

ANNUAL REPORT

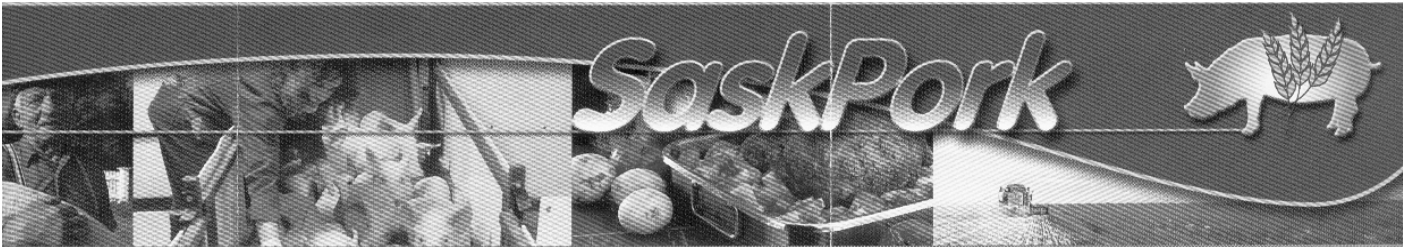
2001—2002



Quality Producers... Quality Pork

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———— **VISION** ————

To ensure a sustainable pork industry within a diverse provincial agricultural economy.

———— **MISSION** ————

Sask Pork is dedicated to working on behalf of producers through communications, policy and research programs.

LETTER FROM THE CHAIRMAN

This past year has been a challenging one for our producers, and the entire agriculture industry. We have been tested on many fronts.

Perhaps the most notable has been the affects of one of the severest droughts accompanied by tight feed grains supply and escalating costs. In addition we have braced ourselves as market prices fell this spring and began the roller coaster affect we all experienced in 1998. Through initiatives at the Board and Public Policy levels, Sask Pork has been lobbying federal and provincial governments for financial assistance and suitable long-term assistance programs for our producers. This in itself has had its own challenges, however as we begin the 2003 reporting year, we have met with some success and expect that a new hog loan program will be finalized and available to producers in early November 2002.

On another front, we challenged the provincial government's proposed changes to the Labour Standards Act, announced by the provincial Minister of Labour. The Public Policy Committee was brought together in January 2002 to deal with this issue. A producer and staff committee was subsequently formed to lobby and oppose the pending legislation on behalf of producers. After several communiqués with government, the group met with the Deputy Premier and the Minister of Labour on three occasions to try and resolve the issue. The government however moved forward with the legislation and after a much publicized ad campaign by Sask Pork to bring forward industry concerns, the government passed the legislation in July 2002 that brought our industry under the Labour Standards Act. Sask Pork will continue to monitor the affects of the legislation.

In addition to the provincial lobby efforts the industry is, and will continue to be confronted by issues related to food safety, the environment, animal care, worker health and safety as well as specific legislation such as Country of Origin labeling. Each of these issues has the potential to have a significant impact on our industry and will need to be addressed by our organization.

The Research Program continues to be a significant initiative for Sask Pork with funding directed to swine research projects that focus on production and address the environment, animal care, and health and safety.

Last August, in keeping with changes made as a result of Governance Review Process, Sask Pork began its new budget year, August 1 to July 31, established through a change in the Pork Industry Development Regulations and approved by the Agri-Food Council. This Annual Report therefore reflects this change and reports on Sask Pork's operations for the budget year, August 1, 2001 to July 31, 2002.

Along with the new budget, the Board of Directors and staff set in motion the organization's strategic plan. The plan sets the focus and direction for the organization in three key areas; pig production, production units, community and industry relations. Sask Pork activities in each of these focus areas are presented in this report.

Two new committees of the Board, *Public Policy Committee* and *Producer Operations Committee* were also established to work with and support these key areas. A sub committee of the Public Policy committee was subsequently put in place to act on a resolution brought forward at the 2001 Annual General Meeting that called for a review of the levy and the operations it supports. As a result, the Board of Directors, on the sub committee recommendation, appointed a consultant to review Sask Pork's operations, programs and services. The review was completed and a report presented to the Board in June 2002. The report proposed recommendations for organizational and operational refinements to make Sask Pork a more efficient and effective producer organization. The Board has reviewed and acted on a few of the recommendations, others will be referred to the Public Policy Committee for discussion and guidance.

During this year, Sask Pork directors, staff and producers continued to be apart of the Canadian Pork Council Executive and its committees as well as those of the Canada Pork International (CPI). In April 2002, producer, Florian Possberg was appointed to the CPI Board of Directors to represent the interests of producers in the marketing and promotion of Saskatchewan pork.

To conclude, we have faced many challenges as producers, as an industry, and as an organization this past year. However, we continue to make progress and are acting on behalf of all producers to enhance our industry. We invite and welcome your ideas and participation to assist us in strengthening the organization.



