

LETTER FROM THE CHAIRMAN

The past year has been one of great change and direction finding for Sask Pork. Consider the difference between building a new home or renovating an old one. To build a new one, you determine what you want, draw up the plans, and commence construction. To renovate an old home, you first consider the structure you have and determine what you can and cannot change and then develop your plan. A component of building the renovated, is tearing down some of the old. Once completed, it is only at this point you can commence the construction of the revamped home. The split of SPI Marketing Group and creation of Sask Pork is analogous to renovating. This process has taken three years. This past year was the most productive in moving towards our new home.

The governance review process, which commenced in the spring of 2000, was part of our tearing down of the old structure. Although it has been contentious, the new process by which your Board is elected will provide a more solid foundation that will have strength far into the future. As our industry changes and grows, so must we. The new structure is more global and inclusive. It recognizes that we are not a community of geographical areas but a community where every member has insight and is able to make a contribution. Saskatchewanians are known as innovators, capable of finding solutions that meet their needs. As with many things in our history, we may be the first pork producer organization to use this system, but we will not be the only, or the last.

The construction of our new house will be complete with our new strategic plan, due to be rolled out this summer. In consultation with producers and industry stakeholders, this new plan will be based on providing required services to producers, our membership. Our industry is growing at rates far beyond that of any other in this province. This growth means new challenges for existing producers, bringing new entrants into the market, and working with our governments and communities to ensure there is room and profit for all. Sask Pork's role is to work with you to manage this. Goal setting will also be a component of the plan, ensuring there is a transparent mechanism to provide measurements for success and show value for money.

Through our thoughtful change and renovation of Sask Pork, our foundation is solid and our staff prepared to work for you to lead this industry to new levels of respect, success, and profit.



Leon Lueke, Sask Pork Chair

PROGRAMME UPDATES

Sask Pork is mandated to conduct industry development activities. Under the current plan, this mandate focuses in four programme areas. Additionally, Sask Pork participates in the Canadian Pork Council and Canada Pork International. As a whole, these programmes deliver services to producers to assist in the operation of their businesses and the marketing of the end product❖

Quality Assurance



To the end of the year 2000, 718 producers have had the programme delivered, with one-fifth registered and one-twelfth validated. Currently the programme is designated as voluntary by packers. In response to market demand, this will not always be the case. It is anticipated that by Fall 2001, all producers must be validated in order to market their product.

When the market indicates CQA™ validation is mandatory, Sask Pork has prepared itself over the last year to move efficiently to provide the required service to producers. One of the services provided by Sask Pork not offered by other provinces, is to assist producers in the process of completing forms and reviewing them prior to forwarding to the validator.

This has ensured that concerns are addressed in their initial stages, saving producers time and money during the validation process itself. Sask Pork has also worked with veterinarians, validators and packers to ensure proper communication with producers, thereby reducing problems for producers as the programme progresses. After validation, producers continue to have access to a trained staff person to assist with future partial validations as required by the programme. At such point in time that the majority of producers are validated and a staffed position is no longer necessary, Sask Pork commits to the appropriate reduction.

Another component of the CQA™ programme is to work at the national level, representing the needs and concerns of producers. Currently, new medicated feed regulations are being developed. In their introduced form, they are cumbersome and expensive for producers, particularly those with non-commercial equipment. Sask Pork continues to lobby to have the regulations be reflective of producers' economic realities and reasonably reflect production practices and requirements❖

Research

Sask Pork has, through levy dollars and the Pork Industry Sustainability Fund, provided funding to researchers in areas that directly affect producers' profitability: herd health, production costs, occupational health and safety, manure management and the environment. During 2000, funding has been provided as follows:

Levy Funded Research

Project name	Researcher(s)	2000 Funding	Project total
Prairie Swine Centre – base funding	Various	376,900	5 year, production based contract commencing in 2001
Influence of hog manure application on water quality and soil productivity	Charles Maule	10,000	50,000
Environmental issues resource centre	Pork Council's partnership	7,500	22,500
Pit additive evaluation	Stephane Lemay	2,000	
Chromatography equipment	Elemir Simko	20,823	20,823
Manure Management Manual	PAMI	4,673	14,689
VIDO Chair	Phil Willson	10,000	50,000
Swine Pathogen Network	Mario Jacques	3,799	12,000
Totals		* 435,695	Production based

* Total does not include \$13,990 related to Research Committee expenses.

