animal Care Assessment tool, and further development of the Hog I.D. and Traceability program.

In 2005, the Canadian Pork Council undertook a strategic planning exercise to ensure valuable programming for the provincial pork associations. We provided input to the Canadian Pork Council on the Saskatchewan pork industry's needs to assist the CPC in developing their own strategic goals.

This year, Sask Pork undertook development of its own strategic plan that reflects the needs of our industry over the long term. This 3-year strategic plan was developed through input from the Board of Directors, staff, and producers. We developed the framework for strategic areas of market development and access, industry sustainability, strategic alliances, and communications. The 2005-2008 strategic plan outlines goals and objectives that Sask Pork will implement to assist Saskatchewan producers to compete in today's global marketplace.

Sask Pork continues to work with various levels of government to ensure that our concerns and issues are communicated. The support of the provincial government through initiatives such as the Maple Leaf slaughter plant grant is essential to the future of the hog industry.

I wish to commend the hardworking and dedicated staff and a committed Board of Directors for their contributions in helping to make the past year a successful one for our producers. And to the producers, a thank you for your support of Sask Pork throughout the year.

A handwritten signature in black ink, appearing to read "Shirley Voldeng". The signature is fluid and cursive, with a large loop at the end.

Chairman,
Shirley Voldeng

General Manager's Report



“*Throughout the year, the industry continued to build on the successes of the CQA® program and introduced the Animal Care Assessment (ACA) tool. This will ensure continued access to markets and build on Canada's reputation for quality pork.*”

For most in the industry 2004-2005 will be remembered as a milestone year. The July 7th announcement by Maple Leaf Foods of their plans to make a \$160 million dollar investment in fresh and value-added pork processing operations in the province was great news for our producers. This will cement the foundation of Saskatchewan's hog industry for years to come. A number of producers took an active role in working towards assurance of sufficient packing capacity in the province. They were actively engaged in pursuing a business plan to ensure a major packing plant remained in Saskatchewan. This exercise reinforced the reality that producers collectively have the ability to shape their industry. Although the packing industry and producers are dependent on each other, it seems a new market balance between the two entities is beginning to emerge.

The past year will also be remembered for the Countervail and Anti-dumping charges levied against our industry by the National Pork Producers Council in the U.S. The U.S. Trade Action Reference Group formed by the Canadian Pork Council and a team of lawyers and accountants were hired to defend Canadian hog producers' interests. Following an expensive, but necessary defense, the U.S. Department of Commerce ruled in our favor on anti-dumping charges. They did find evidence that some producers were selling hogs below the cost of production during the reference period, but found no evidence that the export of live Canadian hogs to the U.S. was harming the U.S. hog industry. Subsequently, the levies for dumping were discontinued and monies collected under the temporary order were to be returned to producers. The legal action cost the Canadian hog industry in excess of \$12 million dollars. The issue underlined the need for collective action by the national and provincial pork associations.

Although unfortunate for the grain sector, the frost of August 20, 2004 significantly reduced feed grain prices that coupled with an average hog price of \$145 per ckg for the year, allowed many producers to return to profitability. While many were able to regain lost financial ground from the previous three difficult years, a significant player in our industry, Community Pork Ventures was not as fortunate, and were forced into receivership. For those involved in the development of this organization, their leadership was significant in helping to shape and grow our industry.

Throughout the year, the industry continued to build on the successes of the Canadian Quality Assurance (CQA®) program and introduced the Animal Care Assessment (ACA) tool. This will ensure continued access to markets and build on Canada's reputation for quality pork. In

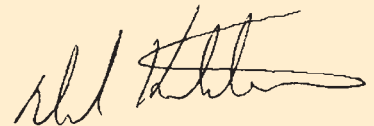
Saskatchewan, the CQA® program continues to have excellent producer uptake with more than 99% of hogs marketed being raised on CQA® recognized farms.

Sask Pork has been very active in helping to shape the development of the national Traceability system. Based on the concept of a low cost, but effective system, the program includes registering all hog farms in Canada, implementing a tattoo system which links province, ownership and barn location, electronically monitoring last location to processor, and at the final stage will track hog movement. Implementation of the first steps are expected to begin in early 2006.

On the financial side, Sask Pork continues to have a strong balance sheet. Despite posting a loss for the year, due to unbudgeted and extraordinary expenses for the packer feasibility study and the countervail and anti-dumping defense costs, Sask Pork made a concerted effort to control costs to avoid the necessity of raising the check-off.

In closing, I would like to acknowledge the people who work on behalf of the industry, Chyanne, Kim, Patty, and Harvey for their dedication, creativity, and contribution in assisting the hog industry grow and prosper. I would also like to recognize the contribution Brad Marceniuk made to the organization during the past year.

On behalf of the staff, I would also like to thank the Board of Directors for their guidance, insight and support in helping us achieve the progress we have seen in the industry over the past year.

A handwritten signature in black ink, appearing to read 'Neil Ketilson', with a long horizontal flourish extending to the right.

General Manager,
Neil Ketilson

Corporate Governance

Board of Directors

Chairman

Shirley Voldeng, Naicam, SK

First Vice-Chair

Ross Johnson, Outlook, SK

Second Vice-Chair

Florian Possberg, Humboldt, SK

Joe Kleinsasser, Rosetown, SK

Jerry Pfeil, Humboldt, SK

Judy Ulrich, Spalding, SK

Audit Committee

Chairman

Judy Ulrich

Joe Kleinsasser

Jerry Pfeil

The Saskatchewan Agri-Food Council is an independent board appointed by the provincial government. Council is responsible to the Minister of Agriculture for the supervision of all agencies established under The Agri-Food Act.

Sask Pork is an agency under the supervision of the Agri-Food Council and complies with the provisions of *The Agri-Food Act, 2004*, *The Agri-Food Regulations, 2004*, and *The Pork Industry Development Plan Regulations* pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing and investing activities.

The Board of Directors supports the highest standards in Corporate Governance and complies with the Code of Conduct for Board

Members in Sask Pork's Policy & Operating Procedures Manual. The Board and its members are committed to ethical and businesslike conduct. This includes proper use of authority and appropriate decorum when acting as a Board member.

Board of Directors

An election of directors by producer and production vote is held every second year, in the odd-numbered years. The Board of Directors consists of six registered producers and may hold office for three consecutive terms. The Board of Directors is required to meet a minimum of four times per year.

Executive Committee

The Board of Directors elects the Executive Committee annually at the scheduled meeting of directors within 30 days following the Annual Meeting. The Executive will hold office for a one-year term and are eligible for re-election.



Board of Directors

Back Row (left to right)

Judy Ulrich

Florian Possberg

Joe Kleinsasser

Front Row (left to right)

Ross Johnson

Shirley Voldeng

Jerry Pfeil

Audit Committee

Election of the Audit Committee is conducted annually within 30 days of the Annual General Meeting and coincides with the election of Sask Pork's Executive. The Audit Committee meets a minimum of four times per year to review the quarterly financial statements prior to recommending approval by the Board of Directors. The Audit Committee meets with the corporate auditor following the annual audit, oversees the corporation's major accounting policies, monitors policies and procedures as well as internal control policies and enhancements.

Remuneration

The Chairperson and the other members of the Board of Directors shall be paid any remuneration and reimbursement for expenses that may be fixed by the registered producers at their Annual General Meeting.

Internal Financial Control

The Board of Directors has in operation a system of internal financial control procedures. These include: comprehensive planning and budgeting systems relating to approved expenditures to specified program areas; controls on expenditure commitments; regular reporting of actual performance compared with budget; capital investment approval and review procedures.

Annual Meeting

The following motions were brought forward and approved at the 2004 Annual General Meeting:

1. Moved S. Meyers/ D. Possberg

"That producers direct Sask Pork's Board of Directors to proceed with implementing the check-off on export weanlings and breeding stock at 20 cents and 75 cents, respectively."

Carried Unanimously

2. Moved J. Kleinsasser / J. Pfeil

"That the Executive Committee be elected at a Board of Directors meeting within 30 days of each Annual General Meeting."

Carried

New Export Service Charge

On the motion by S. Meyers/D. Possberg at the November 2004 Annual General Meeting, producers directed the Board of Directors to proceed to implement a service charge of \$0.20 on export weanlings and \$0.75 on all breeding stock exported live to the U.S. The service charge was to be implemented on January 1, 2005.

Policy and Operating Procedures Manual

A revised manual was developed and presented to the Board of Directors for review in April 2005. Approval of the manual is tabled for the September 2005 Board of Directors meeting.

Strategic Planning Process

Sask Pork's original Strategic Plan was developed in 2001 using feedback gained at producer meetings held across the province. The plan addressed emerging issues facing the Saskatchewan pork industry focussing on industry

development and sustainability. Since that time, the province's pork sector has changed significantly; with increased production, fewer producers, and the need to focus competitiveness in the domestic and international marketplace.

In preparation for developing the 2005-2008 strategic plan, producers and industry partners were invited to participate in two planning sessions held in January 2003 and June 2004. A review of the 2001-2005 plan and supporting programs were reviewed and recommendations made for consideration for future planning. In April 2005, participants developed the framework for the 2005-2008 plan. The plan developed incorporates that input.

The following key strategic areas and vision and mission statements were identified through the strategic planning process and form the basis of the new plan which is expected to be finalized in the fall of 2005.

1. Market Development and Access
2. Industry Sustainability
3. Strategic Alliances
4. Communications

Mission

To collaborate with and provide leadership for producers and stakeholders to ensure the Saskatchewan pork industry's continued environmental, social and economic sustainability.

Vision

To position the Saskatchewan pork industry as a preferred supplier of high quality, competitively priced pork products for the global market.

Industry Sustainability & Growth

In March 2004, the National Pork Producers Council filed antidumping and countervail duties against live exports of Canadian hogs to the United States. Both allegations were later dismissed and duties collected will be reimbursed to producers and exporters.



Canadian hog producers play a vital role in the North American swine industry. Canadian swine exports to the United States offer significant value to independent customers and hundreds of American family farmers who buy piglets from Canada and raise them for slaughter in the United States.

The past year presented a number of challenges for the pork industry relative to the U.S. trade action against the pork industry and the clear need for increased slaughter capacity, particularly in Saskatchewan. These two issues consumed significant financial and human resources over the course of the year.

U.S. Trade Action

On the heels of severe drought, high feed prices and the fallout from BSE on the pork industry, hog producers were dealt another major blow when in March 2004, the National Pork Producers Council levied antidumping and countervail duties against live exports of Canadian hogs to the U.S.