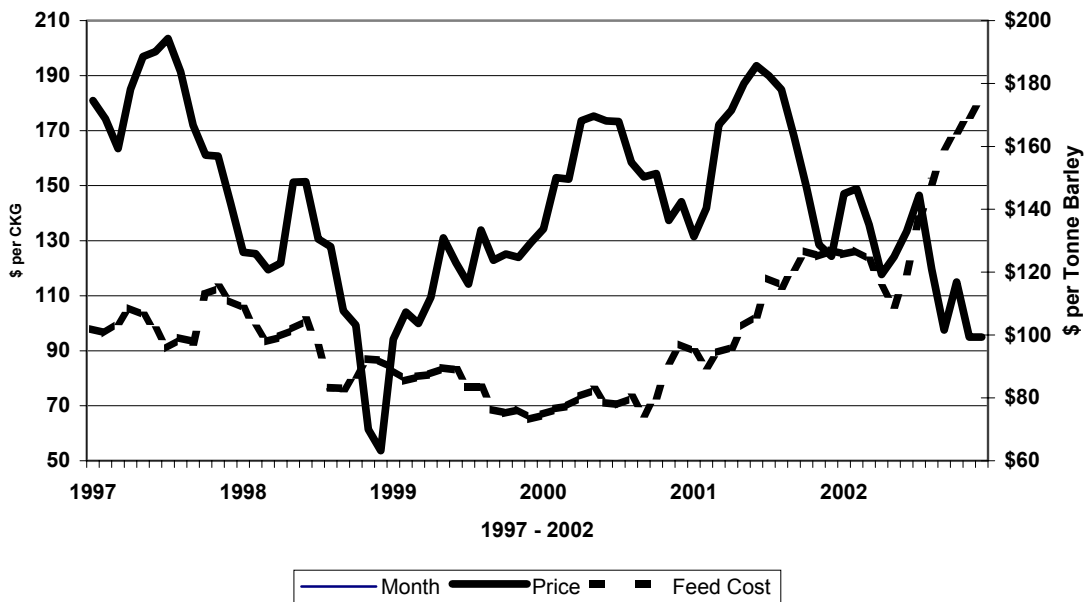
Leon Lueke
Chairman

MANAGEMENT REPORT

Over the past year, from an organizational and industry perspective, public and government policy issues have had a tremendous influence over the pork industry. Sask Pork, on behalf of its producers, spent a great deal of time and financial resources lobbying on behalf of producer interests, on provincial and national committees and through the Canadian Pork Council and Canada Pork International. Issues such as the application of the Labour Standards Act on the pork industry, national and provincial safety net programs, environmental management, animal welfare and public perception of the hog industry were addressed throughout the year.

For Sask Pork members, the year ending July 31, 2002, has been, to say the least, financially challenging. Saskatchewan hog producers have been subjected to a particularly devastating combination of high feed grain prices (the result of a two-year prairie drought) and low hog prices (the bottom of the traditional four-year hog price cycle). The following chart provides a picture of hog prices versus feed costs over the past five years:

Hog Price versus Feed Cost



Source: SPI Marketing Group Inc.

In recent months feed grain prices have drastically increased at a time when hog prices have hit the bottom of the cycle. These market factors will be particularly difficult through the fall of 2002. From August 2001 to July 2002, feed wheat has increased 45% while barley increased 30%. (Source: Saskatchewan Agriculture, Food and Rural Revitalization) Hog prices for the same period averaged \$155.95 per CKG and ranged from the low of \$108.00 in April 2002 to high of \$189.30 in August 2001.

Despite the challenges faced by our producers, the pork industry continues to be a major agricultural sector and a growing industry that contributes significantly to the provincial economy. Saskatchewan's 944 pork producers produced 1.8 million market hogs for the period August 01, 2001 to July 31, 2002 for a total value of \$279 million.

Canadian production for 2001 reached 26 million hogs. Saskatchewan production represents approximately 7% of that total. Hog production in Saskatchewan represents approximately 14.9% of livestock sales in the province and 3.8% of total agricultural cash receipts. (Source: Statistics Canada) Saskatchewan hog producers provide huge employment benefits to the Saskatchewan economy. In the past year its total employment impact was approximately 8,250 jobs from animal care workers to contractors, to food processors to truckers. Total employment income was estimated at \$289 million with taxes paid to the province of approximately \$29 million and \$7 million in taxes paid to local governments.

Swine research continues to be a major focus for the organization. During the year, a number of research projects were initiated in an effort to keep producers at the leading edge of production, technology, animal welfare and best management practices.

Sask Pork continues to deliver the CQA™ program and additionally represents producers' interests on the technical committee established to develop proposed Canadian Standards Association (CSA) environmental standards for hog operations.

Consistent with the Board of Directors' three year Strategic Plan which focuses on three key areas; Pig Production; Production Units; Industry and Community Relations; Sask Pork is pleased to report the following information on activities, programs and services undertaken on behalf of producers over the past year.

PROGRAM UPDATES

The strategic plan implemented in August 2001, focused priorities for the organization on three key focus areas; *pig production, production units, community and industry relations*. Within each area a number of objectives were established to provide programs and services to help producers with their operations and establish and promote positive relationships with our agriculture partners, communities and publics.

FOCUS 1: PIG PRODUCTION

This focus area deals directly with producer production level needs, focusing primarily on research and information resource services to support producers.

During the past year Sask Pork undertook a number of initiatives and services in this focus area that included research, database and statistics development, library and resource materials as well as the management and implementation of the Pork Industry Symposium and Pork Expo.

Research

Through a universal producer check-off program Sask Pork supports research projects that are directed at profitable and an environmentally sustainable pork industry. Additionally, a one time \$1 million grant from the Agri-Food Innovation Fund has allowed Sask Pork to expand it's research program to funding projects in the following areas:

Research areas supported include:

- Environmental (manure management, odor control, air quality, environmental issues)
- Animal production (engineering, housing, production, nutrition)
- Worker health and safety
- Animal welfare (health and nutrition)
- Base funding (annual grants to educational institutions and research facilities, sponsorship of research chairs)
- Public awareness (education)



Jan Erickson, Animal Health
Technician at VIDO

Research Priorities

Sask Pork, through the Research Committee, evaluates and sets research priorities annually and funds projects in the areas of highest priority. 2001-2002 priorities are: Public Awareness; Environmental; Production; Welfare; Human Resources and Economics.