Pork Industry Sustainability Fund Research

Project name	Researcher(s)	2000 Funding	Project total
Sask Pork Research Chair in environmental engineering for the pork industry	Claude Lague	80,000	320,000
Strep Suis	VIDO – Phil Wilson	18,000	\$54,000
Swine Manure Tanker Truck	PAMI	60,000	60,000
Investigation of immunoglobulin	Elemir Simko	11,874	35,622
Longer term effects of liquid swine effluent on soil physical properties	Michael Greevers	11,840	23,900
Manure as a sustainable source of plant nutrients	Jeff Schoenau	29,500	63,000
Total		\$211,214	\$556,522

Research abstracts are available to producers for their information. Full progress and research reports are provided upon request with the intention of having producers access and use research results for their benefit ❖

Industry Communications

In 2000, Sask Pork launched a new industry communications programme aimed at developing and delivering information items to foster public acceptance and understanding of the pork industry.

The process began by analyzing the existing Pork Industry Communications Strategy and then updating it in consultation with the Leadership Group that consists of Sask Pork, Pork Central and key industry stakeholders. The first major communications campaign was launched in the fall of 2000 and included television and newspaper advertisements explaining the role pork producers have in providing a safe quality food product, providing an economic driver for the rural economy and contributing to a healthy and managed environment ❖

Promotions

Positioning pork as a wholesome, nutritious, delicious and versatile food has been a longstanding core programme of Sask Pork. Through our activities over the last year Sask Pork has been focused on:

- creating awareness that pork is part of a healthy diet including participating in the National Health Check™ program;
- providing recipes and nutritional information;
- working with retail outlets to provide point of sale materials for consumers;
- updating consumers on food safety, handling and revised cooking methods through trade shows, sponsorships of in-store product demonstrations;
- regular distribution of current nutritional information to all dieticians, nutritionists, and physicians in Saskatchewan;
- participating in the Agri-Ed Showcase at Agribition to educate students and teachers about pork production and pork products ❖

Canadian Pork Council and Canadian Pork International

The Canadian Pork Council (CPC), a federation of provincial hog producer associations, focused on issues and opportunities facing the Canadian hog industry at national and international levels.

CPC provided national co-ordination of the Canadian Quality Assurance™ program and worked on behalf of hog producers in promoting the prudent use of antibiotics and developing a national standard for a new detectable hypodermic needle for livestock.

Recent disease outbreaks in other major pork producing countries and the increase in international commerce and travel have made the maintenance of Canada's excellent swine herd health status one of CPC's top priorities. CPC is also engaged in several initiatives to increase awareness and assure an adequate response capability to any foreign disease incident that might occur.

On the environmental front, CPC worked closely with its affiliates in developing a CSA national hog environmental standard. To achieve this standard, CPC provided provincial members with research, federal funds, and other resources that will assist them and their individual producer members in the ongoing effort to produce hogs in an environmentally sustainable manner.

Market access remains the main priority of Canadian Pork International (CPI). CPI works closely with the Department of Foreign Affairs and International Trade, Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency on a significant number of issues, most notably the signature of a workable veterinary agreement with China. For foreign buyers, CPI developed an internet site that provides basic information and statistics on the Canadian pork

industry and on exports. The new domain

address is www.canadapork.com ❖

FINANCIAL ACCOUNTABILITY

One of management's roles is to ensure the financial soundness of an organization and ensure revenues and assets are employed in a fiduciary manner and managing expenses and liabilities in a responsible manner. Sask Pork's statements exemplify this ❖