The serious financial implications for Canadian hog producers required the provinces to develop a strategy and assist the Canadian Pork Council with defense costs. As such, early in 2004, Sask Pork's Board of Directors approved an expense of \$0.10 per hog marketed as an initial contribution.

In August 2004 and March 2005 the U.S. Department of Commerce deemed they could find no material evidence that Canadian hog producers received countervailable subsidies and dismissed the countervail charges. They did however, determine, that Canadian producers were selling live animals into the U.S. at below the cost of production.

This initial anti-dumping determination resulted in the following dumping rates in October 2004:

Hytek - de minimis
Ontario Pork - 13.25%
Premium Pork - 15.01%
Excel - de selected
All others - 14.06%

A reduction in the rates occurred in March 2005 when the DOC made its final ruling:

Hytek - 0.53% (de minimis)
Ontario Pork - 12.68%
Premium Pork - 18.87%
(not include in 'all others rate')
Excel - 4.64%
All others - 10.63%.

The Canadian Pork Council formed the U.S. Trade Action Reference Group to represent the Canadian pork industry at International Trade Commission (ITC) hearings. The delegation traveled to Washington, D.C. on March 8, 2005 for an ITC hearing on final injury and again to Mexico to meet with representatives from Mexican and U.S. industry associations.

On April 6, 2005, the International Trade Commission issued its final determination that the Canadian hog industry was not injuring the US swine sector.

This meant the final dumping margins established by the DOC in March were nullified and that producers and exporters would be reimbursed for deposits that were

paid to sell hogs into the US since October 2004.

The U.S. Trade Action Reference group recognizes that part of the reason the trade action occurred is that we had lost communication with our U.S. counterparts. Going forward, effort will be made on Canada's part to relate to the U.S. pork industry the beneficial relationship we have by integrating the US and Canadian hog markets. The Canadian Pork Council Board of Directors has identified the need for ongoing U.S. Trade Advocacy efforts.

Slaughter Capacity

As the result of Maple Leaf's purchase of Mitchell's Gourmet Foods (Schneiders) and the uncertainty of a packing plant remaining in Saskatoon, Sask Pork, SPI Marketing Group Inc. and AgriVision Corp. organized a roundtable meeting held on August 4, 2004 to assess the options available and determine what producers were willing to do to find a solution to the potential lack of slaughter capacity.

The consensus of the group was to move forward with the development of a feasibility study and business plan to investigate the options, including potential producer investment in a new packing plant.

The Government of Saskatchewan contributed financial resources to assist Sask Pork in the initiative. Subsequently, Sask Pork retained Mallot Creek Strategies Inc. of Fergus, Ontario to develop the plan. The feasibility study was based on constructing a new 20,000 head per week plant, operating the plant on a

toll fee basis and securing a major marketing partner to manage operations and marketing functions. Financing of the project would be done through producer and marketing partner investment.

In January, producers were brought together again to review the completed study and determine producer commitment to continue the pursuit of a new plant. The consensus was positive and a number of marketing partners were approached to determine their interest.

In July 2005, Maple Leaf Foods announced plans for construction of a new plant to replace the existing Mitchell's Gourmet Foods facility in Saskatoon. This was very welcome news for our industry!

Construction on the new plant is scheduled to begin in 2006 and will include 1 million head/year capacity with an ability to double shift.

Traceability

Currently more than half of the pork produced in Canada is exported to 100+ countries. Should a domestic or foreign animal disease occur in Canada, our borders would close for live hog and fresh pork exports. The impact would be immediate and expensive. Estimates are that a foreign animal disease outbreak in Canada, such as foot-and-mouth disease, could cost as much as \$45 billion.

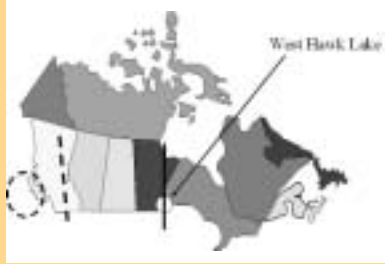
To ensure minimal disruption to the marketplace in the event of a disease outbreak or food safety issue, the Canadian swine industry is developing a national identification and traceability system that is



Saskatchewan currently produces 2.3 million hogs but only has slaughter capacity for 1.3 million. An estimated 1 million hogs leave the province for feeding and/or slaughter.



Maple Leaf Foods announced on July 7, 2005 plans to construct a primary pork processing facility in Saskatoon. Pictured (left to right) Stu Irvine, President and Chief Operating Officer, Mitchell's Gourmet Foods; Michael McCain, President and CEO of Maple Leaf Foods; Saskatchewan Premiere Lorne Calvert; Saskatoon Deputy Mayor, Owen Fortosky; Saskatchewan Deputy Premier, Clay Serby.



To reduce the economic, social and environmental impacts of a foreign animal disease outbreak, or a food safety crisis, the Canadian swine sector is developing a national hog identification and traceability system.

Part of the plan includes zoning Canada into east and west at West Hawk Lake.



Photo courtesy Big Sky Farms Inc.

Currently, more than half of Canadian pork is sold to more than 100 countries worldwide.

A domestic or foreign animal disease outbreak in Canada would close the borders for live hog and pork exports. Further, the production base would immediately shrink by 50 per cent.

designed to:

- a) help minimize impacts of a foreign animal disease outbreak or food safety crisis;
- b) to reinforce our domestic and export market access;
- c) to improve the competitiveness of our industry.

While the pork industry has numerous measures in place to trace animals (shoulder slap tattoo on animals going to slaughter and slaughter data collection in some jurisdictions in Canada), to ensure the Canadian pork industry has full capability for "trace-back and forward", it will be necessary to identify where hogs are raised, assembled or disposed of, and to track all farm to farm movement of animals.

The Canadian Pork Council (CPC) is working with the Canadian Livestock Identification Agency to develop national traceability standards to monitor all Canadian food animals. Under the Health of Animals Act, Canada has a mandatory identification program for cattle, bison and sheep. Agriculture and Agri-Food Canada now supports expanding this system to include other livestock species, including hogs.

The Canadian Hog ID and Traceability program will include four elements:

1. A livestock premises registry and database;
2. A national tattoo numbering registry for hogs going to slaughter;

3. A regional swine slaughter and marketing board database, and;
4. A national hog ID and movement reporting system and database.

The CPC National ID and Traceability System Working Committee recently completed the business plan for the Canadian hog traceability system. Industry consultations will take place in the fall of 2005 and feedback from these consultations will form the basis for the implementation plan.

The program will be phased in over time but is expected to become mandatory after effective trials have been successfully conducted. It is anticipated that after the trials are completed the CFIA regulatory process will be initiated for 2008 implementation.

Agricultural Operations

Good Spirit Lake Odour Monitoring Project

Sask Pork is awaiting the final report of the project *Community Odour Monitoring Using Local Resident Observers*. A rural area with a 5,000 sow farrowing-to-finishing swine operation on three separate sites in eastern Saskatchewan was selected for swine odour monitoring using local area residents. The area has a flat topography and a total of 147 residences within 8 km radius of the three sites.

The University of Saskatchewan odour research group, the Spirit Creek Watershed Monitoring Committee, and the Alberta Odour Control Team collaborated on this odour monitoring project. Saskatchewan Agriculture and Food

and Big Sky Farms Inc. provided field work support for the project. Funding was provided by the Saskatchewan Agriculture Development Fund (ADF), Sask Pork and the Alberta Livestock Development Fund.

The objectives of the project were:

- a) to monitor the odour exposure levels of residents living in the vicinity of swine production operations regarding odour frequency, intensity, duration, and offensiveness (FIDO) using trained resident odour-observers and hired odour assessors;
- b) to monitor seasonal and diurnal odour emission profiles of swine operations in Saskatchewan, and;
- c) to provide data for validating odour dispersion models and establish science-based setback distances for swine operations. This report presents the results associated with objectives a) and b) above. The results obtained by this project will be provided to Alberta Odour Control Initiatives where objective c) will be pursued.

Stage I of this project took place between December 2001 and February 2003 and was considered to be a preliminary survey that involved odour monitoring by local residents.

Trained resident odour observers living in the neighbourhood of the three swine production sites completed an odour monitoring study to determine their odour exposure levels. Fifty residents from 39 families volunteered to be trained as odour observers and monitored

swine odours around their residences for one year (December 2001 to November 2002).

Stage II was conducted from May 2003 to April 2004. Considerable changes were made to the research work of this stage compared to the research plan projected in the original proposal. In March 2003, realizing the need to encourage the residents to participate in the project, and the need for credible odour monitoring data, additional funding was applied for and was approved in April 2003 to compensate the residents and for the hiring of two odour assessors (nasal rangers) to measure the odour occurrences in the warm season (May to October).

As such, the work of Stage II included:

- a) odour occurrence monitoring by trained residents using the modified method;
- b) odour occurrence monitoring using two hired odour assessors, and;
- c) seasonal and diurnal odour emission measurement from the three swine sites.

The draft final report by Huiqing Guo, Ph.D., P.Eng. et al. is available from Sask Pork.

Partners of the Good Spirit Lake Odour Monitoring Project:

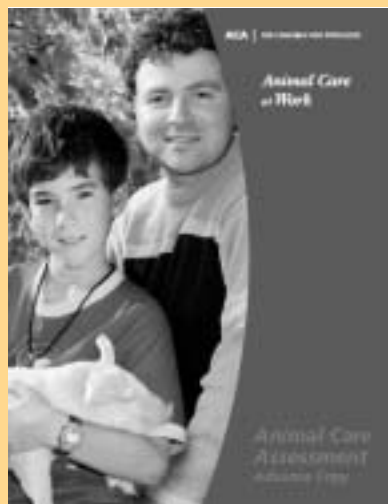


Alberta Odour Control Team



Photo courtesy of SCWMC.

Production, Food Safety & Animal Care



The advance copy of the Animal Care Assessment Tool was published and made available to producers in July 2005.



Sask Pork trained 273 producers and truckers in the Trucker Quality Assurance program between April and July 2005.

Canadian Quality Assurance (CQA®)

Food safety is a major focus in the Canadian and international pork markets. Saskatchewan producers have participated in the CQA® program since 1998. They implement good production practices to produce the safest product possible. Almost all Saskatchewan hog farms utilize the CQA® program to operate their on-farm food safety program. At July 31, 2005, 99.75% of pigs produced in Saskatchewan came from 320 production units fully validated in the CQA® program.