Canadian Pork Council - National Research Priorities

In December 2001, Sask Pork hosted the National Research Meeting in Saskatoon. Participants included representatives from each of the provinces and the Canadian Pork Council. Each provincial association presented a report on swine research conducted in their province and their organization's R&D priorities.

Priority areas, in order of importance as ranked by the provincial representatives are as follows:

Environment	10
Food Safety	9
Animal Welfare	8
Herd Health	4
Nutrition (Animal)	3
Human Product Quality	2
New Products & Technology	2
Intelligence Systems	1



Soil Sample Collection, U of S Dept of Soil Science 2002

Compared to the research priorities set by the same group in 1999, the priorities were the same, however, there were two additions; human resources, that includes workers efficiency, work place health and safety and the second area, economics.



In-barn control system, Prairie Swine Centre

The new priorities list will be used as a lobbying tool and will be sent to the federal government, universities, research Centres and other research organizations. The CPC's research priorities list will be updated every two years.

The following is a complete list of the swine research projects funded by Sask Pork in 2001-2002.

CARDS FUNDED RESEARCH

Project name	Researcher (s)	2002 Funding	Project Total
Microbial Populations in Groudwater Beneath Eathern Manure Storages	Terry Fonstad - U of S	\$47,750	\$47,750
Total		\$47,750	\$47,750

CHECK-OFF FUNDED RESEARCH

Project name	Researcher (s)	2002 Funding	Project Total
Prairie Swine Centre – base funding	Various	\$369,582	5 year, production based contract commencing in 2001
Influence of Hog Manure Application on Water Quality and Soil Productivity	Charles Maule - U of S	\$10,000	50,000
Manure Generation	M. Wright - Quadra	\$3,339	7,800
Canadian Research Network on Bacterial Pathogens of Swine	Mario Jacques - U of Montreal	\$4,000	\$19,798
Environmental Issues Research Chair	S. Lemay - PSCI	\$7,500	\$22,500
Effects of Age at First Estrus	E. Beltranena - PSCI	\$18,474	\$46,500
VIDO - Core Funding	S.Bond - VIDO	\$12,000	\$36,000
Geochemistry & Hydrogeology	T. Fonstad - U of S	\$7,000	\$35,000
Total		\$431,895*	Production Based

PORK INDUSTRY SUSTAINABILITY FUND RESEARCH

Project Name	Researcher (s)	2002 Funding	Project Total
Sask Pork Research Chair in Environmental Engineering for the Pork Industry	Claude Lague - U of S	\$80,000	320,000
Control of <i>Strep Suis</i> Using Needleless Vaccinations	Phil Willson - VIDO	18,000	\$36,000
Greenhouse Gas Emissions	Claude Lague - U of S	\$21,750	36,900
Investigation of Immunoglobulin	Elemir Simko - U of S	11,874	35,622
Impact of Swine Manure on Soil Metals/Organic Matter	J. Schoenau/M. Grevers - U of S	\$15,000	\$15,000
VIDO Swine Technical Group	Stuart Bond - VIDO	\$3,000	\$9,000
Large Group Management for Grower/Finisher Pigs	Harold Gonyou - PSCI Darren Swanson - Quadra	\$14,402	\$14,402
Quantifying N ₂ O Fluxes	Richard E. Farrell -U of S	\$3,500	\$3,500
Cyropreservation of Boar & Bull Semen	Andre T. Palasz - U of S	\$10,000	\$30,000
H ₂ S Exposure of Worker's in Swine Buildings	Stephane Lemay - PSCI	\$16,180	\$39,203
Environmental Issues Resource Center (Renewal)	Lee Whittington - PSCI	\$8,000	\$24,000
Development of Artificial Swine Odour (ASO)	Guoliang, Qu, Ph.D. - Alberta Research Council	\$3,000	\$3,000
Total		\$204,706	\$566,627

* Total does not include \$1,352 related to Research Committee expenses.

Statistics-Database

During the past year, Sask Pork undertook an evaluation of current information systems in line with industry information requirements. The initial upgrade has enhanced our capacity to provide an industry profile and increase understanding of producer needs in terms of service, development, and communications tools.

Library Resource Materials

As part of our partnership with Saskatchewan Agriculture Food and Rural Revitalization, Sask Pork acquired the pork information library in February 2002. The Library and resource center will be managed by the National Services Coordinator. Library materials are being evaluated for relevance to current production methods as well as accessibility for producers.



We are planning to make additions to the library based on producers' needs and will include a variety of topics including breeding/farrowing and finishing management, housing, marketing and human resources. We anticipate being able to offer information in a range of formats from printed materials to audio/visual files. Sask Pork will also continue to supply information to producers Sask Pork's through the monthly newsletter.

Symposium and Pork Expo



Pork Symposium 2001

Both programs are jointly managed and run with our partner Saskatchewan Agriculture Food and Rural Revitalization (SAFRR), for Saskatchewan pork producers, suppliers and agriculture stakeholders. Symposium 2001 was held November 13 to 15, 2001, with approximately 600 people attending this three-day industry conference. Pork Expo, held February 27 and 28, 2002 was again well received by suppliers and producers alike. The partnership contracted a new consultant to work with Sask Pork and SAFRR staff to manage the two events.