Balance Sheet

Sask Pork is in the fortunate position of having a healthy balance sheet. This enables the organization to move forward, focusing on programme execution and not sustenance. The current unrestricted retained earnings of \$764,913 the foundation of this. It is intended that these dollars be used as leverage and available for use to fund unanticipated opportunities or difficulties ❖

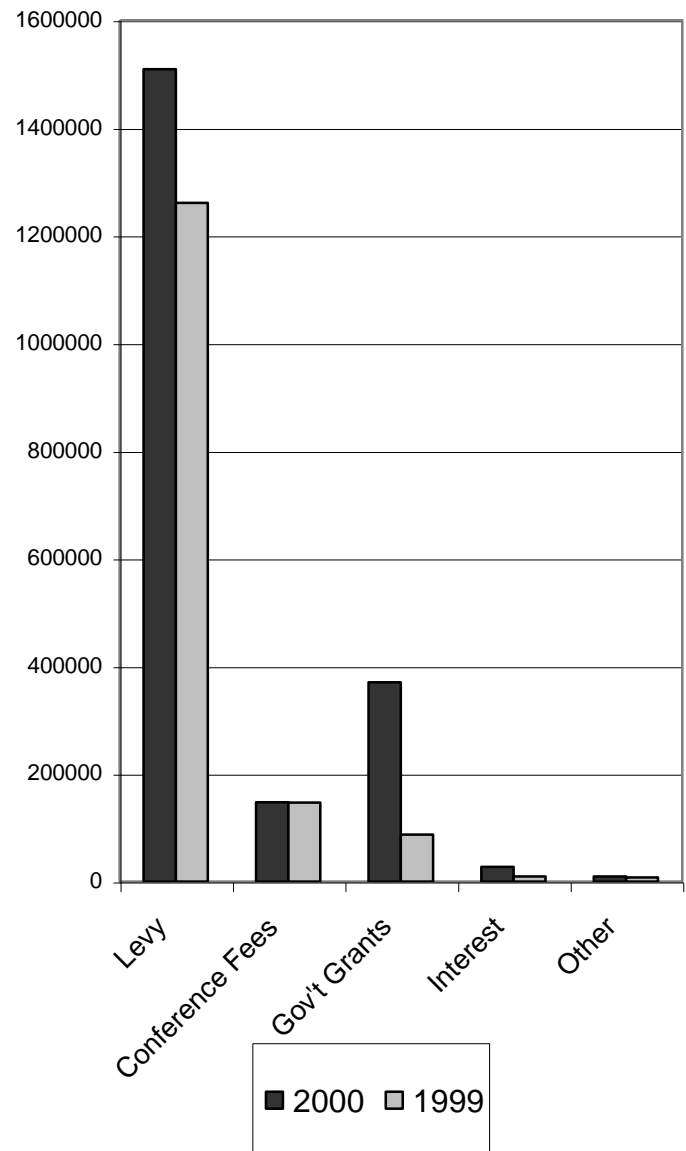
Revenue

Levy revenue has increased by 19.65%. This is a reflection of growth in the industry and the implementation of a new levy integrity programme. The growth portion amounts to 18.13% of the increase. The remaining 1.52% refers to levy integrity. This programme is a retroactive review that ensures fairness in levy contributions among all producers.

The Partnership programme is a joint project between Pork Central and Sask Pork that presents Pork Expo, Pork Symposium and other joint programming. Conference fees and expenses on the statement of operations relates to the two public events. Continuing to enjoy respect and interest on the part of producers and industry stakeholders, the programmes are self-sustaining, requiring no levy

contribution. Excess revenue from the past three years has been separately identified on the balance sheet with a stated value of \$37,230. These dollars will be used by the Partnership to bring additional joint programmes to producers ❖

REVENUE



Various government programmes exist that provide financial contributions to organizations such as Sask Pork. The organization has had the capacity to access

these dollars, some on a matching contribution basis, to assist in the execution of the corporate mandate. Government grants are broken down as follows:

