

Sask Pork Annual Report 2003-2004



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Annual Report for the Budget Year August 1, 2003 to July 31, 2004
Published November 2004

Opposite Page

Board of Directors

Back Row (left to right)

Judy Ulrich

Florian Possberg, Second Vice-Chair

Joe Kleinsasser

Front Row (left to right)

Ross Johnson, First Vice-Chair

Shirley Voldeng, Chair

Jerry Pfeil

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.



Chairman's letter



“*The success of pork production is more than producing pigs and making money. Success is being part of a community. It is about having concern for the environment, animal welfare, and odour and manure management. It is realizing that your hog business involves many levels from barn employees, to truckers, to feed companies, to veterinarians, to the workers in the packing plants, to the consumers around the world who enjoy the nutritious, quality pork we produce.*”

There is an ancient Chinese proverb that states, " May you live in interesting times". This has certainly been the reality for pork producers this past year.

As we look back to the end of 2003, it seemed the low hog prices would never end. In reflection, this indicates how cyclical and sensitive the markets are to slight variations in supply or consumer demand. While it is not to our liking, we have not yet achieved the ability to control market forces.

Two major issues, that will have long term impacts on our industry are: the purchase of Schneider's Foods, including the Mitchell's Gourmet Foods plant, by Maple Leaf, and the US National Pork Producers Anti-dumping and Countervail charges levied against the import of live Canadian hogs.

These issues underline the importance of our provincial and national pork organizations. Individually, we would have very little control but collectively we have a greater ability to influence the outcome of these challenges to our industry. There are many other examples of provincial and national programs that we help shape.

Having a presence on the Canadian Pork Council (CPC) and Canada Pork International (CPI) board of directors means Sask Pork has a say on national issues. We are involved in national level animal welfare and traceability projects. Ross Johnson, a Sask Pork director, was part of a trade mission to Japan this year, where CPI is focusing on promoting Canadian pork.

Saskatchewan producers feel very positive about the hog industry. In 2004, Sask Pork produced a video about pork production in Saskatchewan. This video is about who we are, and what we do. I am proud to be a hog producer and I am proud of the people in this industry!

The success of pork production is more than producing pigs and making money. Success is being part of a community. It is about having concern for the environment, animal welfare, and odour and manure management. It is realizing that your hog business involves many levels from barn employees, to truckers, to feed companies, to veterinarians, to the workers in the packing plants, to the consumers around the world who enjoy the nutritious, quality pork we produce.

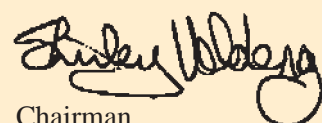
In the past year, I have learned a lot about Sask Pork, the hog industry in Saskatchewan, in Canada, and in the world. Until I became involved with Sask Pork, I was mainly focused on production issues and did not realize the importance of a provincial industry group. I was quite knowledgeable about the organization and its programs, but the vantage point from the Chairman's position has provided a whole new perspective. Sask Pork has very aptly proven its worth.

The more obvious activities Sask Pork does are administering the Canadian Quality Assurance (CQA) program, supporting producers by providing information and assistance, ensuring a quality Pork Industry Symposium, lobbying efforts, and communications.

Equally important, is the promotion of pork products to consumers, retailers and the food service industry; improving the image of the hog industry in the media, and working to educate the government, the public, and schools about pork production.

A hardworking, dedicated staff and a committed Board of Directors has helped make the past year a more successful one for our producers. I want to take this opportunity to thank everyone for their efforts, and for helping to make my position as Chairman a very enjoyable experience.

I hope 2005 proves to be profitable and successful for all of our producers, in Canada and here at home.



Chairman,
Shirley Voldeng

General Manager's report



“*Sask Pork's key focus has been to assist producers by funding research with the objective of lowering production costs; keeping producers informed of key information for their operations and by creating a better understanding of our industry within the general public and thereby reducing the barriers to business.*

Keeping our producers well informed on the latest in technology or industry developments is high on our priority list.

”

Like many Saskatchewan residents, I continue to maintain a business interest in the family farm as well as maintain my position with Sask Pork. For me, the farm provides the means to stay current on farm policy, economics and technology. It also serves as a reality check, by providing a very personal understanding of the issues and realities farmers are influenced and affected by each day.

My latest reality check was the Thanksgiving weekend while I was captive on the combine. I had some time to reflect on the past year's activities at Sask Pork and consider them in relation to the other major commodity sectors of western Canadian agriculture. As one looks at each sector, it seems we are all facing very significant challenges. If we could fast forward twenty years, one wonders what each sector will look like. In my opinion, the way each commodity develops will not be based on fate, but on its ability to be competitive, to influence government policy and to achieve market access and/or control. Given that, I think it is important to highlight a few key actions undertaken by Sask Pork in the past year, which we believe will assist in helping the pork industry fulfill its potential in Saskatchewan.

With respect to remaining competitive, our organization has no control over hog prices nor the cost of feed grains. Sask Pork's key focus has been to assist producers through funding research with the objective of lowering production costs, and keeping producers informed of key information for their operations. By creating a better understanding of our industry within the general public we can assist in reducing barriers to business.

In fiscal 2004, Sask Pork spent over \$606,000 on research, much of it core funding to the Prairie Swine Center, but also included institutions such as the University of Saskatchewan, University of Alberta, the Western College of Veterinary Medicine, Vaccine and Infectious Disease Organization, the Institute of Agricultural Rural and Environmental Health and DGH Engineering. This research is focused on projects that address key areas of concern within our industry, and at reducing the cost of production. While estimates for the value of production research vary, many suggest for each research dollar spent, the industry realizes \$12 to \$15 return.

Keeping our producers well informed on the latest in technology or industry developments is high on our priority list. A monthly newsletter, weekly email reports, quarterly market updates, Pork Industry Symposium and the Western Canadian Livestock Expo are all examples of our commitment. In addition Harvey Wagner, Manager of Producer Services spends a great deal of time talking directly with producers about issues significant to them. I encourage producers to take advantage of this resource.

The hog industry has long been an easy target for the anti-development groups. Over the past few years, Sask Pork has contributed nationally to public perception opinion surveys to help guide our communications program.

We've been proactive in addressing many of the issues raised by groups opposed to intensive hog production. This year, Sask Pork contracted Kevin Hursh of Hursh Communications to assist in the production of a 30 minute documentary entitled *Weighing the Facts: Pork Production in Saskatchewan*. The video was produced for rural Saskatchewan residents, RM Councilors, and REDA's. Since its release in June, the video has made a significant contribution in educating the public about pork production.

Another important function of Sask Pork is to build alliances, contacts and relationships with other organizations and government departments. As a member of the Canadian Pork Council (CPC), Sask Pork has taken a significant role in the development of the national traceability program, participated in an animal welfare working group and provided input on revisions to the Canadian Quality Assurance program. These programs are becoming increasingly important to maintaining trade in high valued markets such as Japan.

In addition to program development, we are very active with federal and provincial government agencies in providing input on industry programs such as the Agricultural Policy Framework and especially the

Canadian Agricultural Income Stabilization (CAIS) program. Through the efforts of CPC and organizations such as ours, we were successful in expanding the eligibility criteria to enable the entire industry to participate in the program, increase the size of the funding cap to \$3 million, and reduce or postpone the deposit requirements for the program.

At the provincial level a lot of work went into the request for an additional hog loan for 2003. While we were unsuccessful in this endeavor, we were able to have the repayment schedule for the 2002 hog loan postponed a year, and also certainly heightened the understanding of the pork industry within the provincial government.

Especially important this past year has been the national effort undertaken to defend Canadian pork producers against the Countervail and Anti-dumping charges laid by the US National Pork Producers Association in March 2004. While the outcome of this situation will not be known until the spring of 2005, it is a vivid example of why it's necessary to have strong provincial and national alliances.

The US trade action underlines the need for a diversified international client base for our pork. In 2004, CPI initiated a major advertising campaign in Japan to promote the quality of Canadian pork. Feedback on the success of the campaign has been very positive. It is worth noting that since CPI's inception in 1994, it has been very successful in its efforts to open markets around the world for our pork. To illustrate the point, since 1994 Canada's dependence of the US market has decreased from 67.6% to 54.8%.

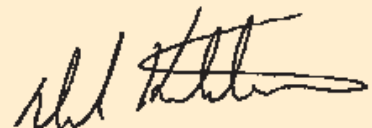
In addition to the international marketplace, we know our domestic market share is important. Our small but effective promotions program will be getting a further boost in 2005 as we plan to initiate a barbecue cart program to further enhance the visibility and awareness of Saskatchewan pork products.

This report summarizes the major initiatives undertaken on your behalf by Sask Pork over the past year.

If you are not already involved in our organization, we welcome your participation. We need everyone pulling together to achieve our industry's fullest potential.

In closing, I would personally like to acknowledge the contributions of past Chair, Leon Lueke, directors Cliff Ehr and Walter Yates for their contributions to Sask Pork and to thank the new Board of Directors, committee members and especially the staff for their support, cooperation and dedication to serving hog producers. It is a challenging but rewarding experience.

We are making a difference!



General Manager,
Neil Ketilson

Governance

In 2004, the following six individuals were acclaimed to the Board of Directors.

Board of Directors

Shirley Voldeng, Naicam, SK, Chair
Ross Johnson, Outlook, SK, Vice-Chair
Florian Possberg, Humboldt, SK, 2nd Vice-Chair
Joe Kleinsasser, Rosetown, SK
Jerry Pfeil, Humboldt, SK
Judy Ulrich, Spalding, SK

Audit Committee

Judy Ulrich, Chair
Joe Kleinsasser
Jerry Pfeil

Amendments to the Agri-Food Act

At the request of the Agri-Food Council, Sask Pork participated in a consultative process to review and make recommendations for changes to the regulatory body overseeing Sask Pork.