Pork Production Training Program (PPT)

Following extensive meetings between Sask Pork, and Saskatchewan Agriculture Food and Rural Revitalization, the Saskatchewan Department of Learning issued a new policy for training in the pork industry beginning July 2002. This new policy allows for:

1. New access to funding for PPT- used by most producers with employees;
2. Increased funding for producers with over 100 employees;
3. No penalties for employees using both PPT and apprenticeship

FOCUS 2: PRODUCTION UNITS

This focus area covers the programs and services to assist producers with various factors that affect their business operations.

Sask Pork undertook a number of initiatives and services directed at assisting producers with their business operations this past year. These included, SR&ED Tax Credits, Hog Loan Program, CQA™ program, industry regulations, public policy, Canadian Pork Council membership.

Tax Credits

Sask Pork, along with other agricultural organizations, were involved in discussions over a two-year period with Canada Customs and Revenue Agency (CCRA) and Agriculture and Agri-Food Canada to find a way to deliver tax based incentives to farmers. As a result in April 2002, it was announced that CCRA would agree to let producers claim the Federal Government's Scientific Research and Experimental Development (SR&ED) tax credit thus allowing levy contributions of up to 30 cents per hog made by Sask Pork to fund industry research initiatives to be used by producers as a SR&ED tax credit. The credit was made retroactive to the 2001 taxation year based on producers meeting the appropriate requirements.

Hog Loan Program

With producers once again facing a volatile marketplace and the ramifications of a second year of serious drought in the province, Sask Pork and SPI Marketing Group Inc. met with the provincial government to discuss producer support in the form of a Hog Loan and or grant program. As a result of these endeavors, it is expected that the government will review and consider a support program for all producers and that an announcement detailing this support will be forth coming in early November 2002.



CQA™

As of July 31, 2002, the CQA™ program in Saskatchewan included 695 producers, 91% of which are delivered and 43% validated representing 61% of all hogs marketed. The program saw substantial growth in the early part of 2002 as a result of an announcement by Mitchell's that they would no longer be accepting non- CQA™ animals. This increase in activity required that the National Services Coordinator not only deliver and review producer's CQA™ programs, but also assist them in becoming validated. These services are ongoing to all producers.



Work continues with the other provinces and the Canadian Pork Council, to have the CQA™ program recognized by the Canadian Food Inspection

Agency (CFIA). Recognition of the program would allow the pork industry to use the CQA™ program to promote quality pork to international markets. As part of the CFIA recognition process, the CQA™ program is required to undergo an audit to demonstrate its effectiveness. The CQA™ program in Saskatchewan, along with several other provinces, began an audit pilot project in the spring of 2002 with two goals in mind: first to confirm the program's effectiveness and, second, to ensure that Saskatchewan producers were included in the development of what will become the national audit standard.

Sask Pork has supported, and will continue to support producers exercising due diligence by following the CQA™ program.

Because of the work toward recognition by the CFIA, the CQA™ program did not release updates to the program's On-Farm Assessment Form or materials as planned. Instead, updated materials will be released once the program has been approved by the CFIA. Sask Pork has been part of the committee involved in updating and reformatting materials to make them efficient.

Industry Regulations and Standards

A number of initiatives related to both industry regulations and industry standards were undertaken by Sask Pork on behalf of producers this past year. This is in keeping with the pork industry to be proactive in developing industry standards that producers can work with rather than having unregulated bodies imposing regulations on the industry.



At the request of the Canadian Pork Council (CPC), Sask Pork was involved in recommending producers participate in

the environmental management standard pilot study developed and conducted by the Canadian Standards Association (CSA). The environmental standard is geared toward best practices at the farm level for manure management. While Sask Pork was not directly involved in the program development, the Environmental Engineering Chair, Dr. Claude Lague, was appointed to participate on the committee.

The Environmental Management Standard can be expected to assist producers/production units in greater acceptability by the public. The standards define the steps taken by a producer to responsibly manage environmental issues, including water and soil in the region occupied by the unit.

Animal Welfare is another area where the industry has been proactive. Sask Pork was part of the initial Animal Welfare Committee meeting set up by the CPC to determine how the industry could assure the public it acts responsibly in the care of its animals. Work is being done to determine what criteria may be included in an animal welfare standard, and how that will be implemented.

Additionally, as part of its communications and partnership efforts, Sask Pork continues to support the Farm Animal Council of Saskatchewan (FACS), participating as a sponsor of its conference with other commodities on a FACS animal care ad campaign, and as partner this year on its animal care pamphlet, *Pork FACS*.

In the area of medicated feed regulations, Sask Pork was also the voice of the producer when it opposed the proposed regulations viewed as being detrimental to producer operations. This past year Sask Pork joined with the other provincial pork agencies and the Canadian Pork Council to lobby against the proposed federal medicated feed regulations. Sask Pork has taken an active role in speaking out against the implementation of these regulations on farm.

Public Policy

In developing a favourable environment for growth and sustainability, issues, often at the political level, impact on our producers. Sask Pork, with input from producers must develop and set its public policy positions and statements and communicate them effectively to our publics and key stakeholders. This past year has been a defining one for our industry as we proceed to establish ourselves as the voice of the industry on a number of fronts, particularly in the area of public policy.

With the establishment of a Public Policy committee for Sask Pork its first action was to deal with the government's announcement of pending legislation bringing the pork industry under the Labour Standards Act.

Significant Sask Pork resources, both human and financial, were redirected this past year to deal with the government's decision to apply the Labour Standards Act to the Saskatchewan hog industry.