As a result of CFIA recognition of the technical aspects of the CQA® program, the Producer Manual required some revisions, most importantly, the verification, deviation and corrective action components which became an auditable component of the program. The revised manual was distributed in December 2004 to all producers active in the program who were required to use the updated material after January 1, 2005. Additionally, implementation of a new CQA® management system was effective on that date.

The Canadian Pork Council adopted the tagline "Food Safety at Work" and produced a new information package detailing the history of CQA®, program requirements and benefits to producers and consumers. Also developed was a corresponding website www.cqa-aqc.ca.

Animal Care Assessment (ACA)

A new animal care component of the CQA® program was developed to provide consumers with the assurance that the food they consume is raised in a responsible and humane manner.

ACA provides producers with the mechanism to document their animal care procedures and monitor every aspect of their production system. This includes adequate access to food and water by the animals, environment, space and hygiene requirements.

The ACA was developed by the Animal Care Working Group and will be incorporated into the CQA® program as a voluntary module. The advance copy was published and made available to producers in July 2005.

Trucker Quality Assurance (TQA™)

This program, developed by the National Pork Board in the U.S. to educate truckers on the importance of humane handling and care of animals during transport, was adapted for use in western Canada. Uptake on the program was beyond our expectations. During the period April to July 31, 2005, nearly 300 Saskatchewan truckers, haulers and producers participated in courses delivered by Sask Pork. Courses were also delivered by Big Sky Farms Inc. and Fast Pigs Inc.

Participants in the course must complete the classroom component and achieve 90% or more on the course exam in order to receive TQA™ certification.

Mitchell's Gourmet Foods has set a deadline for September 1, 2005 that will require all truckers delivering hogs to the Saskatoon plant be TQA™ certified.

Occupational Health and Safety

In 2004, Sask Pork adapted Manitoba Pork Council's *Workplace Safety and Health Manual* for the Saskatchewan Pork Industry.

Saskatchewan Labour provided input and complementary funding for the project. Funding was also made available from the Canadian Agricultural Safety Association. The manual was distributed to all Saskatchewan pork producers.

Farrowing Calendar

Layout and design is underway on the 2006-2007 calendar. Printing and distribution is scheduled for the fall of 2005.

Emergency Management Planning

Raising live animals involves risks and responsibilities. Many unforeseen difficulties can cause disruption for a production system and affect movement of animals, such as weather conditions, international market demand and disease outbreaks. In some worst case situations, animals can become infected with serious diseases, commonly called foreign animal diseases or FAD's. In the event of an FAD outbreak, animal movement

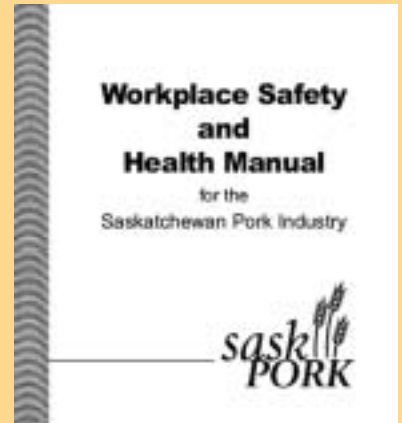
off farm may stop. If movement stops for any significant length of time, it is important to have contingency plans in place at the farm, provincial and national levels.

To prepare for this type of situation, Sask Pork was involved in Emergency Management Planning at the provincial and national levels this year. The Canadian Pork Council, the Canadian Animal Health Coalition, the Canadian Food Inspection Agency and Saskatchewan Agriculture and Food are working with Sask Pork and the other provincial organizations to develop a plan to help the industry cope with an emergency and to aid in the recovery process after the emergency has passed.

Canadian Integrated Plan for Antimicrobial Resistance Surveillance (CIPARS)

CIPARS is a surveillance project undertaken to determine anti-microbial use and anti-microbial resistance in humans and animals. The project is designed to harmonize with similar United States and Danish projects. The project is carrying out surveillance at the retail and federal abattoir on beef, poultry and pork. It will also do surveillance on live hogs at the farm level. This project is collecting data on human and animal salmonella cases, human anti-microbial use and agri-food anti-microbial use.

Sask Pork is participating in the CIPARS project through partial funding of related research projects, and by advising of the most practical and effective approaches in conducting the on-farm portion of the project. We are also assisting in the farm selection process.



The Workplace Safety and Health Manual was distributed to Saskatchewan producers in April 2005



The Swine Farrowing Planning Calendar will be printed double sided with 2006-07 and distributed to producers in November 2005.

Communications & Public Relations



Wonderworks Canada unveiled its new state of the art Farmscape internet web site in January 2005. The new web site, www.farmscape.ca offers a much greater level of flexibility and user friendliness.



FORUM, news and information for Saskatchewan pork producers is mailed to producers and industry stakeholders. Previous issues are available at www.saskpork.com.

As the pork industry continues to grow, so does the general public's interest in our industry. Sask Pork works to ensure that our industry and producers are portrayed positively and as an integral and significant contributor to the province's agricultural sector.

In-house & External Communications

Farmscape

This radio program, hosted by Bruce Cochrane of Wonderworks, is a joint initiative of Sask Pork and Manitoba Pork Council. Farmscape features 2-minute installments of information on agricultural related events, conferences and issues specific to the pork industry. The program is broadcast daily Monday to Friday on the following stations: CKLQ (Brandon, MB); CFRY (Portage La Prairie, MB); CJWW (Saskatoon, SK) and CKSW (Swift Current, SK).

The program also provides for the production and distribution of one written article per week formatted for distribution to newspapers or periodicals.

New this year was the addition of the website www.farmscape.ca which was officially launched at the Banff Pork Seminar in January 2005. The site allows for audio/video capability and a search capacity including the topics "Environment", "Animal Welfare", and "Food Safety".

Media Coverage

Staff and Directors conducted in excess of 50 television, radio and newspaper interviews throughout the year.

Industry Updates and Newsletters

A quarterly market report provided by Kevin Grier, George Morris Centre, was published in August 2004.

Subsequent to August 2004, Monthly Hog Industry Market Updates were published by Brad Marceniuk at Sask Pork.

A CIPARS On-Farm Swine Surveillance Program report by Sheryl Gow, D.V.M., Public Health Agency of Canada was reprinted and distributed in June 2005.

The monthly *Forum* newsletter was published and distributed to producers and industry partners.

The Sask Pork Weekly Email, a topical, interesting and comprehensive collection of national and international stories specific to the hog industry, is distributed to more than 100 individuals and organizations each week.

Growing Saskatchewan CARDS Agricultural Awareness Project

This project was initiated in 2001 when Canadian Adaptation and Rural Development in Saskatchewan (CARDS) invited representatives

from the agriculture sectors, government and food processing industry to develop an Agricultural Awareness program for Saskatchewan. This would include attracting youth to careers in agriculture and promoting the goodness and quality of Saskatchewan grown products.

A total of 503 consumers and 496 youth were surveyed on their thoughts about several aspects of agriculture in our province. Results indicated that the majority of consumers (62%) had a positive attitude toward the agriculture industry in Saskatchewan. Less than one half (45%) of Saskatchewan youth had a positive overall attitude toward the agriculture industry in Saskatchewan.

From these results it was agreed there was a need to celebrate and promote, both within and outside of Saskatchewan, our province's agricultural successes. The Committee initiated three agricultural awareness projects in 2004: Growing Saskatchewan magazine; ENCORE 2004 - Saskatchewan's Dinner Party, and the website www.growingsaskatchewan.ca

Growing Saskatchewan is coordinated and funded by the Canadian Adaptation and Rural Development in Saskatchewan (CARDS) Program; the CARDS Program is funded by Agriculture and Agri-Food Canada. Other partners in the Growing Saskatchewan initiative are:

- Saskatchewan Agriculture and Food
- Agriculture and Agri-Food Canada

- Saskatchewan Canola Development Commission
- Saskatchewan Flax Development Commission
- Saskatchewan Food Industry Development Centre
- Saskatchewan Food Processors Association
- Sask Pork
- Agriculture in the Classroom
- Saskatchewan Turkey Producers' Marketing Board.

Growing Saskatchewan magazine was published in the Fall of 2004 and Spring 2005. The second issue featured a full-page pork product promotion advertisement and an article, "Pork... A Fast Growing Enterprise", written by Amy Jo Ehman.

National Pork Industry Communications Committee

The committee representing each of the province's pork industry boards and councils met in January 2005 in Banff, Alberta to review provincial communications programs and discuss the potential for a national pork industry website www.farmissues.com.

The national group met again in May 2005 for the "Building on the Message Conference". The two-day program included a review of the 2004 IPSOS Reid Survey and emerging trends on national food safety issues. At that time a SWOT analysis was conducted on the Canadian pork industry's communications relative to food safety.

Additional presentations were made by the Canadian Pork Council on



"Growing Saskatchewan" magazine premiered in October 2004 with a second issue following in May 2005. Plans are underway to develop an issue for the 2005 holiday season.



ENCORE 2004 Saskatchewan's Dinner Party showcased Saskatchewan grown food, music and comedy in October 2004 at the Saskatoon Centennial Auditorium. Canadian Living chefs Elizabeth Baird and Emily Richards, Saskatchewan comedian Brigitte Gall, and Saskatchewan recording artist Brad Johner were the headliners.



Lee Whittington, Manager of Information Services for the Prairie Swine Center at the "nutrient cycle display" at the Pork Interpretive Gallery.



Our new display mural was developed with funding assistance from CARDS.



The new ice decal program will be sweeping through Saskatchewan curling rinks this winter!

Greenhouse Gas Emissions and the Canadian Quality Assurance Program, the BC Salmon Farmers Association on surviving environmental attacks, and the Ontario Agri-Food Ministry on continuously striving for improved quality.

The strategy document prepared from these meetings will be used to develop short and long term goals for domestic communications that will complement the Canadian Pork Council and Canada Pork International Brand Canada initiatives.

Pork Interpretive Gallery

Tour activity has been brisk over the past year with more than 1900 visitors since its grand opening in October 2004. Deborah Ehmann was hired in February 2005 as Manager of the gallery. Since then we have worked to raise the profile of the gallery and on joint initiatives including "Farm Safety Days" held at Downie Lake Colony on April 6. At their request, presentations were made on farm safety to K-8 students from six colonies in the southwest portion of the province.