Following this, the Agri-Food Council made a request to the Province to amend their legislation. A revised Act received first reading in May and proclamation is expected in the fall of 2004.

Some of the proposed amendments include:

- Allowing for levy mechanisms other than the traditional marketing check-off, i.e., the check-off could be based on production, or levied on the basis of acres;
- Allowing for a variety of governance structures; it would allow agencies to designate board positions, in their plan, that may be appointed rather than elected. These appointed members would have voting privileges;
- Council would be provided with a new power to revoke (but not unilaterally change) current board orders, with notice given to the agencies. This would encourage boards to update obsolete policies;
- Adds proactive responsibilities for the Council and its supervisory powers as they relate to all boards and commissions established under the Act; and
- Assurance that all affected stakeholders have a role in governance, i.e., this could include representation by unregulated producers; producers at large or other sectors in the value chain.

Industry sustainability & growth



The Saskatchewan pork industry is continuing to experience growth in production and industry concentration. While the dynamics of the industry change, so does the marketplace in which we operate. There are increasing regulatory demands and international issues impacting producers both at the farm level and on international fronts.

Throughout the year Sask Pork directors and staff met with the provincial Ministers of Agriculture and members of the Livestock Development Branch on matters of significant importance to the Saskatchewan hog industry.

U.S. Trade Action

In March 2004, the U.S. National Pork Producers Council launched a suit against the Canadian pork industry claiming countervail and antidumping. As is the process in the United States, the Department of Commerce (DOC) investigates the suit by selecting a number of Canadian producers, conducting an audit of their records for income and expenses, and determining whether the claims are justified. The gathering, analysis and interpretation of the records is complex, and subject to differing interpretations.

Due to the severity of this issue, the provincial pork organizations across the country immediately came together to develop a strategy to defend producers' interests. Legal and accounting teams were hired to assist the respondents with their reporting. Assistance with the defense costs was requested by the Canadian Pork Council Board of Directors and in April 2004, Sask Pork's directors approved an expense of \$0.07 cents per hog marketed as an initial payment for the defense fund.

In August, the DOC reported they found no material evidence of Canadian subsidies and therefore dismissed the initial ruling of the countervail charges.

The DOC's initial ruling on antidumping is expected in late October and will likely be reviewed over the next 6 months. A final determination is expected by April 2005.

The costs for defense against the trade action is estimated to exceed \$10 million. Sask Pork and the other Canadian pork organizations have and will continue to defend our industry against this action.

Need for Expanded Markets and Increased Provincial Slaughter Capacity

In 2003, Saskatchewan hog production reached nearly 2 million slaughter hogs, a doubling of production since 1998. Of those hogs produced, only 60% are slaughtered in Saskatchewan, and further only 19% are consumed in the province. Saskatchewan's current market and future growth potential is dependent on two major factors: international market development; and competitive price discovery.

Saskatchewan has two major packing plants for slaughter hogs; Mitchell's Gourmet Foods in Saskatoon and World Wide Pork in Moose Jaw who slaughter 900,000 and 280,000, respectively. Of the remaining 800,000 hogs, approximately 60% are slaughtered in Alberta with the balance going either to Manitoba or the United States.

In September 2003, Maple Leaf Foods announced their intention to purchase Schneider's Foods (including the Mitchell's Gourmet Foods plant). Provincial producers became justifiably concerned about the further consolidation of the packing industry and lack of competition for their hogs.

There was also concern about increased transportation costs and the loss of hook space in the event that Mitchell's Gourmet Foods should close.

Subsequent to Maple Leaf's offer to purchase, the Canadian Competition Bureau undertook an

Trade Issues

Canada is dependent on international markets especially the United States. The current trade issue with the U.S. and the export of live hogs exports also causes concern relative to Country of Origin Labeling;

Homeland Security legislation; the very real threat of countervail or antidumping suits; and border disruptions from farm and/or consumer lobby groups.

While significant effort should be placed on negotiating

through the WTO for fair trade, it is imperative that Canada increase its slaughter capacity and expand marketing programs to secure a broader based international mix for Canadian pork.

investigation to determine whether the purchase would violate antitrust laws.

Sask Pork prepared a brief for presentation to the Competition Bureau, who met individually with the provincial pork organizations in Alberta, Saskatchewan and Manitoba.

Sask Pork organized a meeting between producers and Michael McCain of Maple Leaf Foods to discuss long term plans for Mitchell's Gourmet Foods. At this meeting, Mr. McCain stated there had been no firm decisions regarding the future of the plant, and that their immediate intentions were to continue as usual.

On March 31, 2004, the Competition Bureau gave the green light for the sale.

DMB Food Processors Initiative

The border closure for live cattle initiated a number of commodity groups to consider building slaughter plants.

Earlier this year, DMB Food Processors, represented by A.L. Management Group in Moose Jaw, Saskatchewan, made a presentation to Sask Pork's Board of Directors and members of a number of provincial government agencies, regarding potential interest of pork producers to invest in and participate in a new packing plant in the province. Subsequently, a number of meetings were held with the group and following a preliminary investigation and due diligence, Sask Pork declined any participation in the project.

Need for Traceback and Foreign Animal Disease Preparedness

The BSE issue in the cattle sector vividly illustrates the importance of food safety programs and foreign animal disease preparedness. Sask Pork is involved in initiatives at the provincial and national level relating to quality assurance, traceability, zoning, and emergency response planning.

While it is important to have the assistance of government staff and resources to develop these programs, it is crucial that the pork industry leads

these initiatives. Any programs developed must be recognized internationally but also be economically viable for the industry.

Continuous Input on Proposed Industry Regulations

Growth of the Saskatchewan pork industry depends on attaining and maintaining a level playing field between the regulatory and administrative requirements of the provincial government.

Regulatory requirements must be comparable, in intent and practice, between the prairie governments in order to foster a climate conducive for future growth and to attract new business opportunities to the province.

Occupational Health and Safety, Workers Compensation, Immigration Policy and Labour Standards are examples of where the industry needs to have increased and ongoing input.

Provincial Liaison - Agricultural Operations

Sask Pork acted on resolutions passed at last year's annual meeting calling for a review of the separation distances for manure application to residences.

Meetings and discussions with SARM and administrators of the Agricultural Operations Act were held at which Sask Pork requested a scientific review of the present guidelines. Saskatchewan Agriculture, Food and Rural Revitalization agreed to conduct the review.

We also assisted producers on two occasions in preparation of materials for their individual presentations to the Agricultural Operations Review Board hearings relative to manure spreading and separation distances.

Long-Term Financial Tools for the Pork Industry

A great deal of effort was spent lobbying for a 2003 Short Term Hog Loan to assist producers through the low prices of 2003. The request,

which was modeled after the 2002 Short Term Hog Loan, was declined by Cabinet, however, the government decided to extend the repayment schedule for the 2002 hog loan by one year.

Sask Pork suggested financial programs to assist with development and stabilization of the pork industry. One was a long term hog loan program based on a formula that automatically triggers when hog or feed grain prices move beyond established limits and producers are in financial stress.

We were also quite involved with the development of the Federal/Provincial Agricultural Policy Framework, especially the new farm safety net program CAIS. From Sask Pork's perspective the new program included a number of benefits over the former NISA and CFIP programs.

The new program expands eligibility criteria, increases the maximum cap to \$3 million, includes coverage of negative margins and reduces producer contributions, effectively providing coverage for a greater percentage of Saskatchewan producers.

Jerry Pfeil, Sask Pork's representative on the Provincial Farm Support Review Committee, was a strong advocate for the adoption of the APF by the province, and actively voiced his opposition to the province's pro-rating of the program for 2003.

Sask Pork also participates on the national CPC Safety Net committee.

More Affordable and Accessible Infrastructure

The pork industry is a significant user of Saskatchewan infrastructure including telephone, power, water and roads.

While many industry players have had discussions with the Crown corporations on capital pricing and ongoing operating costs, there has been no significant change in policy.

To stay abreast with technology and to reduce

operating costs, it will be important for major service and utility providers to address affordable producer access to services.

Western Management Meeting

To reduce duplication and coordinate programs, the General Managers of the western Canadian Pork Councils have met to discuss issues related to developing complementary regulations, development of a western Canadian slaughter database, pork promotion and communications. These meetings are proving to be very useful in implementation and coordination of national as well as provincial programs.

Industry Presentations

Partnership for Intensive Livestock Operations
SNOWS Conference
May 2004, Saskatoon

Saskatchewan Association of Rural Municipalities
Clearing the Path Committee
April 2004, Regina

Partnering for E Business Conference
March 2004, Edmonton

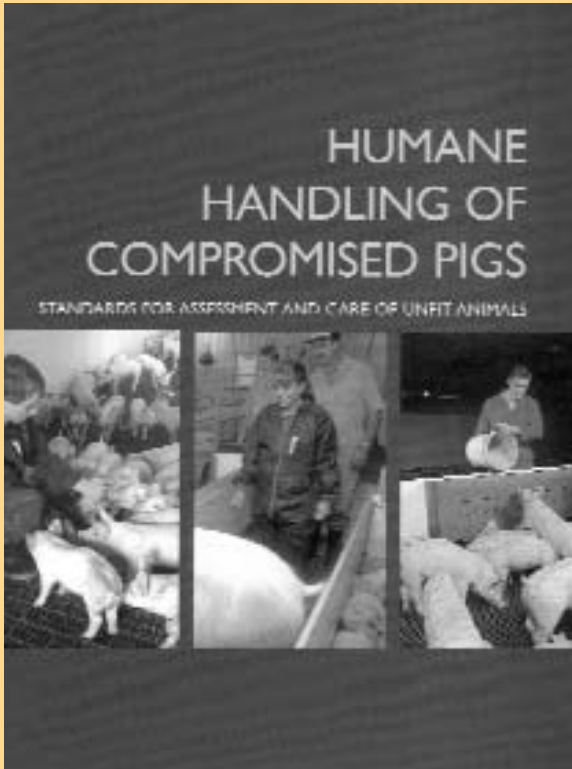
Pork Industry Symposium
Integrating Traceability into Your Management Systems
November 2003, Saskatoon

Future of Rural Peoples Conference
Better Food Quality Through Improved Animal Management
October 2003, Saskatoon

Community Presentations

Sask Pork participated at community and rural municipality meetings in Moosomin and Welwyn, Saskatchewan where information was provided on swine research, siting of production units, Agricultural Operations, production and economic benefits of the pork industry to the province.