Communications and Industry Development efforts over an eight month period from December 2001 to July 2002 included; producer meetings and communications; a series of letter writing campaigns from Sask Pork and producers to the Premier and government, it's Ministers and officials, meetings and briefing sessions with members of the official opposition; meetings with government labour consultant; third party support activities; media interviews and editorial board meetings; meetings with other



Sask Pork producer information sessions on Labour Standards

agriculture and commodity groups, as well as the development of a major industry advocacy advertising campaign that ran for a six week period in the Saskatoon and Regina daily newspapers. These efforts ended when the government legislated the changes in July 2002 for application, September 1, 2002. Despite the fact that the legislation went ahead, it is important to note that our industry made a significant and positive impact in the public domain.

In addition to the provincial lobbying efforts the industry is, and continues to be confronted by issues related to food safety, the environment, animal care, worker health and safety as well as specific legislation such as Country of Origin labeling. Each of these issues has the potential to significantly impact our industry and Sask Pork will continue to monitor and assess these issues proactively in our communications to producers, legislative bodies and the public.

Canadian Pork Council and Canada Pork International

While Sask Pork can provide advocacy and development services provincially, the national playing field is best managed by a single entity as the voice of the industry as a whole. The Canadian Pork Council (CPC) represents the pork producer provincial boards. Sask Pork continues to work with CPC in a number of areas as well as participate on the Executive Committee and Board of Directors and CPC committees. A list of these committees and the names of your representatives appears at the end of this report.

The pork agencies National Communications Working Group, of which Sask Pork is a member, continues to work actively with the CPC to effect consistent industry wide advocacy and issues management at both the national and provincial levels.

CPC continues to work in the key areas of: animal care, Bill C-10, the environment (Environmental Standards and climate change), food safety, farm income risk management, including Safety Nets, regulations (medicated feed regulations) CQA™, as well as partnerships with the Canadian Food Inspection Agency (CFIA) and Agriculture and Food Canada amongst others.

Market access is the key focus of Canada Pork International (CPI). CPI works closely with federal agencies such as the CFIA and the Department of Foreign Affairs and International Trade to promote and market Saskatchewan and Canadian pork to the global consumer.

In February 2002, CPI organized a Trade Mission to Brazil. Sask Pork's representative included producer, Florian Possberg, Chief Executive Officer, Big Sky Farms Inc., who accompanied CPI and CPC officials to Brazil to explore and understand emerging markets and competition. In April 2002, Mr. Possberg was appointed as Saskatchewan's Representative on the CPI Board of Directors.



Participants in 2002 CPC Brazil Mission

FOCUS 3: INDUSTRY & COMMUNITY RELATIONS

Public interest in the pork industry is increasing at a rapid rate. Although many people recognize the benefits, some individuals and groups are skeptical and critical. In this focus area, we have developed opportunities to communicate the benefits, opportunities and facts about our industry and products, as well as our partnerships with other agricultural sectors. These efforts are directed at supporting producers and improving the wider community's understanding of our industry.

Industry Development

A key role for Sask Pork is to foster a provincial and community understanding of the hog industry at all levels of production and to represent and support the industry to the wider public. The hog industry has been hugely misunderstood and misrepresented. In response to requests, Sask Pork has made available to community development groups and Rural Municipality Councils, fact-based information in the form of a manual on the Saskatchewan hog industry.

Additionally, as communities examine expansions of existing operations or investigate opportunities for new development, Sask Pork has participated with proponents and partners at various community and interest group based meetings, including the Saskatchewan Association of Rural Municipalities (SARM) November 2001 Convention.

Pork Industry Interpretive Centre



A major funding contribution from Sask Pork and the Agri-Food Innovation Fund in May 2001 kicked-off the official fundraising campaign for the first North American Pork Industry Interpretive Centre to be built at the Prairie Swine Centre Elstow facility. The Interpretive Centre, which will be home to the Sask Pork Viewing Gallery, is an integral component of our industry and producer communications efforts. The Viewing Gallery, through a series of 12 viewing windows, will offer a window on modern pork production to the public, particularly school children. Communication support was provided to the project over the past year to assist with development of the fundraising plan and marketing initiatives. The gallery and interpretive center is scheduled to open in the spring of 2003.

Public Attitudes Survey/Communications

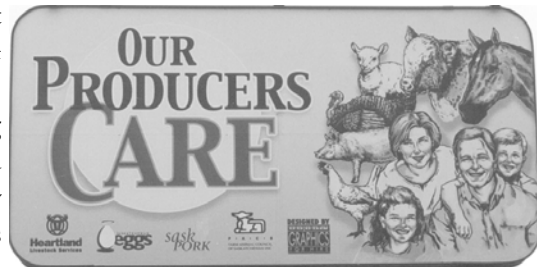
In November 1999, the provincial pork agencies and the Canadian Pork Council, developed the first national survey to determine public attitudes towards the pork industry both nationally and provincially. The 1999 survey by Angus Reid, along with a provincial survey, established the communications strategy and the key messages for the Sask Pork, "*Quality Producers...Quality Pork*"

ad campaign, launched in the fall of 2000.

In March 2002, Sask Pork communications along with the Canadian Pork Council (CPC) and the other provincial agencies, undertook a second survey through IPSOS Reid. This survey was to determine if the key issues raised in the 1999 survey had changed and to obtain information that could be used in the ongoing development of national and provincial communications strategies to address issues currently facing the pork industry.