Saskatchewan Pork Industry Symposium 2004

Symposium celebrated 27 years of "A World of Information" with the theme, "Profitability: It All Starts With You." 445 individuals registered for the conference this year. Sessions included presentations by industry experts in the areas of: mortalities management; improving farrowing efficiencies; AI, gestation stalls and group housing; feed management and medication; industry issues affecting trade and

countervailing duties, disease prevention and the economic impact on production; manure management; on-farm animal welfare; and consumer demand and fad diets and their relationship to the pork industry.

Community Communications Project

This project was made possible with funding from Canadian Adaptation and Rural Development Saskatchewan (CARDS). It was completed in March 2005 and included production of the video *Weighing the Facts: Pork Production in Saskatchewan* and companion brochure *Livestock and the Environment*.

Part of this project included an update of the Agri-Ed tradeshow booth used at Canadian Western Agribition and Western Canadian Livestock Expo to better represent modern pork production. The new display is more interactive for visitors to the booth while ensuring messages are age appropriate and focus on key messages:

- Manure: the Natural Fertilizer
- Environment
- Pork is Nutritious
- Pork is Delicious
- Pork By-Products
- Ready Made Pork Products
- Pork Interpretive Gallery

A new 8 foot backdrop mural was developed with F:11 Photographic Design Ltd. from a photo shoot they undertook at Fast Pigs Inc. in Spiritwood as part of the project.

"Piggy Rap", a three-minute pork production video set to rap music was produced to complement the

display and was produced by Hursh Communications. The text and CD-Rom of the production are available to teachers through Sask Pork and the Pork Interpretive Gallery.

Feed formulations for pigs are displayed in Lucite piggy banks that are small enough for the children to pick up and handle easily.

Hurry Hog Ice Decal Program

This summer, Sask Pork is introducing the "Hurry Hog Ice Decal Program" to the province's 200+ curling rinks. These decals are intended as a fun visual for spectators and curlers and not intended to replace or compete with sponsor logos.

Sponsorship

Celebrate Saskatchewan on Ice

Sask Pork was a corporate sponsor of the Skate Canada-Saskatchewan centennial skating celebration that included more than 1,000 skaters representing 18 regions across the province. Each region performed skating shows that celebrated their own community's heritage and cultural uniqueness.

Child Hunger & Education Program

Sask Pork's annual corporate sponsorship of the program allows CHEP to offer the Nutrition Positive program in schools to encourage healthy nutrition policies and practices in schools. CHEP's philosophy is that food is a basic right. They are working to achieve a community that has a sustainable local food system, and where good, nutritious food is always available for everyone no matter what their circumstances. Some initiatives the

group has underway are:

- Children's Food and Nutrition programs at more than 30 Saskatoon schools;
- Kids CAN Cooking Sessions at 20 schools;
- Collective Kitchens;
- Community Gardens;
- Good Food Box Program;
- Saskatoon Food Charter.

Outstanding Young Farmers

Sask Pork provides Gold sponsorship of this program, recognizing innovative, successful young farmers who reflect well on the entire agriculture industry.

Saskatchewan Day in Kabul, Afghanistan

Michelangelo Marble, Sask Pork, Mitchell's Gourmet Foods and Great Western Brewing partnered to provide 40 sides of fresh pork (580 kgs) and locally brewed beer to Kabul as part of a Saskatchewan Day pork barbecue and celebration held on January 14, 2005 for nearly 1,500 Canadian troops stationed at Camp Julien in Kabul as part of the Task Force Kabul. Honorable Lorne Calvert's office graciously provided the Saskatchewan flags that were included with the items shipped to Kabul for the event. Al Douma of Michelangelo Marble worked with the Canadian military to coordinate the event.

Saskatoon Friendship Inn

Annual corporate sponsor towards hams for Easter Dinner.

SIAST Kelsey & Woodland Campus

Sask Pork sponsors the annual



Kim Browne presents St. Philip School with its "Nutrition Positive" certificate.



Photos, letters of thanks (for 40 sides of pork and a pallet of Great Western beer) and a Christmas card were received from the Canadian Troops serving at Camp Julien, Kabul, Afghanistan.



The winning hog carcasses on display at Agribition 2004.

Pictured (left to right): Jim and Willene Ferguson and Larry Erber of the Saskatchewan Meat Processors Association.



Neil Ketilson presents the awards for the Junior Hog Carcass Competition at Agribition 2004. Thomas Kleinsasser of Kenaston, SK (pictured right) was awarded \$1,000 for the Grand Champion Junior Hog Carcass. Jonathon Ulrich of Spalding, SK (pictured left) was awarded \$500 for the Reserve Grand Champion Junior Hog Carcass.

Thomas and Jonathon also received an additional \$500 that has been placed into a bursary towards their post secondary education.

SIAST Bursary Award for Retail Meat Cutting. Robert Malley of Sifton, Manitoba was the recipient of the 2005 bursary.

Saskatchewan Heritage Fairs Program

Corporate sponsor of the National Historical Fair that brings together students (grades 4-9) from across Canada for a week of creative learning, sightseeing, historic tours, hands-on workshops, and special events in Saskatchewan. Students develop a dynamic heritage project for public presentation.

World Association of Agricultural Council Conference

Corporate sponsor of 12 University of Saskatchewan College of Agriculture students who attended the conference this year in Fort Collins, Colorado. Students were given the opportunity to tour U.S. agricultural related industries, veterinary clinics, grain and livestock facilities, breweries and research farms as part of the conference.

Canadian Western Agribition

We continue to increase the profile of the Saskatchewan pork industry at Agribition through participation and/or sponsorship of events and programs including:

A Cut Above Event

This event began in 2000 and focuses on giving special recognition to meat production as an end product. Each year the top five exhibitors in the beef, hog, goat and lamb carcass competitions receive special recognition. The event culminates with the auction of the Grand and Reserve Grand

Champions.

International Reception

Sask Pork provides annual sponsorship towards the banquet portion of this event. The 2004 international attendance at Agribition was the highest in 10 years boasting a 25% increase over 2003. Visitors to the reception included more than 650 international guests representing 61 countries.

Saskatchewan Meat Processor's Association (SMPA) Processed Meat Competition

This annual event provides the opportunity for Saskatchewan processors to showcase the best in hams, bacon and sausages. We provide annual sponsorship of cash prizes for the winners and contribute towards the trophies that are presented at SMPA's annual convention.

Agri-Ed Showcase

We continued with our participation at Agribition's week-long, award winning Agri-Ed showcase to provide information to more than 7500 students and teachers on pork production in Saskatchewan. The showcase provides the grains, oilseed and livestock sectors the opportunity to provide hands-on educational experiences (including live animals) to students in grades four through six.

CWA Junior Hog Carcass Competition

Introduced in 2004, this Sask Pork sponsored event is open to all youth age 8-21 years as of December 31 each year. Entries must be submitted by a junior consignor.

Cash prizes are awarded as follows: Junior consignors of the Grand Champion - \$1,000; Reserve Grand Champion - \$500. Recipients also have \$500 placed into a bursary towards their post-secondary education.

2004 Winners & Bursary Recipients:

Grand Champion Junior Hog Carcass:
Thomas Kleinsasser, Kenaston, SK

Reserve Grand Champion:
Jonathon Ulrich, Spalding, SK

Western Canadian Livestock Expo (WCLE)

2005 was an exciting year for the show as it was held in conjunction with the 2005 National Holstein Convention. 190 exhibitors representing nearly 123 companies had displays at the industry-focused tradeshow.

In addition to the industry booth, Sask Pork participated in the youth educational "school tours" program presenting "Pork Production Today". Nearly 800 grade 5 students toured the show to learn about the pork and dairy industries. Each classroom was given a 15-minute, interactive presentation on the pork industry, a Pig Tales Fun Book and package of crayons. Assistance with the booth was provided by Ken Engele of the Prairie Swine Centre and Deborah Ehmann of the Pork Interpretive Gallery.

Saskatchewan Pork Industry Stewardship Awards

This was the first year for the program. Recipients were:

Harold and Marjorie Fast, Fast Pigs, Spiritwood, SK *Community Relations Award*

Recognized for tireless commitment and contribution to the Spiritwood community through participation in the local Music Festival, the senior citizen's lodge, Chamber of Commerce and Toastmasters and donation of a van to the senior's lodge.

Launa Shaw, Kenlis Nucleus Manager, Hypor, Regina, SK *Production Award*

Recognized for leadership qualities within Hypor relative to her commitment to eradicating PRRS in the Kenlis Unit and maintenance of its high health status.

Dave Wurz, Jr., Lakeview Pork, Unity, SK *Production Award*

Recognized for detailing their production facility's continuous improvement in production numbers, high regard for barn sanitation, modern manure management practices and animal housing.

John Patience, President and CEO, Prairie Swine Centre Inc., Saskatoon, SK *Production Award*

Recognized for the contributions PSCI has made in the furthering of swine research, improvements in production and application of quality assurance and environmental programs truly exemplifying "Quality Producers - Quality Pork".



Agribition's Agri-Ed Showcase demonstrates to students (grades 4 - 6) the important role of agriculture in the food industry.



Ken Engele of the Prairie Swine Centre Inc. explains the stages of growth in pigs during the school tours at Western Canadian Livestock Expo 2005.

To their surprise, these students found that it takes seven of them to make up the weight of just one sow.

Product Promotion



This year's three new pork recipe booklets.



The "Pork Shoppe" retail newsletter is distributed quarterly to Saskatchewan grocery retailers to promote the latest recipe booklets, promotional items, and information pertinent to the retail sector.

Retail Program

Three recipe booklets were distributed to retailers during the year:

Serving Pork: Healthy & Delicious Recipes and Tips (September 2004)

Nutritious & Hearty Recipes (January 2005)

Great Grilling Recipes (April 2005)

Three 4-week cycles of 28,000 booklets were installed at retail by News Marketing Canada.

An additional 4,000+ recipes were distributed at tradeshow and in consumer packages.

Two issues of the *Pork Shoppe* retail newsletter was distributed in December 2004 and May 2005.

Pick Pork Centennial Barbecue Draw

In 2005 Saskatchewan celebrates its 100th birthday. Celebrations across the province provide terrific opportunities for rural and urban residents to come together to celebrate our heritage.

This summer, Sask Pork sponsored the *Pick Pork Centennial Barbecue Draw*. Thirty grocery retailers across the province participated in the contest and thousands of entries were received from across 6 regions. Prizes awarded were: Grand Prize - six complete Weber barbecue grill

packages plus \$100 of fresh pork product; Second Prize - \$50 in pork product and a stainless steel grilling spatula; and Third Prize - Company's Coming PORK cookbook and instant-read meat thermometer.

Eighteen prizes in total were awarded (3 prizes in each of six regions).