Producer services / production issues



Sask Pork is committed to providing producers with the tools and resources to assist in day to day production.

This includes ensuring our producers are knowledgeable about emerging technologies, animal welfare guidelines and environmental standards that have a direct impact on their operations.

Quality Pork begins in the barn, through producers' commitment to raising hogs under the nationally recognized Canadian Quality Assurance program. Our commitment to quality has allowed Saskatchewan to export product to more than 90 countries including the United States, Japan, Korea, Mexico, Cuba and Russia.

Canadian Quality Assurance (CQA®)

Saskatchewan producers' participation in the CQA® program remains high. At July 31, 2004, 99.68% of market hogs sold originated from farms enrolled in the program, and 98.3% came from fully validated farms. At year-end, 317 units were fully validated.

Mitchell's Gourmet Foods and SPI Marketing Group Inc. announced in June that effective October 1, 2004 they would no longer accept hogs from non-validated farms. Sask Pork provided assistance to those producers who were not enrolled in the program at the time of the announcement to ensure they were compliant prior to October 1.

The Canadian Pork Council continues to work towards technical recognition of the CQA® program by the Canadian Food Inspection Agency (CFIA). The official letter of recognition was received and accepted by the CPC Board of Directors at the July 2004 Annual Meeting.

Some changes were necessary to the underlying HACCP model of the program. This in turn required some changes to the CQA® Producer Manual and the On-Farm Assessment Form. Work on the CQA® Management System continued in 2004 in preparation for CFIA recognition of that part of the program.

The revised manual will be available later this year in both paper and electronic formats

Animal Welfare

In 2004, a draft Animal Care Assessment Tool was developed by the CPC, members of industry, government and the research community.

The CPC Animal Welfare Working Group's goal is to promote animal care on Canadian hog farms and develop a mechanism to demonstrate to our customers what we are doing on-farm and that we are committed to excellent animal care. The Assessment Tool will complement CQA®.

Next steps include expanding the working group to include representation from industry stakeholders, veterinary, processing, retail, foodservice, the humane movement and the Canadian Meat Council.

Medicated Feed Regulations

The CFIA is moving ahead to implement the *Regulations Respecting the Making of Medicated Feed* which will require all farms and feed mills making medicated livestock feeds to be licensed and adhere to specific safe feed production practices.

These regulations were initially published in early 2000, however, the process was put on hold pending the allocation of federal funding. Sask Pork participated in the latest consultation process on the adoption of the regulations. CFIA expects to begin the three year phase-in process in January 2005.

Environmental Management Systems

The Canadian Pork Council and the Canadian Standards Association (CSA) developed the *Environmental Management Systems for Hog Operations*. There are two parts to the system, CSA-Z771, the requirements and CSA-Z772, the implementation guide. The system was piloted on a number of Canadian hog farms, including four from Saskatchewan and was approved for use in the fall of 2003.

In 2004, *Humane Handling of Compromised Pigs: Standards for Assessment and Care of Unfit Animals*, and accompanying poster, was adapted from the *Humane Handling of Swine* developed by Alberta Pork.

This manual, revised for Saskatchewan with assistance from CFIA and Prairie Swine Centre personnel, is an assessment tool for producers, inspectors and others involved in the handling, transporting and processing of hogs for making decisions on the best

course of action when dealing with compromised animals.

The manual and poster were distributed province wide in January 2004.

Also developed this year was a two-year (2004-2005) farrowing calendar.

Traceability



Traceback of animals to the originating farm is becoming an increasingly important issue to producers and consumers. The Canadian Pork Council is into the first stage of a pilot study that will result in a traceability program that is expected to be implemented sometime in 2005.

As an interim step to addressing a potential foreign animal disease outbreak within the hog industry, Sask Pork, Manitoba Pork Council, Alberta Pork and BC Pork are working together to develop a western Canadian Slaughter Database.

Swine ID and Traceability Pilot Studies

The Canadian Pork Council pilot studies have been underway since early 2004. CPC is evaluating the effectiveness of a variety of individual animal identifiers and the movement of hogs using groups or lots.

The group/lot portion of the project has produced a prototype animal movement tracking system called *Pigtrace*. The internet based system allows individual farms to securely enter animal movement information online or by touch-tone phone and interface with their existing inventory management systems (PigCHAMP).

The Group ID project is registering all animal movement from 171 premises in 3 provinces. By October 31 it is expected to have recorded over 1,000 animal movements totaling more than 250,000 pigs.

A final report of the individual animal ID findings is expected in January 2005 followed by consultative sessions with the provinces. Final recommendations are scheduled for April 2005.

Canadian Livestock Identification Agency

Since traceability will need to include all species and commodities, the CLIA has been created to oversee traceability initiatives throughout the agri-food sector and is made up of representatives from a variety of producer organizations, government and other stakeholders. The CLIA

by-laws have been drafted and await approval.

The CLIA working group on premises definition and geo-referencing published recommendations on information required for a national premises registry system.

The cattle industry is moving ahead with a premises registry system being developed by the CCIA. The system will be available to other species groups and is expected to follow the guidelines recommended by the CLIA Working Group on Premises Registry and Geo-Referencing.

Tattoos

Most Canadian slaughter hogs bear a shoulder tattoo. As this number is used for settlement, it is very accurate. The identified pigs will be the "anchor" for the Western Canadian Slaughter Database Project data repository.

To provide fast and accurate traceback to premises, it is proposed that a national tattoo registry be implemented to register tattoo numbers to premises. Currently, tattoos don't necessarily provide information on the finishing barn location.

The CPC is conducting a review of all tattoo numbers used in Canada and expects to recommend a national tattoo numbering scheme that allows no duplication nationally and requires all tattoo numbers to be registered to a location.

Western Canadian Slaughter Database

In the event of a Foreign Animal Disease (FAD) outbreak, daily information from the packing industry could provide valuable trace back to owner and premises. Slaughter information is collected and aggregated by marketing boards east of Manitoba. Sask Pork is coordinating the Western Canadian Slaughter Database Project which will collect

slaughter information electronically from packing plants in western Canada allowing the trace back to last premises, owner and also to packing plants.

This project received partial funding from all three western CARD secretariats and all western Canadian provincial pork organizations. The Canadian Meat Council, representing western packers, is currently reviewing the memorandum of understanding on the project.

As marketing boards no longer exist in western Canada this project is seen as valuable in creating parity with eastern Canada and also aiding in zoning eastern and western Canada at the Manitoba and Ontario border. Monitoring animal movements across the border at West Hawk Lake, Manitoba to the database would provide necessary information to prove animal movement between an infected and uninfected zone.

Communications & public relations



Ongoing communication with producers, the public and all levels of government is necessary to create a better understanding of the pork industry. Each of these groups plays a role in the growth and sustainability of agriculture.

In particular, the general public's interest in the pork industry is increasing at a rapid rate. While most recognize the benefits the hog industry brings to the province, there is still a need to dispel the myths surrounding our industry to the wider public.

Community Communications Project

It is the responsibility of commodity organizations to work with communities and present industry and producers' perspectives in a factual, science-based manner. The pork industry will only continue to grow if we can achieve a general understanding of our industry on the part of the general public, decision makers and rural municipalities.

With funding assistance from the Canadian Adaptation and Rural Development Saskatchewan (CARDS), Sask Pork undertook the production of the video *Weighing the Facts: Pork Production in Saskatchewan* which was completed in the spring of 2004. Produced and narrated by Kevin Hursh of Hursh Communications and Consulting, the video focuses on the economic impact of the pork industry on the provincial economy, through adding value to crops, employment opportunities and attracting investment in communities.

Livestock and the Environment, the companion brochure, details the regulatory controls and guidelines under which the livestock sector operates within Saskatchewan.

As part of this plan, Sask Pork also received CARDS funding assistance to update the pork industry display that forms part of the Agri-Ed Showcase at Canadian Western Agribition. The new display will include interactive activities targeted at Kindergarten to grade 4 students.

Canadian Western Agribition

To raise the profile of the pork industry at Agribition, Sask Pork continues to sponsor a number of special events at the week-long exhibition. This included the Cut Above Event, L'il Gobblers Pizza Project and Saskatchewan Meat Processor's Smoke Meat Competition.

Something new for 2004 will be Sask Pork's sponsorship of a new Junior Hog Carcass Championship which will include bursaries for the top two competitors.

In-house Newsletter & Reports

Forum was published monthly throughout the year except for a combined newsletter for May/June 2004.

Weekly Email report was distributed to 100+ subscribers each Friday.

Media Coverage

Staff and directors conducted in excess of 24 television, radio and newspaper interviews over the past year.