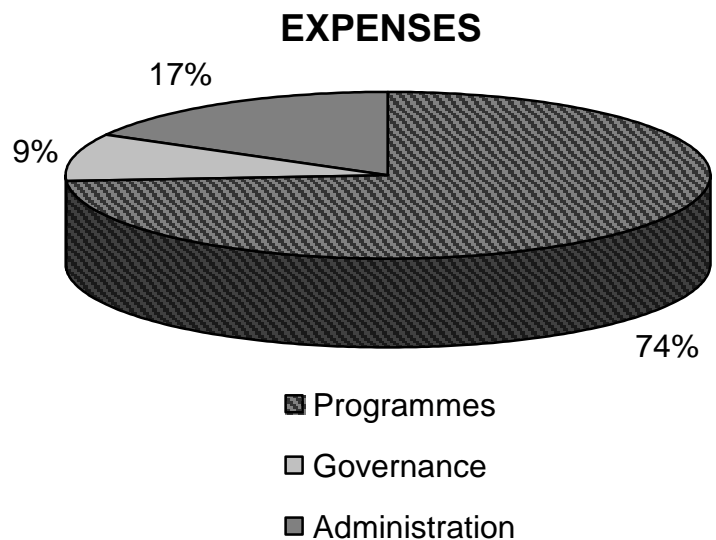
Contributor	Programme Funded	Amount Funded	Matching Levy
Agri-Food Innovation Fund	Industry Sustainability – Research Fund	284,225	0
Agri-Food Innovation Fund	Canadian Quality Assurance™ Validation	9,802	0
CARDS	Canadian Quality Assurance™ Operations	40,583	40,583
TAD Funding	Governance Review	35,600	0
Total		\$370,210	\$40,583

Expenses

Sask Pork’s mandate is to carry out industry development activities. Major expense areas are reflective of the costs incurred relative to these activities directly through programming or indirectly through research and the Canadian Pork Council. This delivery amounts to 74% of expenses incurred.

Governance costs, directors and delegates and the governance review process (a one-time cost), amount to another 9% of total expenses.

The remaining 17% of expenses relate to staffing, operations and sundry other costs. In order to carry out programming, these are required costs. Without appropriate levels of staff, office space, and equipment, the mandate cannot be carried out. Management has ensured that these costs are kept at a responsible level ❖



DIRECTORS' AND DELEGATES' REMUNERATION AND DISBURSEMENTS

Sask Pork directors and delegates are compensated for the time contributed to the organization and are reimbursed for mileage and expenses incurred while on corporate business during the course of the year. The following chart breaks down payments made to directors for their service.

Board Member	Per Diem	Expenses	Total
John Germs (April – December)	\$2,475.00	\$2,405.77	\$4,880.77
Wayne Isaac (January – November)	2,000.00	2,259.82	4,259.82
Neil Ketilson (November – December)	0.00	0.00	0.00
Alfred Leblanc (January – April)	1,775.00	557.53	2,332.53
Leon Lueke	*11,992.50	4,977.26	16,969.76
Don Neter	4,725.00	4,864.74	9,589.74
Raymond Parent	**9,425.00	11,419.92	20,844.92
Jerry Pfeil	4,050.00	5,180.12	9,230.12
Walter Yates	***10,650.00	8,514.10	19,164.10
Total	\$47,092.50	\$40,179.26	\$87,271.76

* Included in the per diem is a monthly honorarium of \$400 paid to the Chairman.

** Included in the per diem is a monthly honorarium of \$100 paid to the Vice-Chair.

*** A designated director acts to verify all per diem and expense claims of directors and delegates. This individual was paid one day's per diem of \$150 per month for this service and is included in the above per diem figure.

In addition to director payments, Sask Pork compensates delegates for attendance and expenses incurred to attend delegate meetings. The 25 non-director delegates were paid a cumulative total of \$17,455.03 during the year 2000. Other payments, totaling \$12,814.21 were made to facilitate meetings and communications with Directors and Delegates❖