Premier Food & Wine Festival

Sask Pork showcased the goodness of pork through the talents of Chefs Derek Cotton and Michael Beaulé who created delicious pork appetizers for the more than 5,000 attendees. Premier is an initiative of the Saskatchewan Food Processors Association and brings together commodities, food processors and the wine and spirits industry for three evenings of fine spirits and delicious Saskatchewan food products each September.

Encore! Saskatchewan's Dinner Party

Held October 29, 2004 at the Centennial Auditorium in Saskatoon, the event featured cooking demonstrations by Elizabeth Baird and Emily Richards of the Food Network Canadian Living Cooks program. Brigitte Gall and Brad Johnner provided entertainment. The evening was attended by members of the Saskatchewan food industry, commodities, and the provincial government.

Taste of Spring

Sask Pork was represented at the food and wine show in Regina April 2005 through our partnership with Mary Chan of Something Good Marketing Inc. Chan collaborated with Chef H.F. Soo who prepared and served delicious Pork Medallions with D'eau Bonne VSOP Brandy Sauce.

Put Pork on Your Fork Barbecue Contest

In partnership with Alberta Pork, the **Put Pork on Your Fork** barbecue contest was offered through the Co-Op grocery retail system across the three prairie provinces during the month of June. Manitoba Pork Council, Sask Pork and Alberta Pork each awarded a barbecue package valued at approximately \$350.00.

New Pork Nomenclature

In 2004 the nomenclature for fresh pork was revised to align with other red meats.

The new Retail Pork Nomenclature is the result of almost two years of work by the National Pork Nomenclature Task Force made up of members from all sectors of the industry, including retailers, wholesalers, packers, primary producers and government.

It had been nearly 30 years since retail nomenclature for fresh pork was formally reviewed by a committee representing all segments of the industry.

Existing nomenclature uses as its base the way in which packers sold wholesale cuts of pork in the 1960's and 70's. All cut names were derived from these wholesale cuts. As an

example where beef packers sold the loin and rib as separate wholesale cuts, pork packers sold them as one cut.

The new nomenclature was available July 2004 with the changeover at retail to be completed by January 1, 2005. New cut chart posters and handouts were made available from Sask Pork to Saskatchewan grocery retailers.

Advertising

Child Find Saskatchewan Magazine
(September 2004)

Flavours Magazine
Business sponsor of Canadian Culinary Foundation (CFCC) Ad featuring Chef Peter Fogarty - Holiday Fire & Ice Creations
(September 2004)

Growing Saskatchewan Magazine
Full page Entertaining & Festive PORK! (September 2004)

Magic 98.3 Radio
Business Sponsor of Magic Concert Long Weekend - Holiday Entertaining with Pork
(October 2004)

Regina Leader Post
Agribition - Agri-Ed Ad
(November 2004)

Renovations Magazine
Pick Pork Holiday Recipes
(November 2004)

Saskatoon Star Phoenix
Insert in "Saskatchewan Centennial Kick-Off" feature
(December 2004)

Western Producer
Annual Christmas Greeting
(December 2004)



The Pick Pork Centennial BBQ Draw ran in June 2005. Grand prizes of Weber Q barbecue grills and fresh pork were awarded to six lucky Saskatchewan residents!



At Premier 2004 Sask Pork sampled delicious Bourbon Pulled Pork and Southern Comfort Peach & Andouille Sausage Stuffed Pork Loin.

**PICK
PORK**



Revised pork nomenclature came into effect January 1, 2005. New cut charts were printed this year to reflect the name changes and are available from Sask Pork.



Pork recipes were featured in three issues of Renovations magazine this year.

Tourism Saskatoon
P.I.G. Gallery and link to www.saskpork.com
(December 2004)

SOS Children's Safety Magazine
Oriental Pork Recipe and link to www.saskpork.com

Regina Leader Post and Saskatoon Star Phoenix
Nutrition Month ad - Today's Pork - Making Nutrition Taste Great!
(March 2005)

Responding to Change
Agricultural & Rural Development Opportunities publication - Roasted Pork Stuffed Tenderloin Recipe.
(March 2005)

Saskatchewan Meat Processors Association
Newsletter - Notice regarding new Pork Nomenclature and information packages available from CFIA for retailers. (April 2005)

Renovations Magazine
Great Grilling Recipes (May 2005)

Magic 98.3 Radio
Business sponsor of Long Weekend Advertising Package - Announcing Pick Pork Centennial Barbecue Draw (May 2005)

SOS Child Safety Magazine
Child Safety Message (June 2005)

Western Producer
2-page "Putting Pork to Fork" written by Dorothy Long, BSHEc, for her Prairie Kitchen column featuring pork recipes provided by Sask Pork and Chef Ted Reader who has written cookbooks that use "fun ingredients" (April 2005)

Neighborhood Express
"Pork at Premier" - article on Chefs, Derek Cotton and Michael Beale

and their pork recipes featured at Premier 2004. (Written by Darlene Bomok of Saskatoon July 2005)

Renovations Magazine
Quick & Easy Pork for Any Season (July 2005)

Child Find Saskatchewan Magazine
(September 2004)

The following requests were filled for industry related information, recipes and nutrition resources and door prizes:

- 51 Retailers
- 29 Consumer packs & specific information
- 2 Nutritionists & Dieticians
- 12 Public and Post Secondary schools and colleges
- 22 General requests for door prizes & corporate identity items

Pork Product Donations

Floral Community Centre - Harvest Windup (November 2004)

Kildrum Community Club - Fall Supper (November 2004)

Teddy Bear Affair Gala - Fundraiser for Canadian Mental Health Association (February 2005)

Swift Current Agricultural and Exhibition Association Frontier Days Pancake Breakfast (July 2005)

Kinsmen Telemiracle 29 (March 2005)

Research Program

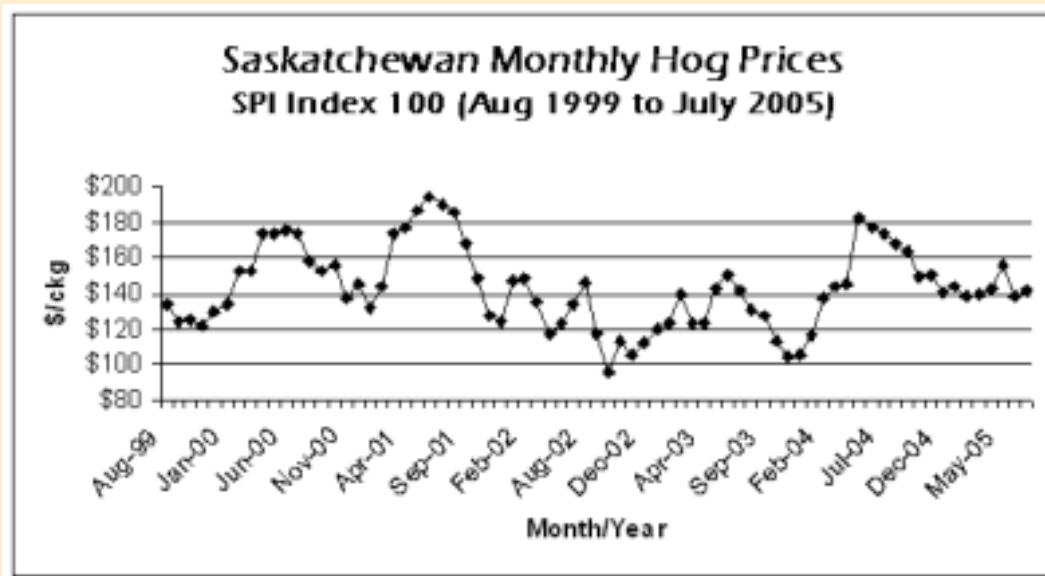
Check-Off Funded Projects

Project Name	Researcher(s)	2004 - 2005 Funding	Project Total
Prairie Swine Centre Inc. Base Funding	Various	\$ 410,126	5-year production based contract commencing in 2001
Antimicrobial Peptides in Upper Respiratory Tract of Pigs	Volker Gerdts VIDO	5,000	\$ 5,000
Geochemistry & Hydrogeology	Terry Fonstad U of S	7,000	35,000
Environmental & Occupational Health Chair Ag Medicine	James Dosman U of S	12,000	36,000 *
Impact of First Breeding Weight Irrespective of Age on Long-Term Reproductive Performance of Sows	George Foxcroft U of A	19,990	39,980
VIDO Swine Research Core Funding	Louis Desautels VIDO	10,000	10,000
Investigating Relationships Between Fetal Programming, Uterine Capacity, Birth Weight Variation and Immune Response	John Harding U of S - WCVI	7,500	7,500
Accuracy of Diagnostic Tests for Salmonella Infection in Finishing Pigs at Slaughter	Raul C. Mainar-Jaime U of S - WCVI	7,500	7,500
Total		\$ 479,116	

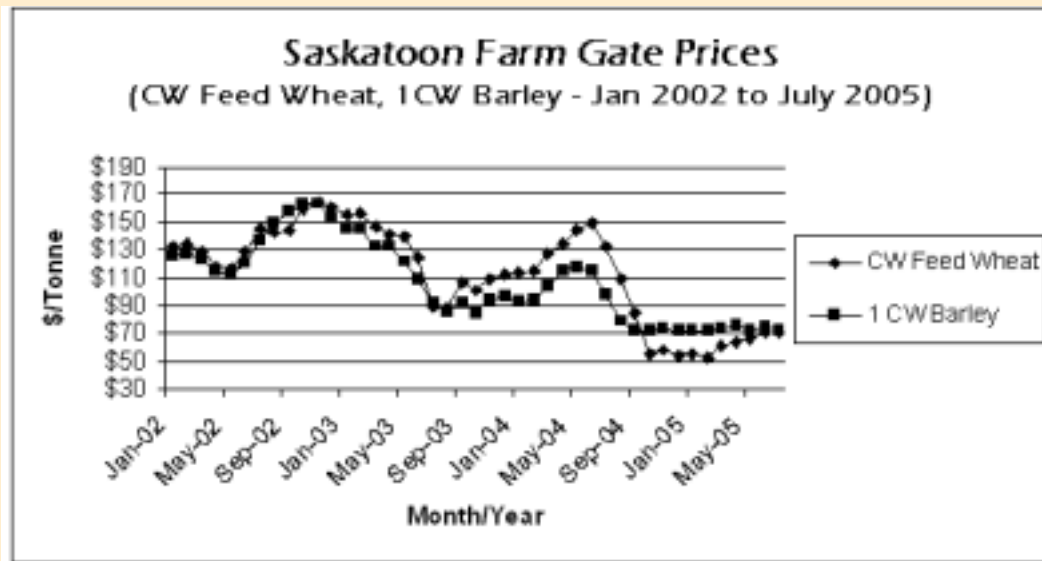
* Project Total is \$60,000 which is being funded as follows:
Check-off: \$36,000; Agri-Food Innovation Fund: \$24,000

Industry Trends

Hog prices remained relatively stable in 2004/2005 owing to consistent demand for pork in both domestic and live export markets, and only modest increases in hog numbers across the country. The average hog price in Saskatchewan between August 2004 and July 2005 was \$147.70, up 7 percent from the previous year.