FarmScape

Sask Pork and Manitoba Pork Council continued to fund the daily FarmScape radio program hosted by Bruce Cochrane. Each day features information on issues related to agriculture, specifically the pork industry. Programs in which directors or staff provided interviews were:

Media Releases

January 23, 2004
Sask Pork Announces New Board of Directors and Executive Committee

January 13, 2004
Mad Cow Crisis Damages Hog Industry

February 23, 2004
Saskatchewan Hog Producers Lobby Province for Short Term Loan

June 4, 2004
Pork Producers Return to Profitability

March 2, 2004
Pork Producers Disappointed by Provincial Decision

Articles Published

February 18, 2004
Saskatoon Star Phoenix Letter to the Editor -*Attack on Farming Practices Unfair* - Joe Kleinsasser

March/April 2004
Saskatchewan Business Magazine
Piecing Together the Agriculture Puzzle

July 22, 2004 - Global Demand Expected to Drive Hog Prices into the Fall

June 10, 2004 - Sask Pork Releases Documentary Video

May 5, 2004 - Saskatchewan tops 95% CQA® Certification

April 19, 2004 - Saskatchewan Pork and Dairy Producers Join to Promote Both Industries

April 7, 2004 - Sask Pork Claims BSE, Not Subsidies, Responsible for Increased Live Exports South

February 25, 2004 - Sask Pork Calls for Short Term Provincial Hog Loans

January 29, 2004 - Sask Pork Calls for Teamwork to Ensure Survival of Swine Producers

January 14, 2004 - Solution to BSE Crisis Must Be Creative and Non-Countervailable

January 13, 2004 - Sask Pork Calls for Solution to the Crisis BSE is Causing the Pork Industry

November 24, 2003 - National Traceability System Offers Additional Management Benefits

November 21, 2003 - National Traceability Template to Address Needs of All Livestock

November 20, 2003 - Naicam Hog Farm Capitalizes on Economic Opportunity Offered by Swine Manure

August 18, 2003 - Sask Pork Targets 98% CQA® Validation within Six Months

September 5, 2003 - Sask Pork Calls for BSE Solutions that Consider all Commodities:

George Morris Centre - Quarterly Market Reports

The George Morris Centre provides quarterly Canadian hog market outlook reports that are distributed to all producers as an insert to the *Forum* newsletter. This year, reports were published in September 2003, December 2003, and April 2004.

Pork Interpretive Gallery (P.I.G.)

The Pork Interpretive Gallery (P.I.G.) located at the Prairie Swine Centre Inc. Elstow facility continues to gain visibility. Cindy Jelinski was hired this year to manage the facility and coordinate tours. Sask Pork supports the Prairie Swine Centre in assisting with the development of materials that can be distributed to provincial schools and through Ag in the Classroom and at Agribition. Since March 2003, the Viewing Gallery has welcomed nearly 2400 visitors.

A website has been developed to provide the public with tour information and general information on the pork industry.

Website

Sask Pork's website continues to gain visibility. From August 2003 to July 2004, we saw an increase in the number of hits on the site in the Consumer/Nutrition information, Education Materials, and the Media Centre sections. The most popular by far seems to be Education Materials which jumped from 699 hits in July 2003 to 21,461 hits in June 2004.

We will continue to make upgrades and improvements to the website as necessary.

Saskatchewan Pork Industry Symposium

In its 26th year, Symposium 2003 attracted 735 registrants including speakers, sponsors and committee members. Feature topics included Dr. Temple Grandin's presentation, On Farm Welfare Standards, and Dr. Joe Schwarcz whose topics included, Understanding the Science of the Barn and Creating a Positive Impact in Your Community.

The Stock Person's Seminar continues to be a popular segment of the conference, with registration at nearly 200 participants.

Symposium is a partnership program of Saskatchewan Agriculture, Food and Rural Revitalization and Sask Pork.

Western Canadian Livestock Expo

In 2003, Sask Pork celebrated 26 years of Expo. Attendance had been dropping slightly over the past couple of years and some enhancements to the show were needed. Prairieland Exhibition, who coordinate the province's annual Dairy Expo were approached about the possibility of combining the two shows. Western Canadian Livestock Expo was the result of the amalgamation and proved to be very successful from an attendance and exhibitor perspective. Exhibitors appreciated the opportunity to reach both the dairy and pork sectors at the same show.

Growing Saskatchewan CARDS Agricultural Awareness Project

Sask Pork participated on two CARDS projects over the past year to develop two agriculture awareness projects; promotion of Saskatchewan grown products to consumers, and attracting youth to agriculture. Committee members were made up of a number of Saskatchewan commodity groups, Saskatchewan Agriculture, Food and Rural Revitalization, Ag in the Classroom and Saskatchewan Council for Community Development.

The resulting two projects are: *Growing Saskatchewan* magazine that celebrates Saskatchewan agriculture and primary production; and ENCORE, Saskatchewan's Dinner Party, an evening of culinary demonstrations, music, comedy, drama and entertainment. ENCORE will be held October 29 in Saskatoon. *Growing Saskatchewan* magazine will be published to coincide with the ENCORE event.

Publications

In April, Sask Pork released the video *Weighing the Facts: Pork Production in Saskatchewan*. This project was made possible through funding from Canadian Adaptation and Rural Development Saskatchewan (CARDS) and was produced by Kevin Hursh of Hursh Consulting and Communications.

A brochure entitled *Livestock and the Environment* was produced as a companion piece to the video. The brochure was developed with assistance from representatives of industry, Agricultural Operations and Saskatchewan Agriculture, Food and Rural Revitalization.

In the fall of 2003, Sask Pork published *Humane Handling of Compromised Pigs: Standards for Assessment and Care of Unfit Animals* which was distributed to all producers, Canadian Food Inspection Agency Inspectors, CQA® validators, swine health veterinarians, packing plants and meat processors and Saskatchewan trucking companies responsible for transporting livestock. A full size wall poster graphically depicted a decision tree for assessing unfit animals.

Sask Pork also produced the 2004-2005 two-year Swine Farrowing Calendar available at no cost to producers.

Sponsorship / Donations

Community sponsorship and donations for not-for-profit and charitable groups continued this year. Sask Pork is committed to supporting events and fundraising activities in rural and urban communities. Some of the events we supported this year included:

Canadian Western Agribition - November 2003

- Cut Above Event
- International Reception
- Li'l Gobblers Pizza Class
- Saskatchewan Meat Processors Association Smoked Meat Competition
- Saskatchewan Meat Processors Association Awards for Annual Convention

Bocuse D'or Canada Chef Competition in Charlottetown - June 2004

Canadian Cancer Society - Relay for Life 2004 - June 2004

Child Hunger and Education Program (CHEP) Nutrition Positive Project

Dalmeny Historica Student Exchange Program - March 2004

Donated golf prizes for a number of provincial industry golf tournaments and curling bonspiels

Elk Ridge Resort Annual Hog Roast - August 2003

Englefeld and District Mini Telemiracle - February 2004

FACS AGM & Silent Auction - December 2003

Farm Animal Council of Saskatchewan Horsemanship Seminar - November 2003

Floral Community Association Harvest Windup - October 2003

Friendship Inn Easter Brunch - April 2004

Kildrum Co-Op Centre Fall Supper - November 2003

Kinsmen Annual Convention - August 2003

Nutrition Positive - Child Hunger and Education Program - December 2003

Saskatchewan Agriculture, Food & Rural Revitalization - World Meat Congress Exhibit - June 2004

Saskatchewan Council for Community Development Annual General Meeting - June 2004

Saskatchewan Food Processors Association Annual Golf Tournament - September 2003

Saskatchewan Outstanding Young Farmers - Gold sponsor - June 2004

Saskatoon 4H Club - February 2004

SIAST Retail Meat Cutting Program Top Student Award

St. Gregor Community Association - January 2004

Teddy Bear Affair - February 2004

University of Saskatchewan Ag Challenge - February 2004

Advertising

Magic 98.3 Radio - November 2003 - Welcome to Pork Industry Symposium!

Magic 98.3 Radio - March 2004 - Hurry, Hurry, Hog, - Live Nokia Brier Reports

Regina Leader Post - November 2003 - Today at Agribition

Wolesley Bulletin - December 2003 - Seasons Greetings

Western Producer - October 2003 - Viewing Gallery Grand Opening Supplement

Western Producer - December 2003 - Seasons Greetings

Western Producer - March 2004 - Western Canadian Livestock Expo Feature

Industry Stewardship Awards

In November 2003, Sask Pork announced the Pork Industry Stewardship Awards Program for 2004. The program was developed to recognize and honor individuals and organizations who contribute, through leadership, commitment and innovation to enhance the sustainability of the Saskatchewan pork industry. The program also provides the opportunity for our industry to award those individuals whose teamwork, dedication and commitment to improved production practices, innovations in animal care and transporting and handling livestock truly exemplifies *Quality Producers - Quality Pork*.

The three award areas are: Production, Community Relations, and Animal Care.

Award recipients will be notified in October and awards will be presented at the annual Pork Industry Symposium in November 2004.

IPSOS Reid Survey - 2004

In March 2004, Ontario Pork engaged Ipsos Reid to carry out a National Public Attitude Study. Alberta, Ontario, Manitoba and Saskatchewan contributed to the cost of the survey. The objective of the study was:

- to measure the awareness of hog farm practices among Canadian consumers in both rural and urban areas;
- identify key pork industry issues, and determine which issues are most important to Canadian consumers;
- identify the key sources of information for consumers about pork production, and determine their credibility;
- segment Canadian consumers according to their level of concern about hog farming issues, and the types of issues that concern them most.

Information derived from the study concluded that the safety of Canadian pork is a top issue, and over 90% of consumers feel that the pork products they purchase are safe. Saskatchewan residents, more than any other province, believe that Canadian pork is "very safe".

In a similar study undertaken in 2002, 21% of respondents were unsure of their impression about Canadian hog farming. Since that time, 10% of those previously unsure now have a positive impression of Canadian hog farming.