The 2002 survey confirmed that the key issue confronting the pork industry continues to be food safety. Reducing the impact of hog production on the environment has increased in importance to the second most important issue overall. The care and treatment of animals continues to be an ongoing area of concern to the public. Attitudes towards genetic engineering have not shifted and it is still seen as a negative. However, consumers see benefit in specific products of genetic engineering, particularly in the area of environmentally conscious manure management and reducing the use of antibiotics to fight diseases. Finally the mainstream media, television and newspapers, continues to be key sources of information.

Of particular note from the 2002 final IPSOS Reid report is that Saskatchewan, has had the largest growth in positive public attitude towards our industry. It increased from 45 per cent in 1999 to 60 percent in 2002. Our ongoing objective is to continue to improve public perception and increase awareness of the Saskatchewan pork industry by developing effective communications activities and programs for our producers, communities and publics.



Over the past twelve months, communications initiatives have included:

- development of an advocacy advertising campaign and communications plan related to the application of labour standards on the pork industry;
- the launch of *Farmscape*, a daily radio program heard around the province, featuring news stories and information about the Saskatchewan hog industry and agriculture;
- development and launch of our website www.saskpork.com;
- placement of the *Quality Producers... Quality Pork* ad campaign in 23 major Saskatchewan weekly newspapers,
- providing development and marketing support to the Pork Industry Interpretive Centre
- production of Sask Pork's *Forum* newsletter;
- partnership advertising in the *Pork Facts* and billboards with The Farm Animal Council of Saskatchewan (FACS); a multi-media campaign with Saskatchewan AgriVision Corp.

Website

In November 2001, the website www.saskpork.com was launched. The website is a key communications vehicle for our industry to provide information on our organization, industry, programs, services, and events. Given the advances in available technology and increased information requirements, a review to enhance the website is planned. These enhancements will provide for more information to be made available on the site and give us the capability to have the site updated in-house on a daily basis.

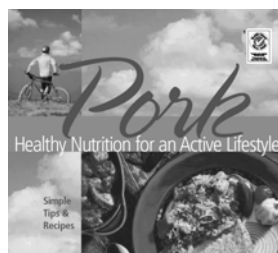
Retail Program

Recipe cards and point of sale materials are developed in partnership with the other provincial pork organizations, notably Manitoba Pork Council. Three sets of recipe cards are produced in the Spring/Summer, Fall/Winter and in January/February for National Pork Month and Heart, Easy, nutritious recipes are developed under two banners “Pick Pork” and “Pork is a Healthy Choice”.



Since 1999, point of sale materials have been distributed to an estimated 130 retail outlets in the province. In 2002, News Marketing Canada a national retail installation company, was contracted by Sask Pork to install pork resource materials in Saskatchewan retail outlets three times per year. Materials will be displayed on one month rotations and remain stocked throughout the entire month of the promotion. This contract provides us with access to a number of larger retailers who have exclusive contracts with News Marketing.

Sask Pork and the majority of the provincial pork organizations participate in the national Heart and Stroke Foundation “Health Check”™ program designed to educate consumers about making smart food choices. We first participated in the National Health Check In-Store campaign in 2000 and continue to take part each year. Healthy Choice recipes have been developed to support the in-store program which takes place across Canada throughout the month of January.



Product Advertising

- Sask Pork was offered the opportunity to advertise in the premier issue of “Renovation and Home Improvement Magazine” in the Spring of 2001. Space was split 50/50 with Saskatchewan Turkey Producers and featured summer grilling recipes and safe food handling tips. The magazine, with a distribution of 45,000+ is distributed free of charge at all Safeway, 7-11 and Macs stores in the province.
- January 2002 Health Check National In-store Promotion Program. 77 Co-Op, IGA, SuperValu and Safeway stores participate in the program which consists of print materials and signage throughout the stores directing consumers to healthy choice foods that carry the Health Check™ logo.

- During National Pork Month (February) full page articles appeared in Saskatoon Star Phoenix and Regina Leader Post.
- Participated in a billboard campaign with the Beef Information Centre for the “Healthy Choices” Weight Control Centre. The Pork/Beef billboard ran through January-February and was located at the corner of Warman Avenue and 33rd Street in Saskatoon.
- Sask Pork benefits by continued presence in Super Stores through Alberta Pork’s “Super Trim” label program. Labels feature pork nutrition information and information on accessing www.trypork.com a website providing direct links to other provincial pork organizations.

Sponsorships and Trade Shows

The following events were supported by Sask Pork over the past 12 months:

- “Pigs in the City” a Saskatchewan Abilities Council fundraising event was launched in May 2002. Sask Pork , along with other community business sponsors, including Mitchell’s Gourmet Foods, each sponsored the design of one of 18 “art” pigs located around downtown Saskatoon throughout the summer. The pig sponsored by Sask Pork (Pig in a Blanket) was designed by the Varsity View Kids Art Program. All the pigs will be auctioned in October 2002 at the Abilities Council gala event.
- Saskatchewan Premiere Food & Wine Festival (September): This 3-day festival is an annual event each September in Saskatoon. Sask Pork’s booth and the food items served have become a favorite at the show which attracts 5,000 visitors each year.
- Canadian Western Agribition – Sask Pork provided an exhibit in 2001 at the Agri-Ed Showcase. Our exhibit is visited by an estimated 300 teachers and their students (grades K-8) and provides information on modern pork production. The booth boasts a large pork farm display, information suitable for children plus the opportunity to see two piglets. Other events sponsored throughout Agribition week include: “International Reception”; the “Cut Above Event”; the “Little Gobblers Cooking Club”; Saskatchewan Agriculture and Food’s “Taste of Saskatchewan” and the Saskatchewan Meat Processors Association (SMPA) “Cured Meat Competition”.
- Child Hunger and Education Program (CHEP) Nutrition Positive Project: Sask Pork has been a major sponsor of this program since it’s inception in 2000. The program was developed by individuals from the Saskatoon Health District and public and catholic schools to have nutrition education incorporated into the school curriculum. Local schools and students participate throughout the year in the program by demonstrating positive nutrition choices in their schools and at home. Our sponsorship provides nutrition materials and pork product for “Nutrition Positive” schools to conduct cooking classes with the students to emphasize the importance of nutrition.