Since feed expenses account for more than half the cost of raising hogs, favourable feed prices over the past year have been a considerable benefit to hog producers. An early frost in August damaged Saskatchewan wheat and barley crops resulting in large volumes of grain suitable only as feed. This depressed local feed grain prices. Early indications are that feed grain stocks will remain high for 2005/2006, which should help keep feed prices manageable.



* Note: These prices are weekly cash spot prices that a producer would receive at a local Saskatoon elevator. Producers purchasing these feed grains would need to add handling and freight charges to the base price. Handling charges could add another \$15-\$25 per tonne to the cost of these feed grains purchased.

In terms of other input costs, electricity, fuel, and natural gas prices continue to rise. Construction costs have also continued to increase over the past year. High volumes of construction work in the prairie provinces, and increases in the prices of building materials, are influencing the construction market. This could be affecting producers' willingness to build new barns. Overall, 126 operations ceased hog production in 2004, while the number of hogs marketed increased slightly over the same period.

Number of Hogs Produced	Number of Producers			Number of Hogs Marketed		
	2004	2003	2002	2004	2003	2002
<100	222	300	397	5,369	7,932	10,497
100-500	67	115	132	16,639	28,805	36,150
500-1000	35	36	70	25,711	25,560	51,958
1000-5000	60	65	71	131,565	148,809	171,012
5000-25000	69	65	91	672,245	601,331	656,828
25000-50000	5	3	1	139,841	88,539	37,401
>50000	4	4	4	1,027,262	1,102,341	929,220
TOTALS	462	588	766	2,018,632	2,003,317	1,893,066

Over the past year the Saskatchewan breeding herd increased by 2,400 sows (1.8 percent), which is down from previous years. The Western Canadian inventory of sows and bred gilts increased by 3.3 percent while the eastern herd decreased slightly.

Total Sows & Bred Gilts in Canada (July - 1st), (thousand head)

Year/Month	Alta	Sask	Man	West	Ont	Que	CANADA	% Change
1999	178.7	94.7	234.1	526.7	334.1	376.9	1,272.1	1.47%
2000	185.7	100.1	255.8	561.8	341.5	378.3	1,316.1	3.46%
2001	200.9	109.5	290.8	619.6	351.0	401.6	1,408.9	7.05%
2002	209.0	117.7	325.7	670.6	387.6	411.3	1,505.0	6.82%
2003	203.5	124.2	341.3	688.6	415.1	412.4	1,549.9	2.98%
2004	205.0	128.8	357.0	711.8	431.7	416.5	1,592.9	2.77%
2005	216.8	131.2	366.6	735.3	430.0	416.3	1,614.2	1.34%

Source: Statistics Canada, July 2005

Just over 31 million hogs were marketed in Canada in 2004, which is an increase of 5 percent over 2003 numbers. Saskatchewan produced 2.4 million hogs for market in 2004, which is an increase of 4.3 percent over 2003.

Estimated Canadian Hog Marketings (1999 - 2004)

(Thousand Head),(Slaughter Weight, Breeding Stock, Weanling, and Feeder Hogs)

Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
1999	3,119.1	1,482.6	4,883.3	9,830.0	5,923.4	6,713.7	13,251.2	23,081.2
2000	3,339.5	1,608.9	5,189.5	10,477.6	6,148.6	6,787.4	13,558.3	24,035.9
2001	3,608.9	1,626.0	5,966.5	11,519.0	6,825.3	7,020.7	14,524.9	26,043.9
2002	3,561.6	2,090.1	6,448.6	12,416.2	7,452.4	7,345.7	15,464.1	27,880.3
2003	3,527.3	2,312.3	7,279.3	13,460.7	8,309.3	7,496.3	16,442.3	29,903.0
2004	3,699.3	2,412.7	8,073.2	14,522.0	8,667.4	7,587.6	16,871.6	31,393.6

(Calculated from slaughter plus international and interprovincial exports, less international and interprovincial imports)

Source: Statistics Canada, calculated by Sask Pork

For the first time in the past five years, 2004 saw a decrease in Saskatchewan slaughter numbers. Certainly a contributing factor was the shutdown of the Worldwide Pork plant in Moose Jaw in May after they fell behind in payments to producers. The loss of this plant increases producers' dependence on live export markets, other provinces' processing facilities and Mitchell's Gourmet Foods in Saskatoon. While slaughter capacity in western Canada has increased slightly, it is not keeping pace with increased production.

Hogs Slaughtered In Canada (1995 - 2003)

(Thousand Head),(Number of Hogs Slaughtered in Federally and Provincially Inspected Plants)

Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
1996	2,135.4	887.8	1,938.0	5,384.7	3,506.5	5,628.2	9,621.6	15,006.3
1997	2,216.6	897.2	2,076.2	5,475.6	3,199.0	6,053.8	9,733.9	15,209.6
1998	1,596.3	1,034.9	2,820.8	5,750.1	3,358.0	7,135.3	10,994.6	16,744.6
1999	2,135.3	1,023.0	3,073.0	6,551.0	4,157.9	7,524.4	12,220.4	18,771.4
2000	2,091.5	922.3	3,923.9	7,284.0	4,039.2	7,653.0	12,200.8	19,484.8
2001	2,218.1	1,040.3	4,147.5	7,857.1	4,256.8	7,892.3	12,684.8	20,541.9
2002	2,587.2	1,133.9	4,421.3	8,647.1	4,620.6	8,167.2	13,331.9	21,979.0
2003	2,818.6	1,150.3	4,352.5	8,833.9	4,757.6	8,173.5	13,454.2	22,288.1
2004	3,009.0	1,149.9	4,355.3	9,036.0	4,664.0	8,494.1	13,665.4	22,701.3
1996/2004	873.6	262.1	2,417.3	3,651.3	1,157.5	2,865.9	4,043.8	7,695.0

Source: Canadian Food Inspection Agency and Provincial Governments

Due to shortages in slaughter capacity and demand for weaner pigs, exports of live hogs have generally increased across Canada. While Canadian exports of hogs over 50 kilograms have increased, Saskatchewan's exports have decreased by 27 percent. Instead of being fed in Saskatchewan, many of these young hogs are being exported. In 2004, Saskatchewan's exports of hogs weighing less than 50 kilograms increased by 172 percent in 2004. Alberta and Manitoba also had similar increases in exports of hogs under 50 kilograms.

Canadian Live Hog Exports by Province (< 50kg)

	Number of Head					
	1999	2000	2001	2002	2003	2004
Canada	2,083,426	2,335,848	3,168,770	3,757,366	4,971,044	5,626,871
Western Canada	1,450,928	1,525,110	1,869,983	2,102,792	2,804,025	3,589,193
Manitoba	1,350,309	1,439,361	1,720,329	1,934,011	2,637,222	3,294,412
Sask.	34,475	9,296	12,342	16,860	33,563	91,565
Alberta	64,460	68,539	129,268	141,261	112,921	180,879
B.C.	1,684	7,914	8,044	10,660	20,319	22,337

Source: Agriculture & Agri-Food Canada

Canadian Live Hog Exports by Province (> 50kg)

	Number of Head					
	1999	2000	2001	2002	2003	2004
Canada	2,052,625	2,018,517	2,152,298	1,966,268	2,458,173	2,876,320
Western Canada	1,564,076	1,544,176	1,660,308	1,512,096	1,660,557	1,756,179
Manitoba	934,228	900,477	889,613	943,814	1,143,481	1,250,640
Sask.	66,631	99,234	119,928	125,933	167,478	131,343
Alberta	526,103	500,724	602,587	416,550	311,371	356,083
B.C.	37,114	43,741	48,180	25,799	38,227	18,113

Source: Agriculture & Agri-Food Canada

Financial Accountability

It is the fiduciary responsibility of management to ensure proper and responsible administration of Sask Pork's finances and to report the annual financial results to producers. In keeping with this responsibility, the following pages contain Sask Pork's audited financial statements for the year ended July 31, 2005 and are discussed below. We are pleased to report we have again received a clean opinion from our external auditors, Meyers Norris Penny LLP. The statements presented reflect actual numbers for 2004-2005 as well as our budgeted numbers for the same year with the prior year comparative.

Statement of Financial Position

Sask Pork continues to maintain a strong Balance Sheet, providing stability for the organization. Cash and investments are managed to provide the best returns for producers while ensuring reasonable liquidity, access to cash to meet obligations and security of funds. Other reported assets and liabilities are in line with prior years and continue to exemplify smooth and responsible financial management.

Board policy stipulates the organization will maintain unrestricted retained earnings to a value of one million dollars to be used by the Board should special circumstances arise. Currently, this is at \$1,113,878 down from \$1,225,452 last year. Sask Pork's accounting policy also provides for the internal restriction of net assets

relative to any surpluses from Symposium programming operated with our partners, Saskatchewan Agriculture and Food, to be accounted for separately. Currently Internal restricted net assets for the Partnership Fund are \$26,078. These funds accumulated over the preceding six years will be spent to the benefit of the producers by this partnership in the future.

Statement of Operations

The Statement of Operations (the Income Statement) includes both actual and budgeted revenue and expenses for the year in addition to the comparative with 2003-2004. The inclusion of the budget numbers is intended to communicate to producers how well the organization managed to plan activities and then executed that plan during the year.

Revenue

The majority of annual revenue is generated by the hog check-off. While there is a need for the organization to generate revenue to carry out requested and required services for producers, management has made great strides in being responsive to producer input and fiscally responsible. Actual check-off was lower than budget for slaughter hogs for the year, however, total check-off collected was \$13,948 more than the prior year due to the revenue from the Export Service Charge which came into effect January 1, 2005.

Conference fees are specifically

related to revenues collected through Pork Industry Symposium which was held November 16-18, 2004. The event continues to draw producer and supplier support.