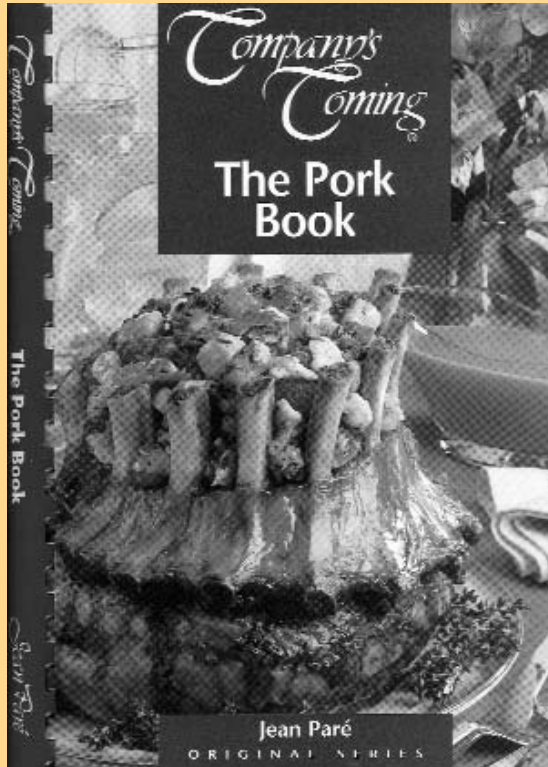
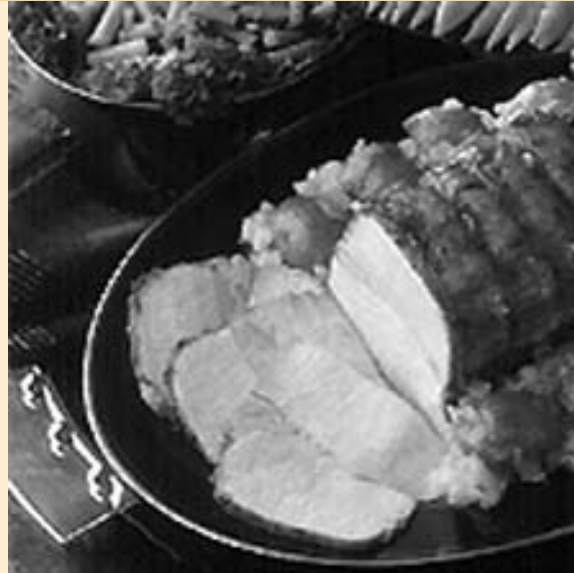
Although rural and urban residents live in different communities and have different lifestyles, they are united in their concern for safe food and a clean environment.

Saskatchewan residents feel the most positive about hog farming in relation to other livestock industries in the province. Hogs are followed by chickens, cattle and veal respectively. Hog farming in Saskatchewan is also viewed more positively than overall farming in general.

The second most important issue for respondents in Saskatchewan and across Canada, is reducing the environmental impact of hog farming and improving the care and treatment of hogs.

Over 80% of Canadian's believe that programs are in place on Canadian farms and that the government meat inspection system ensures the safety of Canadian pork.

Product promotion



Pork is the most popular meat in the world - and for good reason! It's nutritious and delicious!

Positioning pork as a healthy choice in the retail and consumer sectors is the major focus of Sask Pork's product promotion program.

Promoting pork also extends to providing pork products for civic and rural cultural events and charitable organizations for fundraisers.

Retail & Consumer Program

Three new recipe booklets were distributed to retailers throughout the year: *Easy Recipes for Healthy Living*; *Nutritious & Delicious Recipes & Tips*; *Healthy Recipes for Family & Friends*.

Three distributions of 28,000 booklets each are installed at retail outlets quarterly by News Marketing Canada. The remainder of the booklets are distributed with the *Pork Shoppe* retail newsletter sent to retailers not serviced by News Marketing Canada. In total, approximately 86,000 booklets are distributed directly to retailers each year.

Railcards and recipe booklets carrying the Health Check information are distributed in January to coincide with Heart & Stroke Month and Nutrition Month.

As part of the effort to promote proper cooking methods for pork products, Sask Pork's pop-up timers are becoming more popular with consumers and retailers. The timers are distributed upon request to retailers and are a warehouse item with Federated Co-op for the Co-op stores that feature fresh meat products.

In addition to the retail program, sponsorship and donations, we received 69 additional consumer, retail and education requests for resource materials, recipes and general information.

Premier Food & Wine Festival

This year marked Sask Pork's 5th year at Premier! Thanks to the culinary talents of Chefs Derek Cotton and Michael Beaulé, our delicious

pork dishes were awarded the People's Choice Award. More than 5,000 tickets are sold for this event every year. Premier is an initiative of the Saskatchewan Food Processors Association and a major fundraiser for the Saskatchewan Autism Society.

Saskatchewan Meat Processors Association

Sask Pork and Alberta Pork partnered on a seminar "Value Added Meat Cutting" presented to attendees at the SMPA Annual Convention in February 2004. Dave Old, Retail Meat Specialist with Alberta Pork provided the meat cutting demonstration that covered standard cuts and new trends towards value added.

Company's Coming PORK

In 2003, one more Company's Coming book was added to the already extensive list of well-known cookbooks written and edited by Jean Paré. Alberta Pork worked with Company's Coming to develop a cookbook dedicated to pork which was released in September 2003.



Advertising

- St. Gregor *Community Things* - August 2003
- Canada Safeway Flyer Promo - November 2003
- *Flavours Magazine* - Dec. 2003 / Apr. 2004
- *Renovations* magazine - 4 issues
- Saskatoon Star Phoenix - March 2004
- Child Find Saskatchewan - April 2004
- Edmonton Sun - June 2004
- Magic 98.3 - May 2004

Pork Industry Revises Nomenclature

To simplify the selection process for fresh meat products, the Canadian Pork Council struck a task force representing the retail sector, processing, government and the hog industry to begin the process of revising the

common names of pork products at the retail level. The current nomenclature for pork, developed in 1968, has not kept up with changing retail and consumer trends.

These changes will standardize the names of cuts across the country and align with names of the other red meats. An example of the changes:

"pork butt" becomes "pork shoulder blade", and "pork loin tenderloin" becomes "pork loin sirloin".

The revised nomenclature is expected to receive CFIA approval in early fall after which the changes will be applied across Canada in January 2005 when it will become mandatory.

Industry trends



After a long period of low prices, hog production is profitable again. With Saskatchewan's natural advantages, continued production increases are expected.

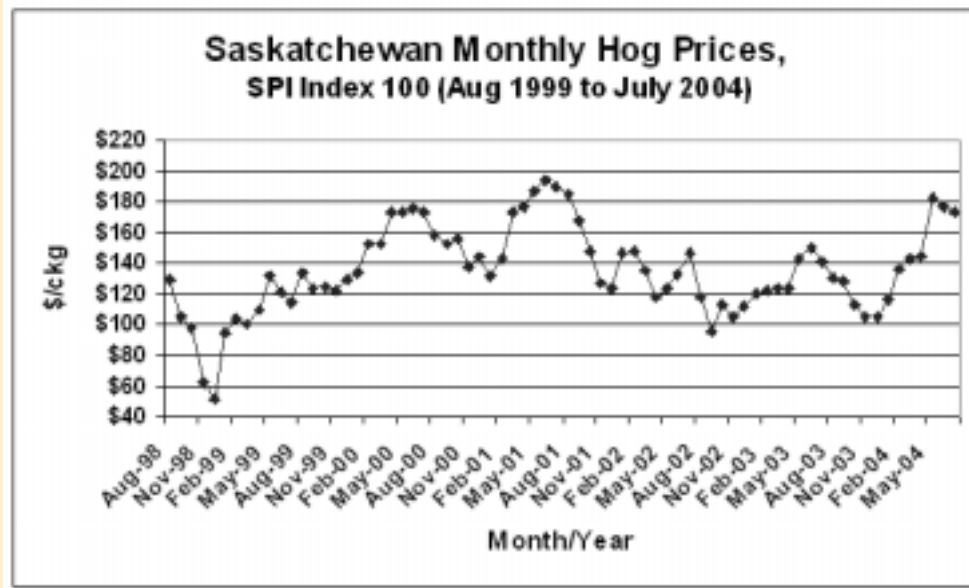
When combined with a corresponding increase in value-added processing, the industry has potential to add thousands of jobs and a great deal of economic activity to the province.

Agriculture, including all levels of production and processing, is a significant component of Saskatchewan's economy.



Photos courtesy of Big Sky Farms Inc.

Hog production in Saskatchewan continued to increase in 2003/2004 primarily as a result of increased productivity in the newer barns, and not from new barns being developed. Low pork prices in 2002 and 2003 slowed expansion of the industry significantly. Saskatchewan SPI index 100 hogs averaged just over \$130 c/kg from August 2002 to July 2004.



Production costs in general have increased over the last two years with higher feed prices and overall increases in utility costs (power, fuel, natural gas), and insurance premiums. Feed prices have risen and fluctuated significantly over the last two years due to the drought in Western Canada, but with higher yields expected for 2004, feed prices are expected to trend downward.



* 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.

The last two years of negative profitability have been very hard on hog producers and we have seen a continued exit of smaller and older producers out of the industry. The number of producers in the province from 2002 to 2003 dropped by over 20 percent. We have continued to see reductions in 2004.

Saskatchewan Producer Profile

Number of Hogs Produced	Number of Producers		Number of Hogs Marketed	
	2003	2002	2003	2002
<100	300	397	7,932	10,497
100-500	115	132	28,805	36,150
500-1000	36	70	25,560	51,958
1000-5000	65	71	148,809	171,012
5000-25000	65	91	601,331	656,828
25000-50000	3	1	88,539	37,401
>50000	4	4	1,102,341	929,220
TOTALS	588	761	2,003,317	1,893,066

Note: Numbers based on collected checkoffs for slaughter weight hogs
Source: Sask Pork

Based on Statistics Canada data, year over year growth in the breeding herd increased by 2.77 percent, the smallest growth since 1999. From July 2003 to July 2004 total sows and bred gilt inventory increased by 3.4 percent to 711,800 head in Western Canada, and 2.3 percent to 881,100 head in Eastern Canada.