Pig in a Blanket

- Agriculture Awareness Activities: Throughout the year we partnered with CARDS, Ag in the Classroom and various Saskatchewan commodity groups to develop an Ag Awareness Survey. 500 Saskatchewan rural and urban residents would be surveyed to gain an understanding of the public's perception of agriculture and how best to develop a cross-commodity advertising campaign to promote Saskatchewan agriculture. Two groups were struck to work on the project: One group is focused on the food industry sector of agriculture and the second to address education and career opportunities. Results of the survey are expected by the fall of 2002.
- The annual AgriVision-Saskatoon Chamber of Commerce "Reinventing Agriculture" annual conference.
- AgriVision, Saskatchewan Agriculture and Food Rural Revitalization Tradeshow for the annual SARM Conference.
- Other community sponsorships have included:
 - Sponsorship of bursaries for the Kelsey Retail Meat Cutting Program "Presenting Pork Retail Meat Cutting Competition". Bursaries are presented to the winning students in the competition twice per year.
 - Community harvest dinners and festivals.
 - Luncheon for volunteers at the 2002 Humboldt Winter Games.
 - Commodity basket for silent auction at the "Teddy Bear Affair" fundraiser for the Canadian Mental Health Association.
 - Supplied materials for 500 activity "Kits for Kids" a project of the Rebekah Assembly of Saskatchewan for children who are cancer patients in hospitals throughout the province.
 - In partnership with Mitchell's Gourmet Foods, donated hams for the Friendship Inn's Easter Sunday dinner.

FINANCIAL ACCOUNTABILITY

Provided are Sask Pork's financial statements for the year ended July 31, 2002. It is the fiduciary responsibility of management to ensure proper and responsible administration of Sask Pork's finances and to report the financial results to producers. We are pleased to report our audit again received a clean opinion from our external auditors. The reporting period for the statements is August 1, 2001 to July 31, 2002. Comparatives are for our previous financial period that was the seven months between January 1, 2001 and July 31, 2001. When reviewing the statements, it is important to consider the shorter prior period.

Statement of Financial Position

Sask Pork continues to maintain a strong balance sheet, providing stability for the organization. Investments are made in money market funds to ensure the best interest rate in combination with liquidity and security. Board policy provides for the existence of unrestricted retained earnings to a value of one million dollars to be used by the Board should special circumstances arise. Currently, this fund is nearing the threshold at \$988,979. Board policy also provides for the internal restriction of net assets relative to any surpluses from the Symposium/Expo programming operated with our partners, Saskatchewan Agriculture, Food and Rural Revitalization. The funds accumulated over the preceding four years will be spent to the benefit of the producers by this partnership in the future.

Statement of Operations

The presentation of the 2001-2002 Statement of Operations includes both actual and budgeted revenue and expenses for the year in addition to the seven month comparative with 2001. The inclusion of the budget numbers is intended to communicate to producers how well the organization managed to plan and then executed that plan during the year.

Revenue

The majority of annual revenue is generated by the hog check-off. The variance budget to actual is reflective of the drop in levy that was put in place sooner than anticipated and a slight over-estimate on the number of market hogs for the year. We wish to thank producers for their cooperation over the year in remitting their check-off.

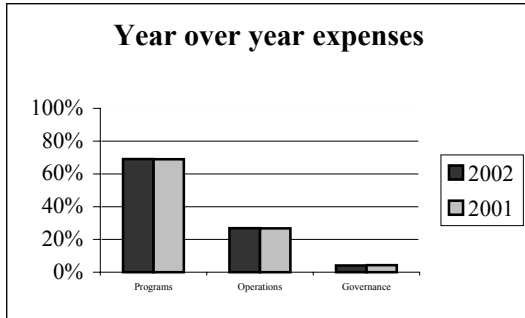
Conference fees are specifically related to revenues collected through Pork Industry Symposium and Pork Expo programming. Both programmes continue to enjoy producer and supplier support, providing additional revenue for the partnership.

Government grants received by Sask Pork fund two specific programmes. The majority of funding is from the Agri-Food Innovation Fund (AFIF), providing research dollars to the scientific community and is aimed at improving operations in line with our research priorities. Additional dollars are provided by AFIF to assist in financing first time Canadian Quality Assurance™ validations. The Canadian Adaptation and Rural Development Fund also provided research funding over the year.

Expenses

Sask Pork incurs various expenses over the course of the year – all ultimately aimed at executing programmes. Over the last two years, Sask Pork has remained consistent in the amount directed at programming, operations and governance.

Looking to the financial statements for both years, Operations consists of all Operations/Office Expenses and Salaries and Benefits (27%). Governance combines Directors and Delegates/Committees expenses and Governance Review costs (4%). All other costs are direct programming costs (69%).