Government grants received by Sask Pork came from two specific programs. In 2004-05, the Canadian Adaptation and Rural Development Fund (CARDS) provided complimentary funding for: the Community Communications project which enabled Sask Pork to develop the new Agri-Ed Display; the Pig Skills Sets project developed by DNL Farms; and further development of the Western Canadian Slaughter Database project. Sask Pork also received funding from Saskatchewan Industry and Resources to develop a Business Plan for a Hog Slaughter Processing Facility in Saskatchewan.

Expenses

Sask Pork invests its budget in three primary areas - research funding, programs and services, operations and governance. Over the last two years, expenses have generally remained consistent, noting a specific decrease in research and an increase in program costs. Research funding and other programming comprised 69% of expenses (compared to 72% the prior year) and operating and governance costs amounted to 31% (compared to 28% the prior year).

Research funding continues to be a major core funding area. Details of

funded projects can be found on page 23. Progress reports and research results may be obtained by contacting the Sask Pork office or visiting the Sask Pork website at www.saskpork.com.

Sask Pork also allocated funds to a variety of other programs such as:

- Membership in the Canadian Pork Council;
- Communication activities that provide producer information and enhance the public's understanding of the pork industry;
- Policy and industry development;
- Product promotion;
- Ongoing development and delivery of programs such as Canadian Quality Assurance (CQA®), Trucker Quality Assurance (TQA™), Animal Welfare and Traceability;
- Administration and governance

Major increases in expenses compared to the prior year were a result of the following:

- Contribution to support the legal defense efforts against the US Trace Action in the amount of \$153,598;
- An incurred bad debt of \$41,479;
- Leasehold improvements carried out in the fall of 2004 increased the amortization expense in 2005;
- Development of a business plan for a hog slaughter/packing plant increased policy and industry development expenses;
- Salaries increased as a result of filling the position of Manager,

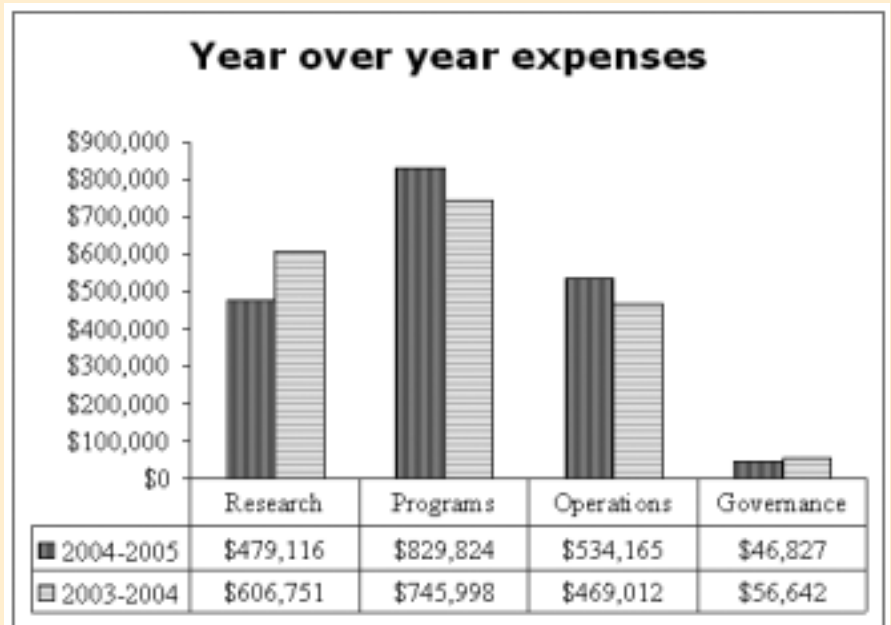
Industry Research and Economic Analysis

Significant decreases in expenses as compared to budget were a result of the following:

- Symposium expenses were significantly lower than budget, due to a requirement to reduce costs to offset lower Sponsorship revenue;
- A budget of \$30,000 was approved for a barbeque cart in the promotions area. As a result of the US Trade Action costs, it was decided to redirect a portion of the funds and sponsor a "Barbeque Give-Away" at a cost of approximately \$5,000;
- There were fewer committee meetings throughout the year;
- The Western Canadian Slaughter Database Project is behind its projected timeline, thus affecting the budget. The project was to be completed prior to yearend, but has been extended to March, 2006.

Payee List

The Agri-Food Council requires organizations like Sask Pork to identify in their annual report payments in excess of \$35,000 to be individually listed. In keeping with this policy, the following payments were made to: Canadian Pork Council for their services that cost \$427,084 (included in this amount is \$153,598 for the US Trade Action), Saskatoon Inn (\$41,571), Agribiz Communications (\$41,937) and Mallot Creek Strategies (\$60,971). In addition to this, all research payments over and under the threshold, and payments made to members of the Board of Directors are disclosed on pages 23 and 30 respectively.



Directors' and Committee Members' Remuneration and Reimbursements

Directors and committee members are compensated for the time contributed to the organization and are reimbursed for mileage and expenses incurred while on corporate business during the course of the year. The following chart breaks down payments made for service during the period of August 1, 2004 - July 31, 2005.

Directors	Per Diem	Expenses	Total
Ross Johnson	\$ 6,700 **	\$ 2,713	\$ 9,413
Joe Kleinsasser	2,500	1,334	3,834
Jerry Pfeil	1,645	944	2,589
Florian Possberg	600	392	992
Judy Ulrich	2,050	1,637	3,687
Shirley Voldeng	12,262 *	4,867	17,129
Directors Total	25,757	11,887	37,644
Committee Members	1,650	1,585	3,235
Other Payments	Ø	5,948	5,948 ***
Directors/Committees Total	\$ 27,407	\$ 19,420	\$ 46,827

- * Included in the per diem was a monthly honorarium of \$600 paid to the Chairman.
- ** Included in the per diem was a monthly honorarium of \$150 paid to the Vice-Chair.
- *** Payments were made to facilitate meetings and communications with Directors and Committee members.



Projects Funded from Canadian Adaptation and Rural Development Program in Saskatchewan (CARDS)



Project Name	Project Coordinator	CARDS Approved	2004 - 2005 CARDS Contribution	2004 - 2005 Sask Pork Contribution
Staff Training Videos for Pig Skills CARDS Project # S315 Total Project Application \$99,500	DNL Farms Ltd.	\$ 49,750	\$ 11,285	\$ 13,485 *
Community Communications CARDS Project # S326 Total Project Application \$80,750	Kim Browne	23,250	7,225	7,230
Western Canadian Database CARDS Project # S357 Total Project Application \$175,000	Neil Ketilson	40,833	3,776	3,776
Total		\$ 113,833	\$ 22,286	\$ 24,491

- * \$8,987 received from Swine Pharmaceutical Suppliers and \$4,498 received from Sask Pork through the Partnership Agreement.



To the Members of the Legislative Assembly of Saskatchewan:

We have audited the balance sheet of Sask Pork as at July 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended July 31, 2004 were audited by other auditors, who expressed an opinion without reservation on these financial statements in their report dated September 24, 2004.

Saskatoon, Saskatchewan
September 22, 2005

Meyers Norris Penny LLP
Chartered Accountants

**Sask Pork
Balance Sheet**

For the year ended July 31, 2005

	2005	2004
Assets		
Current		
Cash	69,105	44,661
Short-term investments	982,604	1,121,951
Accounts receivable	200,236	231,045
Prepaid expenses	61,678	63,107
	1,313,623	1,460,764
Capital assets (Note 3)	32,624	9,262
	1,346,247	1,470,026
Liabilities		
Current		
Accounts payable and accrued liabilities	170,163	163,031
Deferred revenue (Note 5)	36,128	52,530
	206,291	215,561
Commitments (Notes 4,7,8)		
Net Assets		
Internally restricted (Note 6)	26,078	29,013
Invested in capital assets	27,807	9,262
Unrestricted	1,086,071	1,216,190
	1,139,956	1,254,465
	1,346,247	1,470,026

Approved on behalf of the board



Director



Director

The accompanying notes are an integral part of these financial statements

Sask Pork
Statement of Operations
For the year ended July 31, 2005

	<i>Budget</i> <i>(Note 11)</i>	2005	2004
Revenue			
Check-off/export service charge	1,605,625	1,557,772	1,543,824
Government grants <i>(Note 9)</i>	165,750	45,469	164,388
Conference fees	123,950	108,075	111,665
Travel and project sponsorship	12,000	32,228	33,700
Interest	12,700	21,950	24,133
Other	-	9,929	8,564
	1,920,025	1,775,423	1,886,274
Expenses			
Research, including Prairie Swine Centre	502,569	479,116	606,751
Salaries and benefits	428,000	373,705	340,592
Industry association	241,286	241,286	226,134
Conferences	128,950	108,694	129,363
Communications	134,060	111,685	177,290
Operations/office	100,159	97,352	104,062
Promotions	93,420	64,475	54,307
Directors and committees	64,115	46,827	56,642
Policy and industry development	206,669	95,813	83,708
US trade action	-	153,598	38,115
Travel <i>(Schedule 1)</i>	21,000	17,905	20,616
Organizational development	35,440	31,223	13,904
Amortization	16,038	21,629	10,274
National services	8,000	5,145	2,561
Bad debts	-	41,479	14,084
	1,979,706	1,889,932	1,878,403
Excess of revenue over expenses (expenses over revenue)	(59,681)	(114,509)	7,871

The accompanying notes are an integral part of these financial statements

Sask Pork
Statement of Changes in Net Assets
For the year ended July 31, 2005

	<i>Invested In Capital Assets</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	2005 Total	<i>2004 Total</i>
Balance, beginning of year	9,262	29,013	1,216,190	1,254,465	1,246,594
Excess of revenue over expenses	(19,221)	-	(95,288)	(114,509)	7,871
Investment in capital assets	37,766	-	(37,766)	-	-
Transfer to unrestricted net assets (Note 6)	-	(2,935)	2,935	-	-
Balance, end of year	27,807	26,078	1,086,071	1,139,956	1,254,465

The accompanying notes are an integral part of these financial statements

Sask Pork
Statement of Cash Flows
For the year ended July 31, 2005

	<i>2005</i>	<i>2004</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenues over expenses	(114,509)	7,871
Add (deduct) items not affecting cash:		
Amortization	21,629	10,274
	(92,880)	18,145
Changes in working capital balances:		
Accounts receivable	30,809	(26,013)
Prepaid expenses	1,429	4,235
Accounts payable and accrued liabilities	7,132	(69,407)
Deferred revenue	(16,402)	(106,029)
	(69,912)	(179,069)
Investing		
Purchase of capital assets	(44,991)	(8,333)
Net change in cash during year	(114,903)	(187,402)
Cash resources, beginning of year	1,166,612	1,354,014
Cash resources, end of year	1,051,709	1,166,612
Cash and cash equivalents are comprised of:		
Cash	69,105	44,661
Short-term investments	982,604	1,121,951
	1,051,709	1,166,612

The accompanying notes are an integral part of these financial statements

1. Description of business

Sask Pork is a producer-managed organization operating programs and research for the development of the Saskatchewan pork industry and the promotion of hogs and pork produced in Saskatchewan. Sask Pork was established by the Pork Industry Development Plan Regulations pursuant to *The Agri-Food Act*. Sask Pork is subject to supervision by the Agriculture and Food Products Development and Marketing Council, appointed by the Government of the Province of Saskatchewan.