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

Year/Month	Alta	Sask	Man	WEST	Ont	Que	CANADA	% Change
1998 - July	181.2	91.4	215.9	513.1	340.1	366.2	1,253.7	7.72%
1999 - July	178.7	94.7	234.1	526.7	334.1	376.9	1,272.1	1.47%
2000 - July	185.7	100.1	255.8	561.8	341.5	378.3	1,316.1	3.46%
2001 - July	200.9	109.5	290.8	619.6	351.0	401.6	1,408.9	7.05%
2002 - July	209.0	117.7	325.7	670.6	387.6	411.3	1,505.0	6.82%
2003 - July	203.5	124.2	341.3	688.6	415.1	412.4	1,549.9	2.98%
2004 - July	205.0	128.8	357.0	711.8	431.7	416.5	1,592.9	2.77%

Source: Statistics Canada, July 2004

Based on Statistics Canada data, total hogs marketed reached 29.9-million head in Canada in 2003, up 7.0 percent from 27.9-million head in 2002. Based on the pig crop and farrowing intentions, hog marketing's in 2004 are estimated to increase to almost 31-million head in 2004.

Estimated Canadian Hog Marketings (1998 - 2003)

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

Year	Alberta	Sask.	Man.	West	Ontario	Quebec	East	Canada
1998	2,815.1	1,512.0	3,872.1	8,559.9	5,682.9	6,192.5	12,475.9	21,035.8
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

(Calculated from slaughter plus international and interprovincial exports, less international and interprovincial im
Source: Statistics Canada, calculated by Brad Marceniuk

While we have seen significant increases in hog marketing since 1995, our slaughter numbers have not increased by the same amount. This has put significant strain on our slaughtering/ processing industry, and has partially been responsible for significant price fluctuations over the last few years. Slaughter capacity has increased in Western Canada over the last few years, but not nearly to the extent of hog production. Current slaughter capacity in Western Canada is estimated to be around 190,000 head per week, or 10-million head per year.

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
1995	2,225.0	873.3	2,000.7	5,641.2	4,210.3	5,252.2	9,952.4	15,593.6
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
1995/2003	593.6	277.0	2,351.8	3,192.7	547.3	2,921.3	3,501.9	6,694.5

Source: Canadian Food Inspection Agency and Provincial Governments

With increased hogs marketed in Canada over the last few years and only small increases in slaughter capacity, we have been forced to increase live hog exports to the United States. The largest increases have come from Manitoba and Ontario for hogs under 50 kilograms.

Canadian Live Hog Exports by Province (< 50kg)

	Number of Head					Jan. - July
	1999	2000	2001	2002	2003	2004
	Hogs <50kg	Hogs <50kg	Hogs <50kg	Hogs <50kg	Hogs <50kg	Hogs <50kg
Canada	2,083,426	2,335,848	3,168,770	3,757,366	4,971,044	3,358,058
West Canada	1,450,928	1,525,110	1,869,983	2,102,792	2,804,025	2,063,513
Manitoba	1,350,309	1,439,361	1,720,329	1,934,011	2,637,222	1,920,416
Sask.	34,475	9,296	12,342	16,860	33,563	36,717
Alberta	64,460	68,539	129,268	141,261	112,921	94,005
B.C.	1,684	7,914	8,044	10,660	20,319	12,375

Source: Agriculture & Agri-Food Canada, August 2004

Canadian Live Hog Exports by Province (> 50kg)

	Number of Head					Jan. - July
	1999	2000	2001	2002	2003	2004
	Hogs >50kg	Hogs >50kg	Hogs >50kg	Hogs >50kg	Hogs >50kg	Hogs >50kg
Canada	2,052,625	2,018,517	2,152,298	1,966,268	2,458,173	1,612,962
West Canada	1,564,076	1,544,176	1,660,308	1,512,096	1,660,557	978,318
Manitoba	934,228	900,477	889,613	943,814	1,143,481	681,779
Sask.	66,631	99,234	119,928	125,933	167,478	93,682
Alberta	526,103	500,724	602,587	416,550	311,371	186,057
B.C.	37,114	43,741	48,180	25,799	38,227	16,800

Source: Agriculture & Agri-Food Canada, August 2004

Research program



Saskatchewan pork producers, through the check-off program, provide funding to various organizations to carry out a wide range of swine research.

Sask Pork's research program funds projects that promote sustainability of the hog industry and provide a direct benefit and value to pork producers.

Research Projects Funded from Agri-Food Innovation Fund

Project Name	Researcher(s)	2003 - 2004 Funding	Project Total
Environmental & Occupational Health Chair Ag Medicine	James Dosman U of S	\$ 12,000	\$ 24,000 *
Research Chair in Environmental Engineering for the Pork Industry	Joy Agnew U of S	33,333	320,000
Long Term Effects of Repeated Swine Manure Applications	Jeff Schoenau U of S	30,000	60,000
VIDO Swine Technical Group	Stuart Bond VIDO	3,000	9,000
Split Weaning Protocols for Sow Fertility	George Foxcroft U of A	18,000	36,000
Cyropreservation of Boar & Bull Semen	Andre T. Palasz U of S	10,000	30,000
H ₂ S Exposure of Workers in Swine Buildings	Stephane Lemay Prairie Swine Centre	8,023	39,203
Environmental Issues Resource Centre (Renewal)	Lee Whittington Prairie Swine Centre	8,000	24,000
Total		\$ 122,356	\$ 542,203

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

Research Projects Funded from Hog Check-Off

Project Name	Researcher(s)	2003 - 2004 Funding	Project Total
Prairie Swine Centre Inc. Base Funding	Various	\$ 408,738	5-year production based contract commencing in 2001
Influence of Hog Manure Application on Water Quality and Soil Productivity	Charles Maulé U of S	4,167	\$ 50,000
Swine Slurry Gases	Dennis Hodgkinson DGH Engineering	3,000	6,000
Canadian Research Network on Bacterial Pathogens of Swine	Mario Jacques University of Montreal	4,000	19,798
Impact of First Breeding Weight Irrespective of Age on Long-Term Reproductive Performance of Sows	George Foxcroft University of Alberta	19,990	39,980
VIDO Core Funding	Stuart Bond VIDO	12,000	36,000
Geochemistry & Hydrogeology	Terry Fonstad U of S	7,000	35,000
Antimicrobial Resistance in Campylobacter and <i>E. coli</i> in Finishing Pigs and Anti- microbial Use in Swine Production	Leigh Rosengren Cheryl Waldner U of S - WCVM	7,500	7,500
Evaluation of Sampling and Testing Procedures for Monitoring Salmonella in Pigs	Cheryl Waldner Wendy Mosure U of S - WCVM	7,500	7,500
Flax Seed and Fractions as an Antibiotic Replacement in Swine Diets	Andrew Van Kessel U of S Animal & Poultry Sci.	10,000	10,000
Continuation of Environmental Issues Resource Centre and Welfare Issues Resource Centre	Lee Whittington Prairie Swine Centre	8,000	8,000
Environmental Issues Resource Centre	Adjustment	(7,500)	22,500
Total		\$ 484,395	

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, 2004 that are discussed below. We are pleased to report we have again received a clean opinion from our external auditors, Deloitte & Touche LLP. The statements presented reflect actual numbers for 2003-2004 as well as our budgeted numbers for the same year with the actual comparatives for the prior year.

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 of approximately one million dollars. Currently, unrestricted retained earnings are \$1,225,452 up slightly from \$1,195,321 last year. Board policy also provides for segregation of profits and losses related to programming, for example, Pork Industry Symposium which is carried out with our partner, Saskatchewan Agriculture, Food and Rural Revitalization. All accumulated funds in this account will be spent to benefit the producers by this partnership in the future.

Statement of Operations

The Statement of Operations (Income Statement) includes both actual and budgeted revenues and expenses for the year in addition to the comparative 2002-2003 figures.

Budgeted numbers are provided to enable the reader to compare the original budget to the actual results.

Revenues

Reflective of the fact that Sask Pork is a producer organization, the majority of annual revenue is generated by the hog check-off. Revenue from check-offs for the year was \$1,543,824 as compared to the previous year of \$1,617,804 and the budgeted estimate of \$1,481,250. While actual hog sales exceed estimates, resulting in actual income being greater than budgeted income, the organization collected \$73,980 less from producers than the prior year.

Conference fees are specifically related to revenues collected through Pork Industry Symposium. Pork Expo ceased to be a Sask Pork program when it was amalgamated with the dairy sector to become the Western Canadian Livestock Expo in April 2004. This show is coordinated entirely by Prairieland Park Exhibition. Both events continue to enjoy producers' and suppliers' support.

Grants received by Sask Pork from Canadian Adaptation and Rural Development Saskatchewan fund two specific programs. Research funding was complemented by the Agri-Food Innovation Fund (AFIF), which provided the pork industry with funding for research targeted at reducing producers' cost of production.

The major variance from budgeted revenue in the amount of \$138,857 resulted from CARDS projects which received only partial funding. CARDS funding received in 2003-04 amounted to \$42,032 and was applied to the production costs for the pork industry video *Weighing the Facts*; the Staff Training for Pig Skills project; and Traceability project.

Expenses

Sask Pork's budget is allocated to three primary areas: research, programs (which include producer services), operations and governance. Over the last two years, total expenses have generally remained consistent, noting a specific decrease in research and an increase in program costs. Research funding and other programming comprised 72% of expenses (unchanged from the previous year) and operating and governance costs amounted to 28% (also unchanged from the prior year).

Research continues to be an area of significant commitment. A list of research projects funded this year is reported in this annual report. Progress reports and final research results are available by contacting Sask Pork or visiting the website at: www.saskpork.com.

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

- Membership in the Canadian Pork Council;
- Canada Pork International's export marketing initiatives including the Japan Pilot Project;
- Community communications program that enhances producer information and public understanding of the pork industry;
- Development, implementation and administration of programs such as CQA, Animal Welfare and Traceability;
- Public policy development;
- Product promotion;
- Administration and governance.