In comparing programming budget to actual numbers, variances range from insignificant to very large. Of particular importance is the variance of almost five times in public policy development. The intended plan was for staff to work closely with producers and committees to develop much needed industry directed policies. Rather, the introduction of labour standards in the hog industry became the organization’s most public issue. Although the

labour standards legislation became law on September 1, 2002, Sask Pork spent 50% of the Board approved budget for the project and created huge provincial awareness of the hog industry. Funds to facilitate this activity were drawn from various existing budgets, primarily Communications and Industry Development which explain these variances as well.

Variances in the National Services Programming were mostly related to two issues. First, although a large number of producers completed their validation process over the year, there was not the programme uptake that was anticipated. This reduced the actual Sask Pork funded validation expenses. Second, producers indicated a preference the one-on-one service provided by the CQA™ Coordinator over the proposed multi-producer meetings originally planned and budgeted for.

Operating costs were within six percent of budget while salary and benefits were higher by seven percent. The former is based on estimate versus actual and amounted to \$7400. The latter is related to staffing changes and required payments.

Governance costs for the year encompassed two main expense items. Costs incurred for expenses were lower than budgeted for directors and committee members. Committees did not meet as often as originally planned – we expect this activity to increase in the coming year. The Board operated with fewer meetings and thereby less cost. The governance review that took place in the past year referred to addressing 2001 annual meeting resolutions. Through a producer process with an outside consultant, Sask Pork examined itself and its role more closely and has been using its new knowledge to improve value, efficiency and performance.

Payee List

The Agri-Food Act requires organizations like Sask Pork to identify in their annual report specific payees over the course of the year. An example is the disclosure of payments to the Canadian Pork Council for their services that cost \$142,709 (see Industry Association on the Statement of Operations). Sask Pork has disclosed in the body of this report specifics where payments in excess of \$50,000 have been made to a single organization, all research payments over and under the threshold, and payments made to members of the Board of Directors.

DIRECTORS' AND COMMITTEE MEMBERS' REMUNERATION AND DISBURSEMENTS

Sask Pork 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 to directors for their service.

Board Member	Per Diem	Expenses	Total
Cliff Ehr	Ø	Ø	Ø
Neil Ketilson	Ø	Ø	Ø
Leon Lueke	\$15,537.50 *	\$3,605.14	\$19,142.64
Jerry Pfeil	\$7,320.00 **	\$2,017.39	\$9,337.39
Judy Ulrich	\$2,500.00	\$1,509.64	\$4,009.64
Walter Yates	\$5,810.00	\$5,250.71	\$11,060.71
Total	\$31,167.50	\$12,382.88	\$43,550.38

* 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.

In addition to director payments, Sask Pork compensates committee members for attendance and expenses incurred to attend meetings. Committee members were paid a total of \$12,083.47 in per diem and expenses. Other payments, totaling \$3,227.09 were made to facilitate meetings and communications with Directors and Committee Members ❖

BOARD OF DIRECTORS

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Chairman
Humboldt, SK
Phone: (306) 682-3028

Jerry Pfeil *

First Vice Chair
Humboldt, SK
Phone: (306) 944-4886

Neil Ketilson

Second Vice Chair
Regina, SK
Phone: (306) 569-4061

Cliff Ehr **

Humboldt, SK
Phone: (306) 682-5041

Judy Ulrich **

Spalding, SK
Phone: (306) 287-3733

Walter Yates **

Gull Lake, SK
Phone: (306) 672-3709

* Executive Committee

** Audit Committee

COMMITTEES

PUBLIC POLICY

Roger Begrand
Leary Claypool
Beth Henderson
Earl Kirzinger
Don Kolla
Jerry Pfeil
Casey Smit
Judy Ulrich
Peter Voldeng
Richard Wright
Walter Yates

PRODUCER OPERATIONS

Brenda Beaulac
Roger Begrand
Leary Claypool
Beth Henderson
Richard Johnson
Kyla Keeping
Joe Kleinsasser
Ernie Patrick
Peter Unger
Eric Von Doelle
Walter Yates

RESEARCH

Brenda Beaulac
Russ Johnson
Dave Kaminski
Leon Lueke
Eric Von Doelle
Harvey Wagner
Lee Whittington
Jerry Wollman
Marten Wright

REPRESENTATION ON INDUSTRY & EXTERNAL COMMITTEES

Canadian Pork Council / National Affiliations

Ad Hoc CPC Safety Nets Working Group
Jerry Pfeil

Animal Welfare Consultative Group
Florian Possberg

Board of Directors
Leon Lueke, Neil Ketilson

Canada Pork Inc.
Leon Lueke

Canada Pork International
Florian Possberg

Canadian Research Network on the Pathogens of Swine
Leon Lueke

Canadian Animal Health Consultative Committee
Leon Lueke

CQA™ Technical Working Group
Leon Lueke

CQA™ Advisory Group
Catriona Shinkewski

National Research Meeting Steering Group
Leon Lueke

Evaluation Committee for the Livestock Environmental Initiative
Leon Lueke

Livestock Environmental Initiative Project Approval Committee
Leon Lueke

Technical Committee on National Environmental Standards
Marten Wright, Neil Ketilson

Industry / Provincial Government

Agricultural Development Fund Steering Committee on Livestock (ADF)
Marten Wright, Harvey Wagner

AgriVision Corporation
Neil Ketilson

Canadian Federation of Agriculture (CFA)
Leon Lueke

Farm Animal Council of Saskatchewan (FACS)
Dave Walter

Occupational Health and Safety Committee
Leon Lueke

Prairie Feed Resource Centre
Neil Ketilson

Provincial Farm Support Review Committee
Jerry Pfeil

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