The Pork Industry Development Plan Regulations allow Sask Pork to set and collect non-refundable check-offs from any person engaged in the marketing of hogs in Saskatchewan. As of January 1, 2003 the hog check-off is \$0.75 per hog. As of January 1, 2005 an export service charge of \$0.20 per hog for all hogs under 100 lbs. and \$0.75 on all breeding stock exported from Canada was implemented.

Sask Pork is exempt from income taxes in accordance with Section 149 of *The Income Tax Act*.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash is comprised of cash on hand.

Short-term investments are units of a treasury-bill mutual fund, which are redeemable on demand. They qualify as cash equivalents as they are short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Capital assets

Sask Pork capitalizes all assets with a cost over \$1,500. Property, plant and equipment are stated at cost. Amortization is computed using the straight-line method at rates calculated to amortize the cost over their estimated useful lives at the following rates:

Computer equipment	3 years
Furniture and equipment	3-5 years
Leasehold improvements	3 years

Revenue recognition

Check-off and export service charge revenues are recognized using the accrual basis in conjunction with delivery of producer's product. Revenues for conference fees are recognized when the conference has occurred.

Grant revenue is recognized when approved and eligibility criteria, if any, have been met. Recognition of grants related to capital assets is deferred to periods when the related capital assets are amortized.

Sask Pork
Notes to the Financial Statements
For the year ended July 31, 2005

2. Significant accounting policies (continued from previous page)

Research funding expenses

Research funding expenses are recognized when projects are approved and the recipient has met eligibility criteria.

3. Capital assets

			<i>2005</i>	<i>2004</i>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leaseholds	25,601	8,534	17,067	-
Computer equipment	62,411	57,655	4,756	9,262
Furniture and equipment	33,229	22,429	10,800	-
	121,241	88,618	32,623	9,262

4. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to Sask Pork by virtue of common control by the Government of the Province of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of the Province of Saskatchewan (collectively referred to as "related parties"). Routine operating transactions with related parties are settled on normal trade terms or as agreed between the parties. These transactions and amounts outstanding at year end are as follows:

	<i>2005</i>	<i>2004</i>
Accounts payable	21,422	61,873
Deferred revenue	2,286	1,918
Government grants	28,000	122,256
Research	22,000	117,000
Operations/office	12,920	13,788

The following funds have been committed to related parties:

Other committed funds (<i>Note 7</i>)	71,000	90,000
---	---------------	--------

5. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. Funds received for projects are recognized as revenue when the related expenditures are incurred.

	<i>2005</i>	<i>2004</i>
Deferred revenue, beginning of year	52,530	158,559
Amounts received during the year	59,773	87,193
Less amounts recognized during the year:		
Government grants	(11,395)	(122,356)
Conference fees	(64,780)	(70,866)
Deferred revenue, end of year	36,128	52,530

Continued on next page

5. Deferred revenue (continued from previous page)

	2005	2004
The deferred revenue at year-end relates to the following projects:		
Cards Trade Show Booth	4,817	-
Partnership program	29,025	50,612
Agri-Food Innovation Fund	2,286	1,918
	36,128	52,530

6. Internally restricted net assets

Sask Pork made an internal restriction of the net assets earned by the Partnership program, commencing in 1998. Net surpluses generated from the joint programming of Sask Pork and the Livestock Development Branch of Saskatchewan Agriculture and Food have been segregated for use to finance future projects.

7. Research commitments

Prairie Swine Centre Inc.

On June 22, 2000, Sask Pork signed an agreement with Prairie Swine Centre Inc. (PSCI), whereby Sask Pork will provide funding for PSCI's swine research programs. Sask Pork has committed to pay to PSCI the amount set out below for each market hog sold by a Saskatchewan hog producer in the previous year:

January 1, 2005 - December 31, 2005	\$ 0.20 per hog
-------------------------------------	-----------------

Other committed funding

The Board of Directors has also committed to provide research funding as follows:

2006	39,000
2007	32,000
	71,000

8. Lease and other commitments

Building and certain office equipment are leased from various suppliers. Sask Pork also has committed funds to certain projects. Future payments required under the lease commitments are as follows:

2006	45,320
2007	40,941
	89,261

In addition Sask Pork has committed \$15,000 per year for 2006 and 2007 to Prairie Swine Centre Inc. for the Pork Interpretive Gallery.

Sask Pork
Notes to the Financial Statements
For the year ended July 31, 2005

9. Government grants

	<i>2005</i>	<i>2004</i>
Saskatchewan Industry and Resources	28,000	-
Agri-Food Innovation Fund	-	122,356
Canadian Adaptation and Rural Development Saskatchewan	17,469	42,032
	45,469	164,388

10. Financial instruments

Financial instruments included in current assets and current liabilities are all short term in nature and as such, their carrying value approximates fair market value.

Sask Pork is exposed to minimal credit risk from the potential of non-collection of accounts receivable. Most receivables were received subsequent to the year end.

11. Budget

The budget for 2004/2005 was approved by the Board of Directors on July 22, 2004.

12. Comparative figures

Certain of the prior year's comparative figures have been restated to conform to the current year's method of presentation.

Schedule 1
Sask Pork
Schedule of Travel Expenses
For the year ended July 31, 2005

	<i>Budget</i> <i>(Note 11)</i>	2005	<i>2004</i>
National services	5,000	5,524	2,591
Industry association	6,000	7,383	6,158
Organizational development	8,000	3,074	8,625
Industry development	-	-	3,242
Communications	2,000	1,924	-
	21,000	17,905	20,616



MEYERS NORRIS PENNY LLP

AUDITORS' REPORT TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

We have audited Sask Pork's control as of July 31, 2005 to express an opinion as to the effectiveness of its control related to the following objectives.

- 1) To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objective established in its financial plan.
- 2) To prepare reliable financial statements.
- 3) To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

We used the control framework developed by the Canadian Institute Accountants (CICA) to make our judgements about the effectiveness of Sask Pork's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provided reasonable assurance that the organization will achieve its objectives.

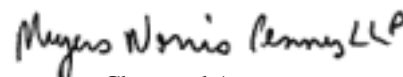
Sask Pork's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of Sask Pork's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions reasonable assurance and not absolute assurance, the objective referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In our opinion, based on the limitations noted above, Sask Pork's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2005 based on the CICA criteria of control framework.

Saskatoon, Canada
September 22, 2005


Chartered Accountants



MEYERS NORRIS PENNY LLP

AUDITORS' REPORT TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

We have made an examination to determine whether Sask Pork complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2005:

The Agri-Food Act, 2004
The Agri-Food Regulations, 2004
The Pork Industry Development Plan Regulations

Our examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Organization has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2005.

Saskatoon, Canada
September 22, 2005

Meyers Norris Penny LLP
Chartered Accountants

Industry Representation at July 2005

Provincial Committees Representation

Agriculture Development Fund Board of Directors - Shirley Voldeng
AgriVision Corporation Board of Directors - Neil Ketilson
CARDS "Growing Saskatchewan" Committee - Kim Browne
National Communications Working Group - Kim Browne
Prairie Feed Resource Centre, University of Saskatchewan - Harvey Wagner
Provincial Farm Support Review Committee - Jerry Pfeil
Saskatchewan Agri-Environmental Advisory Council - Shirley Voldeng

Canadian Pork Council Committee Representation

Executive Committee - Florian Possberg
Board of Directors - Florian Possberg and Ross Johnson
Canada Pork International Board of Directors - Florian Possberg
Canada Pork Inc. - Ross Johnson

Economic, Trade & Policy

National Pork Value Chain Roundtable - Florian Possberg
Canada Pork Council - Florian Possberg
U.S. Trade Action Reference Group - Florian Possberg

Production

CPC Working Group on Traceability - Neil Ketilson
Canadian Animal Health Consultative Committee (CAHCC) - Neil Ketilson
CPC Foreign Animal Disease Emergency Plan Working Group - Harvey Wagner
Research Network on Swine Bacterial Pathogens - Leon Lueke (until August 2005)

Quality and Safety

CQA® Technical Advisory Group - Harvey Wagner
Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) - Harvey Wagner

Environment

CPC Producer Committee for Climate Change - Neil Ketilson
CPC Technical Review Committee for Climate Change - Claude Lague

Animal Welfare

CPC Animal Care Working Group - Florian Possberg

Internal Committees at July 2005

Research

Eric Von Doellen, Del Air Systems

Henry Gauvreau, M.Sc., D.V.M., Warman Veterinary Services

Gordon Hultgreen, Prairie Agricultural Machinery Institute

Neil Ketilson, Sask Pork

Joe Kleinsasser, Director

Monique Lischynski, Saskatchewan Agriculture and Food

Judy Ulrich, Director

Harvey Wagner, Sask Pork

Jerry Wollman, Riverbend Farms

Greenhouse Gas / Carbon Credit Ad Hoc Committee

Ross Johnson, Director

Joe Kleinsasser, Director

The Industry Regulatory & Operational Committee was disbanded on a motion by the Board of Directors in January 2005.

Contact Us

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Kim Browne

Executive Assistant/Promotions & Communications

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E-mail: info@saskpork.com

Harvey Wagner

Manager, Producer Services

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Brad Marceniuk *(August 2004 - June 2005)*

Manager, Industry & Policy Analysis

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Patty Riley

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E-mail: priley@saskpork.com

Chyanne Werezak

Administrative/Communications Assistant

Phone: (306) 244-7752

E-mail: cwerezak@saskpork.com

Special Projects

Ervin Lowe *(August 2004 - February 2005)*

Traceability / Western Canadian Slaughter Database

Phone: (306) 343-3509

E-mail: elowe@saskpork.com



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