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

- Contribution to the Canadian Pork Council in the amount of \$53,400 to support an advertising campaign in Japan to promote Canadian pork;
- Initial support for the defense efforts against the US Trade Action in the amount of \$38,000;
- The increase in expenses in the

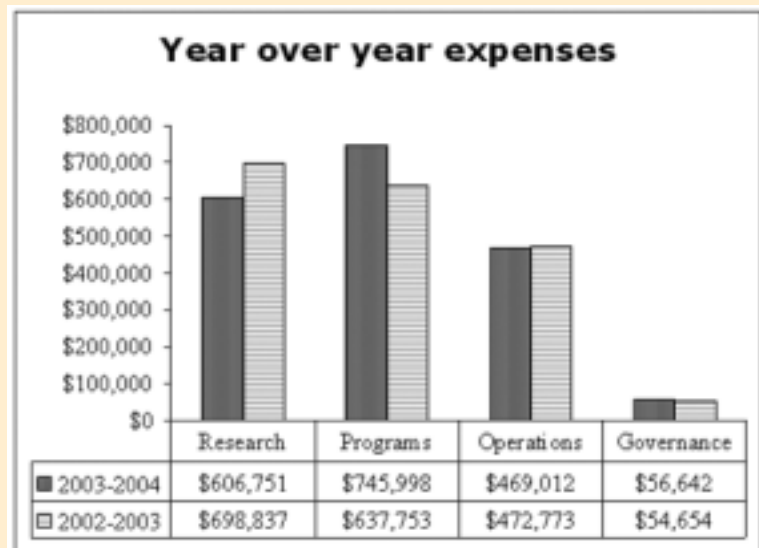
communications area relates to: production of the industry documentary *Weighing the Facts*; Staff Training Videos for Pig Skills project; *Humane Handling of Compromised Pigs* manual and accompanying poster; development of *Livestock and the Environment* brochure; and update/reprint of *Pig Tales Fun Book*.

Significant decreases in expenses as compared to budget were:

- Salaries as the result of one vacant staff position
- Directors and committee expenses as the result of fewer meetings
- Approved CARDS funding on two applications was less than expected.

Payee List

The Agri-Food Council requires Sask Pork to identify in their annual report significant payments made over the course of the year. Sask Pork's total payments to the Canadian Pork Council were \$226,134. Other payments in excess of \$35,000 made to a single organization are as follows: Saskatoon Inn (\$50,575) and Agribiz Communications (\$55,352). In addition to this, all research payments over and under the threshold, and payments made to members of the Board of Directors are disclosed in the body of this annual report.



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, 2003 - July 31, 2004.

Directors	Per Diem	Expenses	Total
Cliff Ehr (Aug-Nov)	Ø	Ø	Ø
Ross Johnson	\$ 3,850 **	\$ 2,371	\$ 6,221
Joe Kleinsasser	3,250	2,174	5,424
Leon Lueke (Aug-Nov)	3,525 *	863	4,388
Jerry Pfeil	2,840 **	1,281	4,121
Florian Possberg	1,800	2,433	4,233
Judy Ulrich	2,550	2,368	4,918
Shirley Voldeng	9,747 *	4,015	13,762
Walter Yates (Aug-Nov)	1,200	1,188	2,388
Directors Total	28,762	16,693	45,455
Committee Members	3,000	2,420	5,420
Other Payments	Ø	5,767	5,767 ***
Directors/Committees Total	\$ 31,762	\$ 24,880	\$ 56,642

* 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	2003 - 2004 CARDS Contribution	2003 - 2004 Sask Pork Contribution
Pork Industry Traceability Study CARDS Project # S300 Total Project Application \$70,000	Ervin Lowe	\$ 35,000	\$ 3,049	\$ 3,049
Staff Training Videos for Pig Skills CARDS Project # S315 Total Project Application \$99,500	DNL Farms Ltd.	49,750	24,672	24,672 *
Community Communications CARDS Project # S326 Total Project Application \$80,750	Kim Browne	23,250	14,311	14,311
Total		\$ 108,000	\$ 42,032	\$ 42,032

* \$14,798 received from Swine Pharmaceutical Suppliers and \$9,874 received from Sask Pork through the Partnership Agreement.

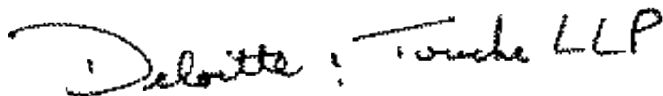
AUDITORS' REPORT

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

We have audited the statement of financial position of Sask Pork as at July 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Sask Pork'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 Sask Pork as at July 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

September 24, 2004

SASK PORK
STATEMENT OF OPERATIONS
year ended July 31, 2004

	Budget (Note 12)	July 31, 2004	July 31, 2003
REVENUES			
Hog check-off	\$ 1,481,250	\$ 1,543,824	\$ 1,617,804
Government grants (Note 10)	303,245	164,388	240,376
Conference fees	125,550	111,665	164,718
Travel and project sponsorship	10,000	33,700	16,891
Interest	25,200	24,133	26,379
Other	2,400	8,564	3,364
	<u>1,947,645</u>	<u>1,886,274</u>	<u>2,069,532</u>
EXPENSES			
Research, including Prairie Swine Centre	659,919	606,751	698,837
Salaries and benefits	445,365	340,592	363,834
Industry association	228,682	226,134	177,748
Conferences	126,050	129,363	161,368
Communications	285,804	177,290	87,588
Operations / office	92,965	104,062	101,745
Promotions	61,420	54,307	58,622
Directors and delegates / committees	70,010	56,642	54,654
Public policy development	59,250	49,234	34,714
US trade action (Note 9)	-	38,115	-
Industry development	48,000	34,474	69,199
Travel - Schedule 1	20,000	20,616	17,681
Organizational development	21,950	13,904	18,978
Amortization	10,997	10,274	12,615
National services	6,500	2,561	11,855
Bad debts (recoveries)	-	14,084	(5,421)
	<u>2,136,912</u>	<u>1,878,403</u>	<u>1,864,017</u>
EXCESS OF REVENUES OVER EXPENSES	\$ (189,267)	\$ 7,871	\$ 205,515

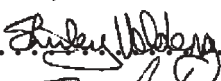
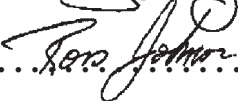
See accompanying notes to the financial statements

SASK PORK
STATEMENT OF FINANCIAL POSITION
as at July 31, 2004

	July 31, 2004	July 31, 2003
CURRENT ASSETS		
Cash	\$ 44,661	\$ 271,608
Short-term investments	1,121,951	1,082,406
Accounts receivable	231,045	205,032
Prepaid expenses	<u>63,107</u>	<u>67,342</u>
	1,460,764	1,626,388
CAPITAL ASSETS (Note 3)	9,262	11,203
	<u>\$ 1,470,026</u>	<u>\$ 1,637,591</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 163,031	\$ 232,438
Deferred revenue (Note 5)	52,530	158,559
Contingency (Note 9)		
	<u>215,561</u>	<u>390,997</u>
NET ASSETS		
Internally restricted net assets (Note 6)	29,013	51,273
Unrestricted net assets	<u>1,225,452</u>	<u>1,195,321</u>
	<u>1,254,465</u>	<u>1,246,594</u>
	<u>\$ 1,470,026</u>	<u>\$ 1,637,591</u>

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD

.....  Director
.....  Director

SASK PORK
STATEMENT OF CHANGES IN NET ASSETS
year ended July 31, 2004

	July 31, 2004	July 31, 2003
INTERNALLY RESTRICTED NET ASSETS		
Balance, beginning of year	\$ 51,273	\$ 52,100
Transfer to unrestricted net assets (Note 6)	<u>(22,260)</u>	<u>(827)</u>
Balance, end of year	<u>29,013</u>	<u>51,273</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	1,195,321	988,979
Excess of revenue over expenses	7,871	205,515
Transfer from internally restricted net assets (Note 6)	<u>22,260</u>	<u>827</u>
Balance, end of year	<u>1,225,452</u>	<u>1,195,321</u>
NET ASSETS, END OF YEAR	\$ <u>1,254,465</u>	\$ <u>1,246,594</u>

See accompanying notes to the financial statements

SASK PORK
STATEMENT OF CASH FLOWS
year ended July 31, 2004

	July 31, 2004	July 31, 2003
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,871	\$ 205,515
Adjustment for		
Amortization	10,274	12,615
	<u>18,145</u>	<u>218,130</u>
Changes in non-cash operating working capital items		
Accounts receivable	(26,013)	44,353
Prepaid expenses	4,235	(57)
Accounts payable and accrued liabilities	(69,407)	(35,218)
Deferred revenue	(106,029)	21,800
	<u>(179,069)</u>	<u>249,008</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Disposal of capital assets	-	108
Purchase of capital assets	(8,333)	(11,566)
	<u>(8,333)</u>	<u>(11,458)</u>
NET INCREASE (DECREASE) IN CASH	(187,402)	237,550
CASH POSITION, BEGINNING OF YEAR	1,354,014	1,116,464
CASH POSITION, END OF YEAR	\$ <u>1,166,612</u>	\$ <u>1,354,014</u>
CASH POSITION COMPRISED OF		
Cash	\$ 44,661	\$ 271,608
Short-term investments	1,121,951	1,082,406
	<u>\$ 1,166,612</u>	<u>\$ 1,354,014</u>

See accompanying notes to the financial statements

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

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 allows 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.

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 revenues and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits.

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.

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Sask Pork capitalizes all assets with a value over \$1,500. Capital assets 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	5 years

Grant Revenue and Research Expenses

Grant revenue is recognized when approved and eligibility criteria, if any, have been met.

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

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value	
			<u>July 31, 2004</u>	<u>July 31, 2003</u>
Computer equipment	\$ 59,221	\$ 49,959	\$ 9,262	\$ 10,559
Furniture and equipment	<u>17,029</u>	<u>17,029</u>	<u>-</u>	<u>644</u>
	<u>\$ 76,250</u>	<u>\$ 66,988</u>	<u>\$ 9,262</u>	<u>\$ 11,203</u>

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

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 and 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 period end are as follows:

	<u>July 31,</u> <u>2004</u>	<u>July 31,</u> <u>2003</u>
Accounts payable	\$ 61,873	\$ 23,931
Deferred revenue	1,918	122,015
Government grants	122,256	211,707
Research	117,000	213,161
Operations/office	13,788	13,186

The following funds have been committed to related parties:

	<u>July 31,</u> <u>2004</u>	<u>July 31,</u> <u>2003</u>
Saskatchewan Pork Industry		
Sustainability Program	\$ -	\$ 85,333
Other committed funds	90,000	64,167

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

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.

	July 31, 2004	July 31, 2003
Deferred revenue, beginning of year	\$ 158,559	\$ 136,759
Amounts received during the year	87,193	380,427
Less amounts recognized during the year:		
Government grants	(122,356)	(211,706)
Conference fees	(70,866)	(146,921)
Deferred revenue, end of year	\$ 52,530	\$ 158,559

The deferred revenue at year-end relates to the following projects:

Partnership program	\$ 50,612	\$ 36,543
Agri-Food Innovation Fund	1,918	122,016
	\$ 52,530	\$ 158,559

6. INTERNALLY RESTRICTED NET ASSETS

Sask Pork made an internal restriction of the net assets earned by the Partnership program, commencing in 1998. Surpluses generated from the joint programming of Sask Pork and the Livestock Development Branch of Saskatchewan Agriculture, Food and Rural Revitalization 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, 2004 – December 31, 2004	\$ 0.21 per pig
January 1, 2005 – December 31, 2005	\$ 0.20 per pig

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

7. RESEARCH COMMITMENTS (continued)

Other Committed Funding

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

2005	\$ 43,990
2006	39,000
2007	<u>32,000</u>
	<u>\$ 114,990</u>

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 these commitments are as follows:

2005	\$ 107,000
2006	46,004
2007	<u>39,686</u>
	<u>192,690</u>

9. CONTINGENCY

An expenditure of 2 cents per market hog was paid to the Canadian Pork Council ("CPC") to cover costs associated with defending Canadian hog producers interests against the Countervail and Antidumping charges laid by the US National Pork Producers in March 2004. While the Board of Directors initially expected and approved a 7 cent per market hog expenditure (maximum of \$133,000) towards the defense effort, conditions at CPC changed which resulted in no further request for funding towards the defense costs. Consequently, Sask Pork did not expense the total approved by the Board of Directors, and has not budgeted for US Trade action contingency funding for 2004/05. However, Sask Pork is aware that an additional expenditure may be necessary depending on future events.

SASK PORK
NOTES TO THE FINANCIAL STATEMENTS
year ended July 31, 2004

10. GOVERNMENT GRANTS

	<u>July 31, 2004</u>	<u>July 31, 2003</u>
Agri-Food Innovation Fund	\$ 122,356	\$ 211,707
Canadian Adaptation and Rural Development Saskatchewan	<u>42,032</u>	<u>28,669</u>
	<u>\$ 164,388</u>	<u>\$ 240,376</u>

11. 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.

12. BUDGET

The budget for 2003/2004 was approved by the Board of Directors on July 10, 2003 and revised on September 11, 2003.

13. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

**SASK PORK
TRAVEL EXPENSES
year ended July 31, 2004**

	Budget (Note 12)	July 31, 2004	July 31, 2003
National services	\$ 7,000	\$ 2,591	\$ 8,346
Industry association	6,000	6,158	4,083
Organizational development	5,000	8,625	2,649
Industry development	-	3,242	2,573
Communications	<u>2,000</u>	<u>-</u>	<u>30</u>
	<u>\$ 20,000</u>	<u>\$ 20,616</u>	<u>\$ 17,681</u>

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

We have examined the system of internal control of Sask Pork in effect as at July 31, 2004. We did not examine certain aspects of internal control concerning the effectiveness, economy, and efficiency of certain management decision making processes. The criteria for the examination of this system of internal control consisted of the control environment and control systems described in the Canadian Institute of Chartered Accountants Handbook.

Our examination was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform an examination to obtain reasonable assurance whether the system of internal control established and maintained by management is sufficient to meet the control objectives referred to below. Such an examination includes obtaining an understanding of the system of internal control and performing tests of controls to determine whether the internal controls exist and operate effectively.

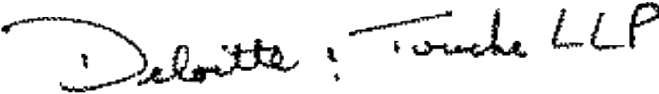
The management of Sask Pork is responsible for establishing and maintaining a system of internal control to achieve the control objectives noted in a) to d) below. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of control procedures. Pursuant to your responsibilities under Section 11(1) of the Provincial Auditor Act, you are required to determine if there is a system of internal control in effect which provides management with reasonable, but not absolute, assurance that:

- a) The accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with the appropriate basis of accounting;
- b) All public money is fully accounted for and properly disposed of and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;
- c) Transactions are executed in accordance with management's authorization, public money expended is applied to the purpose for which it was appropriated by the Legislature and expenditures have adequate statutory authority; and
- d) Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money against loss from unauthorized use or disposition.

Because of the inherent limitations in any system of internal control, errors or fraud may occur and not be detected. Also, projection of any evaluation of the system of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the

degree of compliance with the procedures may deteriorate.

In our opinion, based upon the above criteria, the system of internal control of Sask Pork in effect as at July 31, 2004, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or fraud in amounts that would be material in relation to Sask Pork.

A handwritten signature in black ink that reads "Deloitte Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

September 24, 2004

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, 2004:

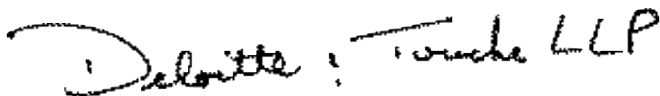
Agri Food Act

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, Sask Pork has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2004.

Yours truly,

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

September 24, 2004

Industry Representation at July 2004

Provincial & Industry Committees

Agriculture Development Fund Board of Directors - Shirley Voldeng
AgriVision Corporation Board of Directors - Neil Ketilson
CARDS Growing Saskatchewan - Kim Browne
Environmental Farm Plan Advisory -Neil Ketilson
Provincial Council of Agriculture Development and Diversification Boards Inc. - Neil Ketilson
Provincial Farm Support Review (SAFRR) - Jerry Pfeil
Saskatchewan Agri-Environmental Advisory Council - Shirley Voldeng

Canadian Pork Council & National Affiliations

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

Animal Care and Consultative Working Groups - Florian Possberg
Canadian Animal Health Consultative Committee - Neil Ketilson
Canadian Research Network on the Pathogens of Swine - Leon Lueke (to 2005)
CQA™ Advisory Committee - Harvey Wagner
National Pork Value Chain Roundtable - Florian Possberg, Marten Wright
Producer Committee for Climate Change -Neil Ketilson
Technical Review Committee for Climate Change - Claude Lague
Technical Committee on National Environmental Standard - Marten Wright
U.S. Trade Action Reference Group - Florian Possberg
Working Group on Traceability - Ervin Lowe

Internal Committees at July 2004

Research

Eric Von Doellen, Del Air Systems
Dave Kaminski, MJ Swine Health Services
Neil Ketilson, Sask Pork
Tara Jaboeuf, Saskatchewan Agriculture, Food and Rural Revitalization
Judy Ulrich, Board of Directors
Harvey Wagner, Sask Pork
Lee Whittington, Prairie Swine Centre Inc.
Jerry Wollman, Riverbend Farms
Marten Wright, Quadra Group

Industry Regulatory & Operational

Roger Begrand, St. Louis, SK	Casey Smit, Humboldt, SK
Leary Claypool, Saskatoon, SK	Judy Ulrich, Spalding, SK
Beth Henderson, Ponteix, SK	Peter Unger, Hague, SK
Richard Johnson, Humboldt, SK	Shirley Voldeng, Naicam, SK
Earl Kirzinger, Viscount, SK	Eric Von Doellen, Humboldt, SK
Joe Kleinsasser, Rosetown, SK	Richard Wright, Outlook, SK
Don Kolla, Cudworth, SK	Walter Yates, Gull Lake, SK
John Patience, Saskatoon, SK	Jerry Wollman, Waldheim, SK
Ernie Patrick, Humboldt, SK	

In June 2003, the Provincial Pork Industry Advisory Board and Sask Pork's Public Policy Committee were amalgamated into Sask Pork's Public Policy Advisory Committee. This restructuring of committees was done to streamline the communication process between Sask Pork and the provincial government.

In February 2004, a further consolidation was made to Sask Pork's producer committees, whereby the Producer Operations and Public Policy Advisory Committees joined to become the Industry Regulatory and Operational Committee to reduce overlap of issues between the former committees and enable greater input of ideas.

Contact Us

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Kim Browne

Executive Assistant/Promotions & Communications

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Financial Administrator

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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

Traceability / Western Canadian Slaughter Database

Phone: (306) 343-3509

E-mail: elowe@saskpork.com

Out and About



Presentation of Awards
to Nutrition Positive schools
May 2004



Premier Food & Wine Festival
People's Choice Award
September 2003



Field Day, July 2004 - Conservation Learning
Centre in Prince Albert. Demo project for the
Greenhouse Gas Mitigation program.



Macaela Crone, age 5
gets a good start on her pen collection at
Western Canadian Livestock Expo 2004



Sask Pork

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